

Loyalty programme winning market segments

Wellness Warehouse has found with its new loyalty programme, installed by Innervation, has produce customer insights into products ranges and preferences.

"The major insight has been that our most loyal customers are nothing like our typical customers," says group systems manager, Elaine van der Westhuizen. "Our top products by sales are one thing - the products our loyal customers are buying are another. They are buying a lot more beauty and food products, especially gluten-free. So we're expanding our ranges in that area and targeting promotions much more specifically at those customers."

The road to these insights has not always been easy. The company, which now has eight stores in greater Cape Town since its opening in 2007, went through two other loyalty programme providers before establishing its current relationship.

"We had two bad experiences, one of which did real damage to our brand because the loyalty points system was so unreliable. We were ready to dump the whole concept of a loyalty programme, but couldn't disappoint the customers who had stuck with us through all the problems.

"Our expectations were fairly low - we just wanted a loyalty system that we and our customers could trust, and that would be easy to administer. However, that was the least of what Innervation delivered. Now that the system has proved itself and we know what we can do with it, we have a lot of ideas for future expansion."

Changes prompted by data from the loyalty system have already produced a visible impact on turnover. "It's given us a great deal of confidence. Our core group of loyal customers has doubled since we introduced the new system.

"Now, we can start to look at how we nurture and reward those customers. For example, we had one product that was such a slow seller we wanted to stop stocking it. However, the loyalty data showed there is one customer who buys 20 units a month, so we make sure the favourite store always has it in stock. The store managers are starting to take that kind of initiative.

"It's every retailer's dream to be that proactive for their customers but as much as we wanted to, we could never do it before because we just didn't have the information. When the first few monthly reports arrived, it felt like overload and the results were so surprising we were not sure whether to trust them. Now we're confident that it works, we have lots of ideas for how to use the information to deliver a better experience for our customers and we're seeing positive results."

The next phase of the relationship will see the loyalty programme go online and the introduction of a coupon and voucher programme. "We have the entire physical and systems infrastructure we need at the till in place. Now we're excited to see what more we can do with it," concludes Westhuizen.