

Shop Local

Implementing an effective Loyalty Scheme



Bringing Loyalty to the High Street

Contents

- It's about changing behaviour
- The customers perspective
- Design
- Launch preparation
- Case studies
- Contacts
- Questions / discussion

It's about changing behaviour

Definition of “a loyalty scheme”

Something

- *that causes a sustained change in behaviour*
- *that results in*
 - *higher footfall*
 - *more spending*
 - *more referrals*

Shop Local objectives

- To change people's behaviour; To be more loyal
 - Visit their local High Street more often
 - Visit more businesses
 - Spend more, or at least maintain their current spending
 - Ask their family and friends to do the same
- Which generates other benefits
 - Keeps independent businesses in your town
 - Avoids / reduces business closures and boarded-up premises
 - Maintains business-related council income
 - Attracts other businesses
 - Which reinforces the change to people's behaviour....

The Customers Perspective

What's in it for me?

The reason people shop locally

- Basics

- Convenience (parking)
- Range of shops and products (planning)
- Attractive, welcoming environment (shop fronts, street furniture, etc)
- Reasonably competitive prices

- How to help them feel good about it

- Excellent customer service (trained, knowledgeable staff)
- Recognition and rewards (a local rewards card/scheme)

Recognition & Rewards

- In the workplace
 - People have a strong emotional need for recognition
 - But they also expect to be rewarded
- It's the same when shopping
 - People's need for recognition and reward doesn't change
 - Local businesses have a real edge; Their relationship with their customers
- An effective Rewards scheme
 - Provides recognition "I want to be recognised as being valued"
 - Provides valuable rewards "But what's in it for me"
 - Changes long-term behaviour "Why should I keep coming back?"

Design

The problem with simple discounts

- People know it's just a price reduction
 - It reminds people to shop on the basis of price
 - Were their prices too high, to begin with?
 - Can I get it even cheaper, somewhere else?
- It rewards disloyal customers
 - Customers who only visit once, get the same reward as loyal customers
 - Attracts people who buy strictly based on price
 - Like a short-term promotion; People are initially attracted, then fall away
 - But the business is left with much lower margins
- Not sustainable, if it really takes off
 - This type of discounting can only be sustained, at low levels of take-up

Loyalty = Recognition + Future Rewards

- Recognition
 - Being recognised as a regular, valued customer
 - Reinforced through a local loyalty card
 - Can also include invitations to special events / offers
- Immediate rewards (for example, “5% off”)
 - Does not cause a sustained change in behaviour
 - To change behaviour, customers need to build towards a later reward
- Future rewards (accumulating points, vouchers, prize draw, etc)
 - It’s what big businesses do – because it works
 - Allows a huge amount of creativity, in terms of the reward offered

The perfect loyalty scheme (1)

- **Affordable and Inclusive**

Affordable by all businesses, available to all residents and visitors

- **Attractive**

Offers are varied, creative and genuinely attractive to customers

- **Changes long term behaviour**

Motivates people to come back, time after time

- **Flexible**

Easy to implement, run and change, with rewards tailored to each business and its customers

The perfect loyalty scheme (2)

- High levels of participation
Lots of people carrying cards and active 'retail champions'
- No hidden admin costs
No hidden admin for the businesses, council or local partnership
- Proven and recognised
Benefits clear, recognised and proven (over at least 2 years)
- Self-sustaining
Can run for years without constant top-up funding



Launching Your Own Scheme

You don't have to figure it out; It's been done before

Basics

- Organisation
 - Start by talking to other schemes
 - You'll need a few known retailers actively involved in launch preparation
 - Start your graphics design early – it always takes longer than you think
 - Create a launch plan and divide up the work over several people
 - Sketch out the next years marketing plan (small quarterly events)
- You need enough businesses involved, to be attractive
 - You'll need at least 1 business for every 800 residents
 - Offers should be creative and be designed to generate loyalty
- Think about how you'll judge if it's working
 - For example, cardholder vs non-cardholder spending
(Difficult to attribute footfall, takings, etc, just to the loyalty scheme)

Case Studies

There's lots of good experience to call on

Themes

- ALL Marketing and promotion
- MANY Guidance and training for retailers
- SOME Shop front improvements
Loyalty cards

With huge variations in budgets.....

Case studies (1)

- Ashbourne

- Launched June 2007
- 8,000 residents, 13 business in scheme, over 3,000 cardholders
- Extensive local press coverage at launch
- £2,000 sponsorship at launch for flyers, stickers, publicity
- Typical quote *“It’s great to be involved with such a unique scheme”*
- Launched on a tight budget with no council funding, but 35-40% of residents have bought an Ashbourne Rewards card over 2 years

Case studies (2)

- Caterham

- Launched in August 2009
- 20,957 residents, 40 business in scheme, 1,100 people have a free card
- National and local radio and press coverage
- Integrated web site
- Lots of promotional activity
- Starting to research additional training for retailers
- Cards starting to be used
- Typical quote "*A great Town initiative-Many thanks*"

Case studies (3)

- Faversham

- Launched in July 2009
- 17,710 residents, 18 businesses in scheme
- 1,200 cards sold (over 6% of local population in 3 months)
- Extensive local radio and press coverage
- In the first 12 weeks of the scheme
 - £144,473 of purchases were made by 1,081 cardholders
 - Rewards cardholders spent an average of £133 since launch

Case studies (4)

- Forest of Dean

- 80,000 residents in District serviced by 4 main market towns
- First Stop Local Shop; a £500,000 retail support programme
- Launched in Nov 2005
- Training, Retail Awards, In Bloom, Christmas Promotions, Web site, etc
- 'Forest Rewards Card' loyalty scheme launched in May 2006
- Over 140 businesses in rewards scheme, 9,300 cards distributed
- Continuing local media coverage
- Lots of positive feedback, footfall up by 28% in 3 years - target of 5%
- 80% of retailers reporting increased awareness of their business.
- Over £35,000 in sponsored media coverage
- 236 Business nominated for the Forest Retail Awards scheme.
- 33 staff completed NVQ Level 2 and 3 in Customer Services/Retail Operations
- 30 Shop Front Improvements over the three years
- On-going annual funding about £5,000 plus full time person
- Comprehensive toolkit at www.firststoplocalshop.co.uk/go/toolkit

Case studies (5)

- Frodsham

- Launched August 2007, on-going local media coverage
- 8000 residents, 14, businesses in scheme
- 1,600 cards sold (so 15-20% of the local population have bought a card)
- Sponsorship of the scheme from local service businesses
- Financial support from local authority
- Exclusive cardholder evenings, double points/cross-promotion events
- Community Fund for local good causes is over £2000, collected from participating businesses when cardholders use their cards

Case studies (6)

- Haslemere

- Launched in Oct 2005 and won AMT's national award in 2006
- 15,000 residents, 26 businesses in scheme, 7,800 cards sold
(So half the residents have bought a Haslemere Rewards card)
- Continuing national and local TV, radio and press coverage
- Typical quote *"Customers feel they're really getting something back. It definitely brings people back and we're still selling cards, even in our 4th year."*
- Cardholders known to spend (on average) at least 30% more each visit
- In July 2009
 - £64,138 of purchases were made by rewards cardholders
 - Rewards cardholders spent an average of £48.15 each in July
- Now discussing pre-paid, cashless, ticketless car parking....

Case studies (7)

- High Peak

- 89,000 population with 5 market towns
- Started in 2000 with shop front grants, launched retailer training in 2005
- Shop smart, shop local toolkit and reward scheme launched in 2006
- Combination of schemes has had a major impact particularly in the smaller market towns (vacancy rates - 30% down to 0%)
- Shop Front grants (up to 75%)
- Shop smart, Shop Local project included:
 - Retailer toolkit; Written guidance, Training, Shop Doctor (on -going)
 - Newspaper Features; Themed , Written by professional journalist
 - Loyalty card
 - Very good response and strong PR in first 6 months
 - Issues; Uneven take up, need to reprint passport
 - 1 year only - a short term promotion for publicity

Case studies (8)

- Huntly

- Launched in October 2008 as first scheme in Scotland
- 4,300 residents, 18 businesses in scheme at launch
- 1,200 cards sold (so over 25% of the local population have bought a card)
- Good local and regional press coverage, and STV feature at launch
- Recent national BBC TV coverage on rural affairs programme.
- Typical quote: *"Its not a silver bullet but it definitely makes a difference Pitching the reward correctly is key."*
- Aberdeenshire Council facilities (swimming pool, ski centre) looking to join the scheme
- Next steps include use of reporting for businesses and the scheme, and perhaps event ticketing and/or pre-loaded gifts

Case studies (9)

- Melton (Think Melton; Shop Melton)
 - 25,000 residents
 - Melton Town Centre Partnership formed in 2005
 - Think Melton; Shop Melton launched in Oct 2008
 - Started as a major Christmas Promotion
(eg Free parking days, Radio Campaign & new events)
 - Continued into 2009
 - Shop Fronts, Shopping Guide, Business website funding
 - Preparing next Christmas Promotions now
 - Benchmarked with Welland Market Towns
 - Footfall and car park occupation regularly measured
 - No local rewards card

Case studies (10)

- Warminster, Wiltshire

- 7,000 population (23,000 including 24 surrounding villages)
- Schemes conceived by the Economy and Tourism Group
one of the pillars of the Warminster and Villages Community Partnership
- Buy Local Directory launched Nov 2006, volunteer based
- Extended scheme to Shop Locally with a Christmas Gifts leaflet in 2008
- May 2009, leaflets featuring businesses on the local industrial estates
- Funding to cover print costs; Grants, Donations, Sponsorship
- Costs always kept to a minimum
- Leaflets are printed in black on coloured A4, trifold paper
- Copies of the leaflets are given to each business featured
- Distributed by hand to public places
- Personal contact with businesses and distribution points is important
- Feedback forms used to gauge success of the leaflets
- No loyalty card

But what to do first?

- Establish a wonderful shopping experience
 - Customer service and sales training for the retailers
 - An effective loyalty scheme
- Then tell everyone about it!
 - Marketing and promotion
- And if you can, improve the environment
 - Shop front improvements
 - Street furniture

Contacts

They all want to talk to you!

Contacts

- Ashbourne; Sarah Wolfe 01335 301 145
- Caterham; Chris Windridge 07850 757037 windc@mac.com
- Faversham; Ima Rix 01795 539 339
- Forest of Dean; Richard Morgan market.towns@fdean.gov.uk
- Frodsham; Brian Roberts 07787 678160
- Haslemere; Melanie Odell 01428 644 122
- High Peak; Helen Pakpahan 0845 129 7777
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- Melton; Lisa Hammond lhammond@melton.gov.uk
Shelagh Core score@melton.gov.uk)
- Warminster; Christine Montague montagu@blueyonder.co.uk
- Savvy; Steve Wyllie 0845 4585 356 or www.savvy-loyalty.co.uk

Questions / Discussion

Building Loyalty = Recognition + Future Rewards



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