

Loyalty cards surge as hard times bite

By Wendy Knowler

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People are going mad for loyalty programmes whose cash-back and discount benefits are helping reduce the sting of hard times.



Image credit: Alaister Russell via Times Live

Data show that millions of consumers are using loyalty points to buy essentials such as groceries, prepaid electricity and fuel. Others save them up for treats such as a month-end bottle of whisky or a holiday.

The *Truth Customer Loyalty White Paper of 2016* shows that consumer demand for loyalty programmes is increasing at 6% a year, with economically active people belonging to an average of 4.6 programmes. Loyalty-programme usage in the younger segment is growing at double the average rate across all ages. In 2016, 60% of all South African consumers under the age of 25 used loyalty programmes.

A Cape Town man recently found himself so short of money that he was worried he would not be able to afford medication for his sick child.

"I had forgotten all about the rewards programme but the cashier at the pharmacy said I had more than enough loyalty points for the medicines - almost R500 worth.

"It was a really welcome bonus," he said.

Angela Chandler, of Milnerton, Cape Town, saves all her loyalty points every year for a specific purpose - attending the Up the Creek music festival on the Breede River in January with her husband.

"My Makro points buy the booze and any camping gear we need, our food is paid for with Smart Shopper and Superspar points, and my Clicks ClubCard points pay for the sunscreen and all the other cosmetics," she said. "It's hugely satisfying to get it all free."

For Samuel Magane, of Pretoria, his Smart Shopper points recently gave him the means to ask a woman out on a date - he bought airtime and food.



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By far the most popular programme is Pick n Pay's Smart Shopper - about 12 million shoppers have been issued with the blue cards. The programme works for both spenders and savers: there are personalised discounts to be had weekly on the products each consumer regularly buys, and points to accumulate for redemption later.

Some customers save their points to reward themselves in December, and others redeem them to get through a bleak January, said John Bradshaw, PnP's head of marketing. "But most save them until they get to a certain target and then buy themselves something special," he said.

Many consumers use programme overlaps to maximise their points. Momentum Multiplier members get double PnP Smart Shopper points, for example.

A Wynberg consumer uses Smart Shopper points to treat himself to a bottle of whisky at PnP's liquor outlet every month "and I don't have to feel guilty about it".

The second-most popular loyalty programme in the land is Clicks Clubcard, which surpassed Edgars' Thank U card last year, thanks to its switch to cash-back rewards from voucher-based rewards. Discovery Vitality Active Rewards had an 88% increase in member engagement after introducing the frequent reward element.

"In the South African loyalty market- place, most people just want cash back or a free cup of coffee," said the Truth research authors.

This is particularly true of women - 70% of the women in WhyFive's Brandmapp 2016 survey, involving 27446 respondents, said they preferred cashback rewards compared with 56% of men.

Men are generally more interested in loyalty programmes that offer status - such as high-level tiers - but only if it is clearly visible to others, said loyalty consultancy Truth, which collaborated with WhyFive on the research.

Leading the financial services and banking loyalty programmes is FNB's eBucks in sixth place overall, which is one of the country's oldest loyalty programmes, in existence since 2000. Members - 5.4 million of them - can earn and spend rewards with 40 of the bank's partners in-store, online or by cellphone.

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