



# Designing a Loyalty Program for Retail



# Why Is Loyalty Important For retail sector?

- Hyper competitive environment
- Low differentiation due to standard sku leading to low customer stickiness
- Increasing awareness about the brand



# Some Public Facts About Loyalty Programs

- 76% of US retailers and 75% of US shoppers are engaged in loyalty programs
- Shopper's Stop claims more than 60% of sales from loyalty members
- Subhiksha claims 80% of sales comes from loyalty members



# How Can A Loyalty Program Benefit retail?

- Build a long lasting relationship with the customer
- Go beyond product satisfaction to overall brand experience
- Create an emotional connect through simple use full services



# Designing The Program

- A Retail customer – Middle Class and Higher Segments
- Strategy
  - Award loyalty with a suite of discounts, offers services
  - Primary use of points for determining level of discounts/offers and determining grade
  - Secondary use for services
  - Points earn & burn from partners



# Designing The Program...

- Grades based on:
  - Number of purchases, value of purchase, regularity of purchase
- Benefits based on:
  - Personalized discounts/offers
  - Simple useful services – moments of delight



# Possible Benefits

## Personalized Offers

- Personalized offers based on patterns
  - Based on SKU pattern, personal events
- Discount top-up based on grade
  - Additional 2% - 4% discount above general discount
- Accelerated point accumulation based on grade



# Possible Benefits

Possible benefits – moments of delight

- **Delivery of SKU not in stock**
- **Free home delivery for any purchase value**
- **Guaranteed time delivery**
- **Phone delivery**
- **Partner offers (movie tickets, fun park, gift vouchers, special gifts)**



# Possible Loyalty Returns

- Life-long customer relationship
- Creating advocacy – reducing marketing spend
- Increasing on-the-spot spends
- Use patterns for stock planning



# Innoviti Proposal



# Contents

- Services to be provided
- Implementation plan
- Commercials



# Services



# Program Design

- **Creating the “currency” - points system, breakage**
- **Designing customer website and reports**
- **Alliance partners and exchange matrix**
- **Forms and cards**



# Data Collection And Analysis

- Segmenting data
- Trend generation/analysis across parameters.
- Customer psychographics generation
- Dashboard for easy and effective decision-making
- ROI analysis