

CONSUMER 2016

How can retailers build loyalty in the age of the promiscuous shopper? asks **Gemma Goldfingle**

Winning the loyalty of promiscuous shoppers

The unrelenting march of the discounters continued throughout 2015 as more and more shoppers snapped up their wares rather than relying on more established competitors. In fact, seven out of 10 consumers said they planned to buy festive food at Aldi and Lidl over Christmas, according to retail analyst IGD.

Shopper promiscuity is being felt across retail, according to Craig Ryder, client experience director at consultancy KPMG Nunwood, who says it makes for a fierce environment for retailers.

It is unsurprising then that retailers have been making substantial investments in loyalty, such as high-profile programmes launched by Waitrose, Marks & Spencer and Harvey Nichols.

Ryder believes simple cards alone do not cultivate loyalty. "Many people carry eight, nine loyalty cards in their wallet and choose which one to use. That's not real loyalty," he says.

"You have to focus on the customer experience and making the shopping proposition sticky so the customer actually likes to come to store."

The personal touch

Personalisation is an important part of a great customer experience, says Ryder, and retailers are increasingly offering tailored offers and experiences to build loyalty.

M&S's Sparks scheme, which launched in October last year, rewards regular shoppers with personalised offers. M&S executive director Patrick Bousquet-Chavanne said: "It's a two-way relationship – members tell us what they enjoy, select their own tailored offers and are rewarded for sharing their views."

Waitrose also raised the stakes with 'Pick Your Own Offers', which allows myWaitrose members to choose 10 products to save 20% on every time they shop.

Ryder says retailers should focus on personalising the experience in order to meet customers' growing expectations: "We expect everyone to have Amazon's ability to know what we want and where we want it sent."

Loyalty on the go

Brands must also provide an omnichannel experience to keep customers satisfied and coming back.

Sarah Davies, associate partner at consultancy Kurt Salmon, says an experience that is not seamless across all channels can damage customer loyalty.

She gives an example of an email offer she received from one of her favourite retailers offering

REWARDS
BY
HARVEY NICHOLS

Loyalty schemes are evolving, from Harvey Nichols' app and Waitrose's Pick Your Own Offers, to M&S offering non-monetary rewards

Pick Your Own
OFFERS

SPARKS
M&S

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**Craig Ryder,
KPMG Nunwood**

Points mean prizes

Loyalty schemes have traditionally offered customers money off products but the new wave of programmes offer other benefits.

M&S's Sparks points have no monetary value but instead reward customers with offers and treats relevant to their interests, such as early access to the retailer's online Sale or an upgrade from wine to Prosecco in its 'dine in for two for £10' deal.

Davies says it is an interesting development but believes the jury is out on whether customers will really embrace non-monetary benefits.

"It's in the retailer's interest to move away from discounts but usually this kind of shift would be driven from the customer rather than the retailer," she says.

20% off orders but when she visited the retailer's store the offer was only valid online. She says it left her with a negative feeling about the retailer.

Ryder agrees that this type of experience can dent loyalty. "Customers want the channels to meet up. They don't shop via channels, they shop brands," he says.

Harvey Nichols has brought this omnichannel thinking to its loyalty programme by launching an app-only scheme. It offers benefits for the customer and captures real-time data to help retailers better understand individual shopping behaviour.

Davies says: "Harvey Nichols is giving customers what they want and that is not an overloaded wallet."

Ryder suggests there will be a greater focus on customer experience driving loyalty this year, as the economic situation continues to improve.

For today's multichannel shopper, personalised communications and tailored cross-channel experiences must be at the heart of the retail proposition.