Do Customer Loyalty Cards actually drive sales? Asks Pi Industries

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As specialists in customer service, Pi Industries explores the effectiveness of loyalty cards to determine their contribution to increasing sales.

About Pi Industries: http://www.piindustries.co.uk/

Loyalty programs are structured marketing strategies designed to encourage customers to continue to shop at or use the services of businesses associated with each program. Retailers have the freedom to determine the features and reward schemes for their loyalty cards. With all businesses looking to improve ROI, Pi Industries has studied research by Selfstartr that highlights the impact businesses experience from running successful loyalty schemes.

With research showing that loyalty cards are on the increase (10.9% of consumers were enrolled in 2014, vs 13.9% in 2015), it is important to understand as a retailer why they are so effective. Pi Industries is confident that findings from the research conducted by Selfstartr are true in that, loyalty cards encourage repeat business; 83% of consumers said that the loyalty scheme increases their probability of using a retailer again. Once repeat business is achieved, ROI takes a huge leap to 75% for businesses that partake in loyalty schemes. Another appealing figure reported was the increased spending rate of a returning customer, it was found that repeat custom results in an increase on total spend of 67%. Retailers have reported that the financial benefit of increasing customer retention by as little as 5% can lead to an increase in profits of a whopping 95%. This figure is a result of the fact it is 6-7 times more expensive to acquire a new customer than it is to maintain a positive relationship with an existing one.

Pi Industries found it interesting that consumers in the high earning bracket boasted the highest engagement with loyalty schemes, with 71% of consumers earning in excess of $100k participating. They also reported that 76% believe the loyalty service should be expected as part of their brand experience. Retailers will feel the benefits of paying it back to the consumer as 95% of schemes are said to revolve around consumer spending, with a fraction of the transaction resulting in a reward or point value depending on the scheme.

Pi Industries are event marketing experts specialising in gaining record sales results for clients through face-to-face customer engagement. Due to the nature of their industry and the hands on approach they take in regards to customer communication, they believe that loyalty schemes can be a fantastic approach to subconsciously encourage repeat business. It is also an opportunity for retailers to acquire data regarding consumer activity.

Source:

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Pi Industries

E. contact@piindustries.co.uk
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