

SA's most rewarded consumers revealed

The South African consumer who gets the most benefit from membership of rewards programme 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.

These rewards programmes came out top of their respective categories in the Value in Loyalty Programmes 2003 survey, the 2nd annual study of this rapidly growing marketing strategem.

The hypothetical consumers who choose the best of each category would also belong to any number of single-vendor 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, or "playing the game", 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 reported in the previous survey, most programme members do not know how much value loyalty programmes provide. For many, the main determinant of value is the cash value of rewards, but this is usually 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:

- Background and history of the programmes
- How points are acquired
- How points may be redeemed
- The programme partners
- How members can communicate with the programme operators
- The programmes' operational information

A table of features summarises 68 core characteristics of each of the surveyed programmes.

However, while listing programme benefits and other features helps with the understanding of a programme it still does not answer the question, "What value is offered to members?" For this reason, each programme has been rated against 18 criteria that identify the basic values derived by members from loyalty programmes. These 18 criteria define the value mix - the package of direct and value-added benefits - offered to members. They can be grouped into six categories:

- Cash value
- Reward choice and appeal
- Attainability of rewards (whether the expenditure needed to obtain a reward is within reasonable reach)
- Value-added benefits

- Programme effort (time and effort required by members to participate in the programme)
- Psychological benefits to members

The process of recognising the programmes offering the most value to customers is taken a step further with the awarding of the best programme accolade in each of five categories. The winning programmes are:

Financial services programmes - eBucks

Frequent flyer programmes - Executive Club British Airways

Multi-partner retail programmes - Infinity

Single-vendor retail programmes - My Lancôme

Wellness and lifestyle programmes - Discovery Vitality

Changes from the 2002 survey

The goals have remained unchanged, but the survey has grown in scope and depth. The number of surveyed programmes has grown from 12 to 18. The table of programme features has been slightly restructured and additional programme characteristics added (the table now details 68 characteristics).

The most significant development has been the expanding and deepening of the programme rating system. Last year's programmes were rated on six criteria. Although objective guidelines were created for doing the ratings, the researchers required a significant element of judgement. The new rating criteria eliminate a good deal of the reliance on judgement, replacing discretionary evaluations with criteria against which scores can be objectively assigned.

The rating system now consists of six rating categories, broken down into 18 ratings. Moreover, 36 sub-criteria were defined, from which the 18 ratings were derived.

The report was compiled by researchers Bruce Conradie, director of Razor's Edge Business Intelligence, and Arthur Goldstuck, managing director of World Wide Worx.

For more information on the "Value in Loyalty Programmes, 2003" survey, contact Bruce Conradie on telephone (011) 792 4140, cell 082 373 3900, or by e-mail on bruce@razorsedge.co.za. Arthur Goldstuck can be contacted at World Wide Worx on (011) 782 7003, or by e-mail on arthur@worldwideworx.com.

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