

# Are loyalty programmes really worth the investment?

A complimentary module extract of Truth's  
6-week online loyalty course



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## Are loyalty programmes really worth the investment?

Complimentary module extract: Truth's 6-week online loyalty course

No, loyalty programmes are not worth the investment, if all you do is offer points or short-term discounts. Customers will sign up to your loyalty programme if you offer them a good deal but will only continue to engage if the value proposition is attractive enough in the longer term.

It is important for companies to consider the value exchange with regards to customer data. If you want customers to share their data and information with you consistently, you need to be offering them attractive and relevant rewards to keep them engaged and incentivised to interact frequently with you.

We know that a loyal customer is up to twenty times more valuable to a business than an uncommitted customer. We also know that true loyalty is achieved through long term customer focus on all aspects of your product and service offering, as well as how effectively you engage your customers.

Customers are more likely to only focus on being loyal to one brand if the loyalty programme offering and experience far exceed its competitors.

*"A loyalty programme is a mechanic. A loyalty programme alone doesn't create customer loyalty."*

– Amanda Cromhout, CEO of Truth

**If a loyalty programme is simply a mechanic and does not necessarily create long-term customer loyalty, why bother?**

Many of our clients ask us why they should be creating a loyalty programme and one of the answers is simple: over and above saying thank you to your customers and driving incremental revenues, loyalty programmes allow you to gather customer data. A loyalty programme allows a business to capture customer data and combine it with internal business (e.g. product) data to really start understanding customers' behaviour patterns and preferences. The key lies in the way that a business then analyses the data to drive key business decisions. This is the ultimate prize for investing in loyalty.

We like to illustrate the real impact of an effective loyalty programme through customer-led strategies with the Iceberg Effect.



**Above the waterline** represents the customer-facing loyalty programme value proposition.

This can be easily accessed by customers and copied or tweaked by competitors for their own programme.

**Below the waterline** is where the magic happens by capturing customers' behavioural data. In a retail environment, for example, loyalty programmes normally require customers to swipe their loyalty card – every swipe captures point of sale data. How this data is used, is where the real power and competitive edge lies.

Competitors cannot see what a business does with the customer data. Even if they subscribe to the loyalty programme, they cannot see how data is being analysed or how often direct marketing is being sent to different target customer segments, with different tailored offers and communications.

If the customer data is analysed to its maximum potential, the insights gathered can be used to drive the entire business strategy, way beyond just marketing. Customer data, therefore, forms the basis of your customer centric business strategies, which is why a loyalty programme cannot be run in isolation to overarching business strategies. Loyalty programmes enable brands to gather immense customer insights about what, when, how and how often they buy, bank, travel and what their preferences are. Combining the loyalty programme data with innovative engagement strategies will enable a business to truly differentiate themselves from their competition.

**Create a compelling loyalty proposition by signing up to Truth's 6 week online course in loyalty.**

Loyalty usage amongst consumers is increasing year-on-year and as the demand grows, we realise the need for companies to differentiate their loyalty offering. Truth's 6-week online course provides you with an in-depth understanding of the loyalty industry and the building blocks to create a compelling loyalty programme proposition for your business to stand out in a cluttered and competitive loyalty playground.

**"On average in New Zealand, consumers belong to 4.2 loyalty programmes increasing from 3.6 in January 2017 and 3.1 in August 2016."**

Horizon Research

Consumers are consistently seeing more and more value in loyalty programmes and as a result, loyalty has become an expectation as part of a brand's broader value proposition.

Our course will teach you to master the complex world of loyalty through theoretical lessons, case studies and the practical application of what you have learnt through weekly assignments.

### **What you can expect from the six week course:**

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1. The evolution of loyalty
2. Strategic rationale for loyalty
3. Global loyalty landscape
4. Framework to design a loyalty programme
5. Understand the importance of acquiring customer data and how to use it to drive strategic insights
6. Key commercial inputs for your loyalty business case
7. How to write a customer-led engagement plan

Secure your spot on our next online course and gain valuable insights.

This 6-week online course is brought to you by Truth, a boutique consultancy specialising in customer centricity, CRM and loyalty programme development. Truth has proudly delivered loyalty programmes and customer centricity strategies for many of South Africa's best known brands, including Momentum Multiply, Pick n Pay, Edcon, The Foschini Group, Mr Price, Virgin Active, Distell, Nedbank, Avios, Absa, Massbuild, Sorbet, FNB and many more.

Our international footprint for consultancy services & conference speaking span USA, New Zealand, Europe, Ghana, Kenya, Hong Kong, Indonesia, Mauritius and Malaysia.



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