Acquisition stats are so passé!

Hooray! You have 20 million loyalty members! But how many of them are active and what does this mean for yo business?

 By Ros Siddle 11 Oct 2013

Colloquy release a consolidated annual report of loyalty activity in USA called The Loyalty Census. Each year it analyses membership growth and factors attributing to this growth. This year's census saw a massive increase in loyalty membersh across the US (up 26.7% to 2.65 billion).

Being in the loyalty industry, I can't help but notice how South Africa has adopted this rise in loyalty programmes with eve industry wanting a piece of the loyalty pie! Unfortunately, we have no official stats for the South African market place to compare with the U.S.

Why the decline?

However with the expansion of loyalty programmes and therefore number of members, how many of these are really active Despite the fact that loyalty programmes are aimed at incentivising members for shopping or engaging with your brand, w is there a decline in active memberships as reported by Colloquy?

Active membership refers to the number of times a member has engaged with the programme (at least once) over a perio of 12 months or otherwise stipulated by the programme. The number of members vs. active members shows a large divide

"4.3% is the drop in loyalty programme active membership between 2010 and 2012."

Naturally, there is huge acquisition at the initial sign up process but the drop off rate in months to come is almost equally a huge. Based on these facts, it is clear that the active numbers are not aligned and the hard work starts when needing to retain these customers after acquisition. It's all about engagement!

"Typically, new programmes acquire members and can't keep them engaged.....both new and existing programmes are failing to strike the chord with members." - Colloquy

Four suggestions

With competition so rife in the loyalty industry across all sectors, how do you ensure your loyalty programme is top of mir What's causing your loyalty card to be shoved behind your competitors' card? Here are just four suggestions for consideration:

1. Loyalty is no longer solely "owned" by the retail and airline industries. There is rapid growth in loyalty in other sector which can be attributed to an increase in partner programmes with competing brands to offer a more compelling loya offering together with the expansion of innovative loyalty programmes using real time POS technology.

2. The competition is heating up. There is no limit to the amount of programmes your customers can join and it is just s easy for them to do. Companies are eliminating the barriers to complicated sign up processes and are really tallying members with a quick and effective registration processes via in-store, online or via mobile. Also, with so many choi for programmes offering similar benefits for similar behaviour in the same sector - how do you make sure your programme is top of mind?

3. Racking up the memberships at a fast pace at the registration step is one thing...staying fully engaged and relevant i whole new ball game. Companies who get the engagement element right are streets ahead of those who focus their energy on other activities in the loyalty lifecycle.

"Talk to me about what I want and need, not what YOU decide is what I want and need."

4. Data is the kryptonite of loyalty. There are more channels than there have ever been to collect data.

   Data obtained by companies is wasted if not mined properly. Use your data to be relevant and offer your members a experience tailored to their wants and needs.

True engagement focuses on customer loyalty not acquisition stats.

ABOUT ROS SIDDLE

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