

LOYALTY CARDS: APPS REPLACE PLASTIC

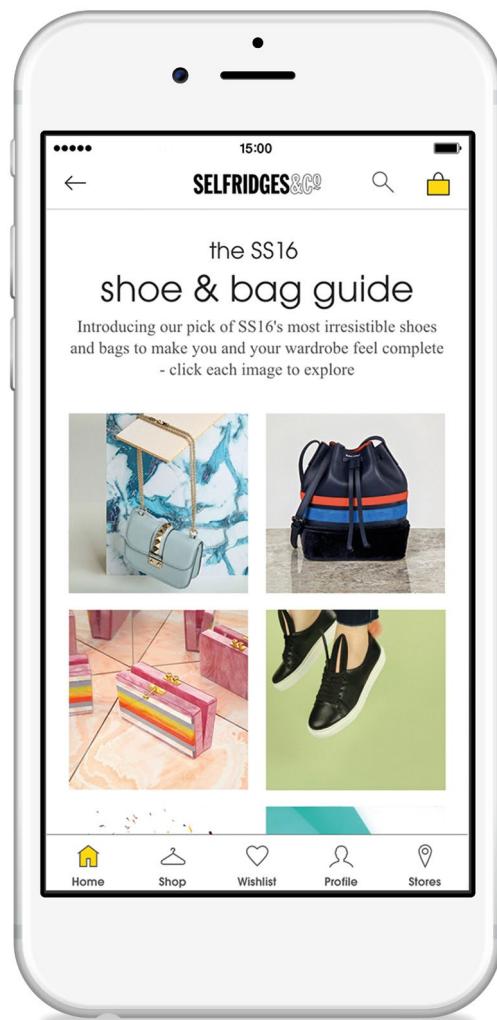
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RETAILERS USE LOYALTY SCHEMES TO REWARD THEIR REGULAR CUSTOMERS.
APPS MEAN THESE REWARDS CAN BE EVEN MORE TAILORED.

In retailers' pursuit of new customers, loyal shoppers are often left out in the cold. Yet Customer Relationship Management (CRM) is now more important than ever. Encouraging existing customers to buy more requires lower marketing costs than attracting new clients. Advantage schemes are one trusted way to reward customers for their loyalty, and for years shoppers have seen their wallets and purses expand with an ever-increasing glut of loyalty cards: the average American holds 13.4 cards but only actively uses 6.7.

In order to stem the flood of plastic cards, German company Stocard has developed an app that allows users to store loyalty cards on their smartphones. Wallet for iOS is a similar solution. The reason? A growing number of consumers are now opting to present a digital version of their card at the cash register. According to the '2016 Bond Loyalty Report', 57% of US citizens prefer to use an app-based loyalty scheme. This figure is much higher among millennials.

More and more retailers are thus offering their customers bonus apps. **Selfridges, Harvey Nichols, Bloomingdale's**, to name but a few, are leading the way, but smaller shops are also developing their own solutions. Numerous providers offer made-to-measure systems for every need and budget. But even state-of-the-art technology won't fool customers if a bonus scheme is poorly designed. Inundat-



ing them with ads via push messaging is the wrong approach – shoppers want to see relevant news and customized benefits on their smartphones.

And retailers shouldn't rely solely on discounts. Customers are trained to expect price cuts: a discount could spell the end of their loyalty. Dylan Bolden, Partner and Managing Director at the Boston Consulting Group, advises small-scale retailers to focus more on services and an improved shopping experience: "If you're an apparel retailer and you get in a new line from a new designer, invite the top 5% of your customers in first so they can see it before anyone else." Exclusive store events, alterations or repairs carried out at no extra cost, free Wi-Fi, birthday gifts – you know best what your customers like.

But just like a good marriage, change helps keep your relationships with customers fresh: regularly updating your rewards will prevent shoppers becoming blasé. Harvey Nichols, for example, allows its customers to choose from a range of perks every three months. Nowadays data allows you to continuously gain a better understanding of your clients' preferences, and offer them bespoke rewards.