

SA's most rewarded consumers

The South African consumer who gets the most benefit from membership of rewards programmes is the one who banks with FNB, flies British Airways, shops with an Infinity card and is a member of the Discovery Vitality wellness scheme, according to the second annual *Value in Loyalty Programmes 2003* by World Wide Worx.

By [Arthur Goldstuck](#) 27 Jul 2003

These rewards programmes came out top of their respective categories (financial services, frequent flyer multi-vendor retail and wellness) in the Value in Loyalty Programmes 2003 survey, the 2nd annual study of this rapidly growing South African industry. Among single-vendor retail programmes, My Lancôme receive the highest rating.

The hypothetical consumers who choose the best of each category would belong to any number of retail loyalty programmes, since they would know all about "double-dipping", the simultaneous earning of loyalty points on two programmes with a single transaction. Thus when they pay for their BA flight using an FNB credit card, they earn both BA miles and eBucks.

"Such a tactic is known as 'playing the game' in the industry," says Bruce Conradie, director of Razor's Edge Business Intelligence, which conducted the survey with World Wide Worx. "It is very much in evidence in the USA, but South African consumers are still catching on to the payback joys of loyalty programmes."

The Value in Loyalty Programmes 2003 report includes an in-depth analysis of 18 rewards programmes, detailing the value offered by the programmes to their members.

As was observed in the previous survey, most programme members do not know how much value loyalty programmes provide. "They usually perceive the cash value of rewards as the main benefit, but this is often so difficult to calculate that few members make the effort."

Even when the cash value of loyalty points is known, the total value offered by a programme remains obscure. It depends on, among others, the range and value of rewards offered, the possibility of collecting enough points to earn a reward, the rewards' inherent appeal, and any value-added benefits offered. The report examines these factors, as well as 68 core characteristics of each of the surveyed programmes.

Each programme has been rated against 18 criteria that define the "value mix" offered to members by loyalty programmes. The criteria range from reward choice and reward appeal to attainability of rewards and psychological benefits to members.

Conradie has a word of warning, however, for vendors who believe that a good value mix on its own will win over customers:

"Many consumers do not change their behaviour after joining a retailer loyalty programme. Instead, they take the benefits without becoming more loyal. Many consumers join multiple programmes, compare the benefits, and rotate to the stores with the best offers at a particular time."

The answer lies in well-designed rewards programmes combined with both product and retention strategies.

that go beyond the rewards themselves.

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