

Retailers use new technologies to retain customers

Loyalty pays off



FIGURE: USE OF MOBILE SHOPPING APP FEATURES BY AGE GROUP

Source: AlixPartners Mobile Financial Services Tracking Study, Citi

“More than 70% of customers engage in multi-channel shopping such as researching a product online and then purchasing it in-store.”¹ In a rapidly changing environment with highly informed clients, retailers must ensure a reasonable level of customer retention to capture a larger market share. Because long-term clients tend to be less price sensitive and typically increase and accelerate spending over time, customer loyalty programs can help retailers boost sales and improve margins. “A 5% improvement in customer retention rates will yield a 25% to 100% increase in profits.”²

By gathering and analyzing data on their consumers’ spending patterns through surveys, in-store feedback or analysis of online behavior, retailers can customize their offering to match specific clients’ needs. Loyalty cards, for instance, are an effective tool for collecting customer information. Companies

such as Tesco and Kroger have been working with external provider Dunnhumby to develop and enhance their loyalty card programs, and the number of cardholders has grown steadily in both their domestic and international markets. Today 86%³ of UK adults own at least one loyalty card. However, such programs alone are no longer sufficient to improve services, drive traffic or retain customers. Retailers therefore need to develop a tailored value proposition.

Leading retailers understand the value of developing new technologies to create a multi-channel platform to engage the customer. Mobile or tablet apps are reaching new client segments, particularly among young customers, and offer personalized services. For instance, French retailer Casino utilizes its m-casino app to drive sales. Customers use the app to prepare an online shopping list. Once in the store, the app alerts customers as they approach the items on their list, and the same technology sends them customized product suggestions and special deals.

Companies that integrate incentives rewarding their loyal customers can benefit from increased sales, improved product availability and inventory management and enhanced brand recognition.

“Retailers putting the client at the heart of their strategy through incentive programs that reward customer loyalty stand to benefit from improved sales and margins.”



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¹ Deloitte Holiday Survey: Digital shopping will Keep the Grinch at Bay this Holiday Season. December 18, 2011

² The Loyalty Effect, Frederick F. Reichheld

³ Retailers are playing the loyalty card Jul 12, 2012
<http://ecomplished.com/etailers-are-playing-the-loyalty-card/>

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