

## Show me the money in loyalty

Just how much value do loyalty programmes provide to their members? The vast majority of programme members do not know. Now, for the first time, a research project has revealed the relative performance of South Africa's major loyalty programmes.

"The Value in Loyalty Programmes, 2002" survey shows that no single loyalty programme provides members with a full value offering.

Each of eleven national loyalty programmes that used information technology to manage them were analysed according to six categories, namely:

- \* Cash value of the rewards;
- \* Range of choice among rewards;
- \* Aspirational value of rewards (something exotic the consumer would not normally buy may have greater appeal than a cash-back offer);
- \* Whether the amount of expenditure needed to obtain a reward is within reasonable reach (attainability);
- \* Ease of using the programme;
- \* Psychological benefits.

In cash value of rewards, the joint leaders were the airline programmes, namely British Airways Executive Club, SAA Voyager and the Virgin Atlantic flying club.

In rewards choices, the banks tended to dominate, with Bluebean, eBucks, American Express Membership Rewards and LeisureLink jointly topping the ratings.

Reward appeal was led by American Express Membership Rewards and LeisureLink.

Ease of use was led jointly by Digital Planet, Ster Kinekor Movie Club, Clicks ClubCard and My School.

The traditionally most popular programmes, frequent flyer programmes, lead only in two of the six categories of value. While they may have led in two of the most important categories - cash and psychological value - the finding does emphasise the vulnerability of such programmes to better options provided by other programmes.

At the same time, considering the lack of performance of other programmes in these two categories, the findings underline the need for greater attention to be paid to "value mix", a concept that is explored in greater depth in the full report.

World Wide Worx managing director Arthur Goldstuck, who worked with the author of this article on the survey, points out that cash value of loyalty points 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," says Goldstuck. "This was a major motivator for the research."

Value 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 also includes a categorisation of South African loyalty programmes, excerpts from international studies, illustrated with South African loyalty programme examples, and a spreadsheet detailing the full feature set - more than 50 features - of each of the programmes.

It is rounded out by recommendations to South African marketers, based on the findings on the survey.

\* For more information on the "Value in Loyalty Programmes, 2002" survey, contact Bruce Conradie on telephone (011) 792 4140, cell 082 373 3900, or by e-mail on . World Wide Worx can be contacted on (011) 886 7976, or by e-mail on . More information can be obtained from its web site at [www.theworx.biz](http://www.theworx.biz).

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