

## *Financial training For non financial staff*



*The financial training specialists*

### **Buying loyalty? (profit)**

If you're like me, you probably have several loyalty cards. But are a loyalty cards a good business decision?

One question is "How much are we giving away?"

On a £2.25 latte, Costa give 10p, my local café in Leyburn gives 25p, and our local bike centre gives 45p. If the bike centre sees coffee customers coming in for the loyalty discount and buying cakes as well, the scheme's a winner!

How much does it cost in total?

Tesco had 2016 sales of about £54bn. Their loyalty card gives 0.5%: about £0.25bn. Their profit before tax was £0.28bn: has the cost of the loyalty scheme paid off?

Does the loyalty scheme change customers' buying decisions?

Although I use my Costa loyalty card, I'd choose Costa over Starbucks without it. I prefer their coffee, and think they provide a better service than Starbucks.

Should we earn loyalty or buy it?

Premier Inn is my hotel chain of choice. They are consistently good, and back that up with their good night guarantee. They have no loyalty scheme, but have earned my loyalty.

Loyal customers means repeat sales without the cost and uncertainty of finding new customers, so loyalty is important to our bottom line. So we need to ensure we give our customers what they want.

Whitbread are very good at this, and recognise that their staff are key to customer loyalty.

How do you find out what keeps (or stops!) your customers coming back, and how do you give them what they want?