

Instant redemption opportunities lure in loyalty program customers

CHICAGO, US: Loyalty programs are powerful marketing tools for credit card companies, supermarkets and restaurants, but how do consumers choose one program over another?



Recent Mintel research found that instant redemption opportunities, like cash back at the register, were an incentive cited by almost half (47%) of consumers that could potentially entice them to use a particular loyalty program more than others.

Consumers are similarly attracted to relatively generous cash back opportunities - an option that would be the deciding factor for 36% of respondents. Meanwhile, consumers are somewhat disenchanted with airline airmiles - only 7% of those surveyed say a program that offers airmiles would be an effective incentive to choose one over another. These consumers tend to be in the higher income groups.

"In any sector that uses loyalty marketing, loyalty programs are fast becoming a very important part of the relationship with the customer," says Susan Menke, VP, behavioral economist at Mintel Comperemedia. "It seems that now is the time to focus on adding or improving loyalty programs to help engage customers and maintain and even grow their relationship with the post-recession consumer."

So? What do consumers want?

So, once they've chosen a rewards program, what do consumers want to see more of? 61% of respondents say lower overall costs for merchandise they would have purchased anyway is an important attribute of a loyalty or rewards program. Getting merchandise or taking trips that they wouldn't normally be able to take was deemed important by 25% of consumers.

"Loyalty program members are quite often the most profitable customers for marketers, and those who use loyalty programs tend to be more brand-loyal," adds Menke. "By personalising redemption opportunities and offering easy to redeem savings, companies can lure and retain more customers."

24% of those surveyed say they actively examine credit card offers in order to compare rewards programs, while 10% have switched to a different primary credit card in the past because of a better rewards program.

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