

UK retail loyalty programmes suffer from a lack of differentiation

The [*Retail Loyalty Programmes in the UK 2018*](#) survey has found that UK retail loyalty programme operators are struggling to bring fresh ideas to the programme benefit mix. The report, announced recently by Razors Edge Business Intelligence, analyses the loyalty programmes operated by the UK's top 350 retailers, 48 loyalty programmes in all.



The survey identified 273 benefits offered by the 48 programmes, an average of 5.6 benefits per programme. However, most retailers are tapping into just a small set of benefits, common to their competitors.

A generic programme design involves offering points on all spend, discounts on selected products, personalised offers, and invitations to exclusive events, or closely similar. Examples of this are H&M Club, M&Co Loyalty Card, and Countrywide Countryclub. Other common benefits are priority access to sales, emailed newsletters, and free or discounted delivery for online orders.

“There is not much in the way of fresh ideas out there,” says Bruce Conradie, research director, Razor’s Edge Business Intelligence. “Many programmes are clones of each other, suggesting the retailer has made just the minimum effort to be in the loyalty game.”

A lack of differentiation is seen in the way retailers are promoting their loyalty programmes on their websites. Many programmes are under-promoted, in the view of the research team. “Retailers are acting as if the UK consumer is so

sophisticated that the mere mention of ‘exclusive rewards’ is enough to get them to sign up for membership,” notes Conradie. “This is a surprisingly tame approach to competition.”

“It’s not as if there is no competitive heat. Around 90% of UK consumers belong to at least one loyalty programme.”

Tiered programmes have greater scope for breaking the mould. Elite tier members of Harvey Nichols Rewards benefit from express returns, express alterations, free beauty tutorials and even a stylist’s services provided in the home. However, only three of the surveyed programmes are tiered.



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In keeping with the trend to enhancing the customer experience, retailers are including more experience and privilege rewards. In particular, events are a popular benefit, with 31 event benefits offered by the surveyed retailers. Events are usually in-store and are promoted as “exclusive”. Privilege benefits were the fourth most commonly offered benefit, after discounts, free-of-charge, and points.

Among the standout benefits is a B&Q Club benefit that sends digital receipts via email when members shop at B&Q stores. Members of my John Lewis benefit from Kitchen Drawer, a benefit that stores till slips online. With the Decathlon Card, an unusual benefit is being able to return goods without a receipt. HMV PureHMV is a points programme that offers rewards with scarcity value, such as a Cliff Richard calendar signed by Sir Cliff.

Says Conradie, “Going forward, the emphasis on enhancing the customer experience is going to influence programme design for some time to come.

“The key concepts affecting the future of programme design are exclusivity, privilege, being pampered, and positive experiences.”

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