

August 2023

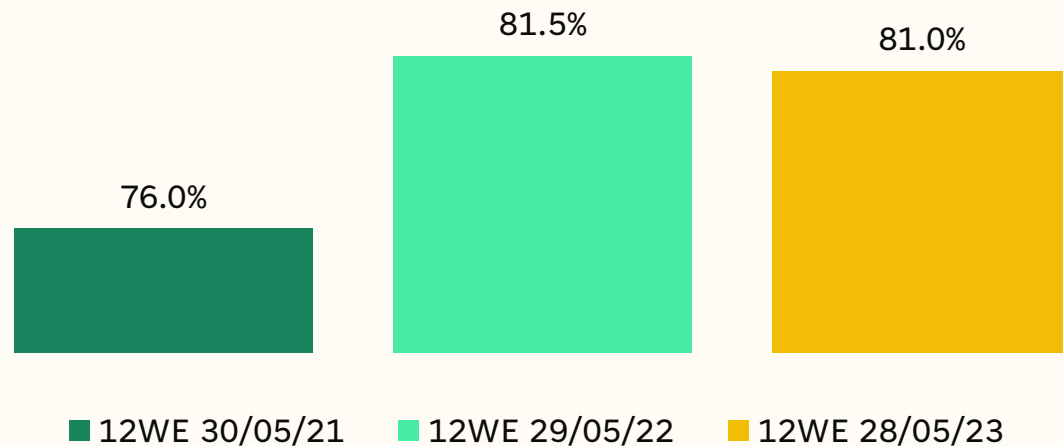
"Loyalty Cards vs. Discounters: The Best Strategy?"



Retailers push loyalty cards & schemes to engage shoppers

Throughout 2023, retailers have been focusing on loyalty cards in their efforts to retain customers amidst significant inflation. The loyalty programs have become a battleground for pricing strategies as businesses strive to keep shoppers engaged and loyal to their brand. Those shoppers who are very value led has held consistent at 4/5 over the last year. So are loyalty cards working to drive shoppers away from discounters?

% of shoppers who are 'very value led'



Source: Lumina Intelligence Convenience Tracking Programme, data collected 12WE 30/05/21, 12WE 29/05/22 and 12WE 28/05/23

Recent changes to retailers loyalty schemes & apps



Tesco

- Changes to the scheme were announced in April that the vouchers will be worth double their value rather than triple.
- More than 100 retailers, attractions & and other hospitality industry services are part of the loyalty schemes.

Waitrose

- Announced in April 2023 they are working with John Lewis on a cross-retailer loyalty programme.
- Exclusive rewards included such as free barista coffee in any Caffé Nero when you link your MyWaitrose Card

Sainsburys

- Now covers over 3,500 products.
- Recently expanded to include fresh produce including strawberries & avocados.
- Nectar card holders can access price cuts of up to 34% on Sainsburys products.

Asda

- “Asda Rewards” was rolled out across all stores & online last summer.
- Focus on earning ‘pounds’ rather than ‘points’.
- Covers over 400 ‘Star Products’ and other in-app missions such as Fruit & Veg Bonus.

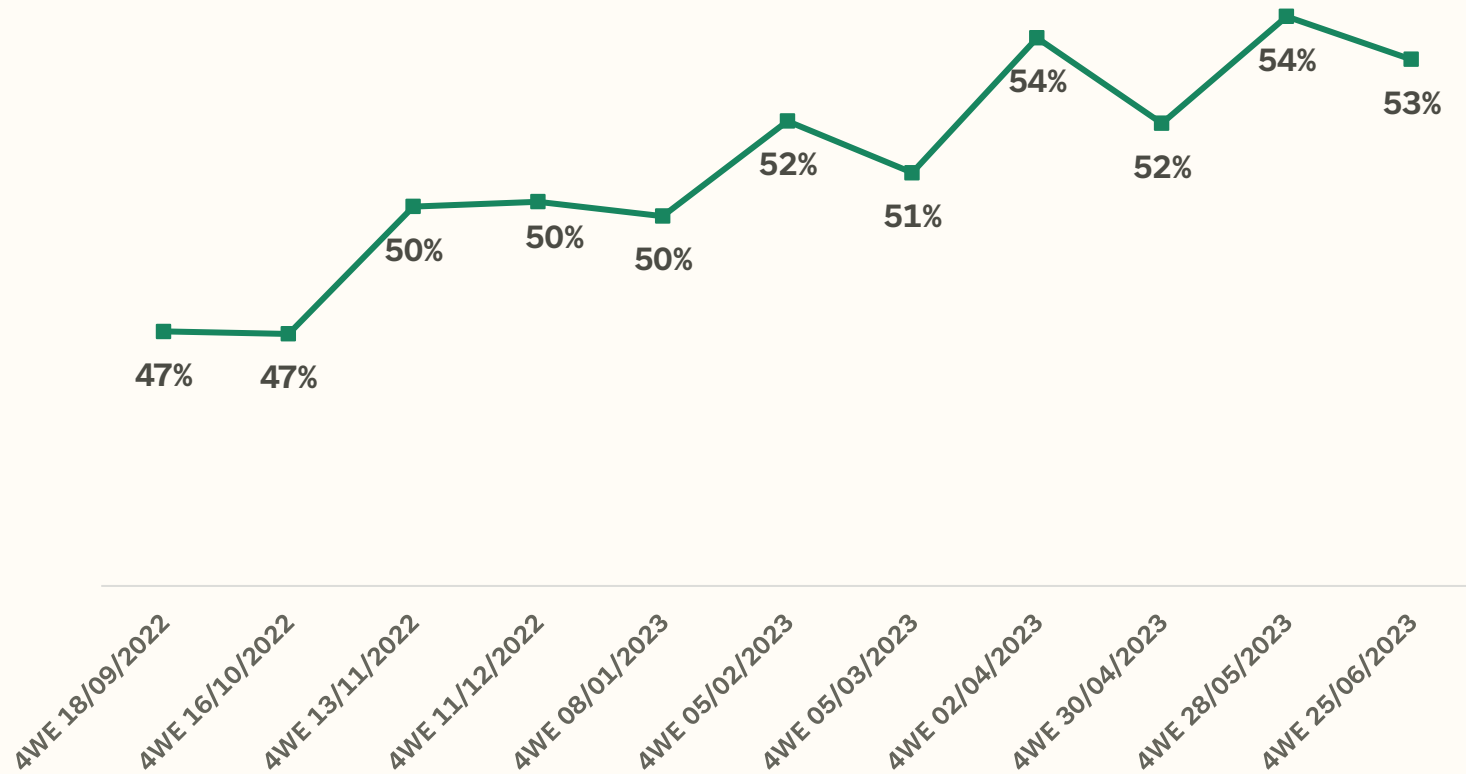


There is an upward trend in usage of loyalty cards

We've seen an overall upward trend in loyalty card usage within managed convenience stores over time suggesting that more customers have been using their loyalty cards as time progresses indicating a potential increase in engagement and interest.

It's important to note factors such as seasonal shopping patterns and changes to loyalty programmes will impact usage as we can see notable spikes in December '22, April '23 and June '23.

Usage of Loyalty Cards in Managed Convenience Stores



Lumina Intelligence Convenience Tracking Programme



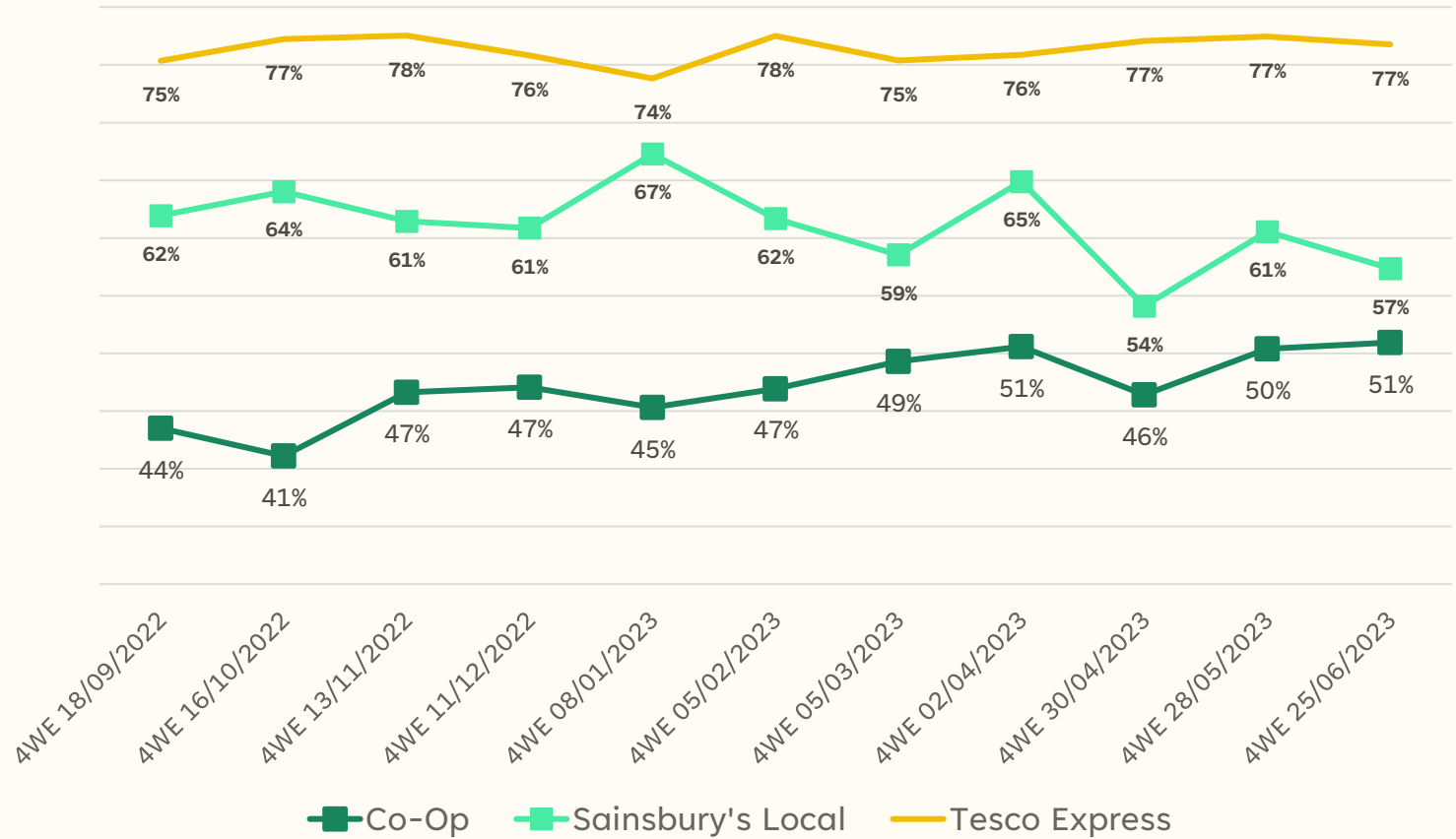
Tesco Clubcard leads the way

Loyalty card usage for all three retailers experiences fluctuations over time, suggesting changes in customer engagement with their loyalty programmes.

Notably, Tesco Express consistently maintains a higher level of loyalty card usage compared to Co-Op and Sainsbury's Local. Additionally, each retailer experiences specific periods where loyalty card usage peaks, which could be attributed to seasonal trends, promotional activities, or other marketing initiatives.

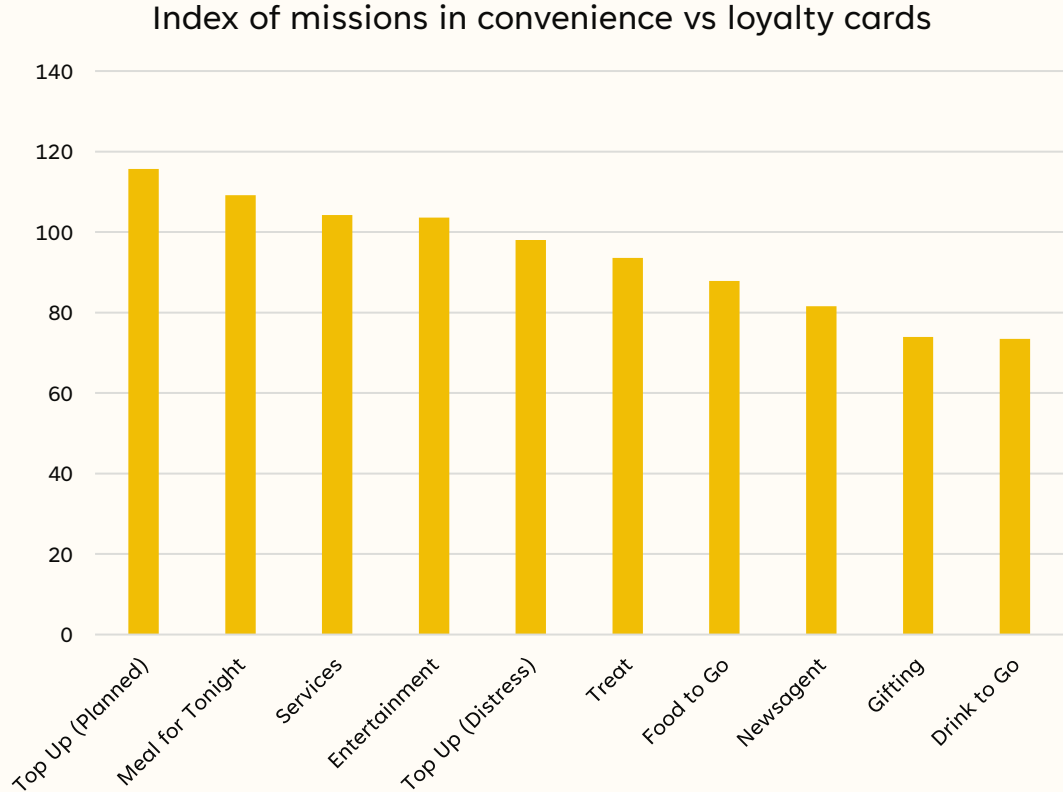
This highlights the importance of understanding customer behaviour such as shopper mission and tailoring loyalty program strategies to optimize customer engagement and retention.

% shoppers who used a loyalty card



Lumina Intelligence Convenience Tracking Programme

Planned missions over-index on loyalty card usage



Lumina Intelligence Convenience Tracking Programme – 19/09/2022-25/06/2023

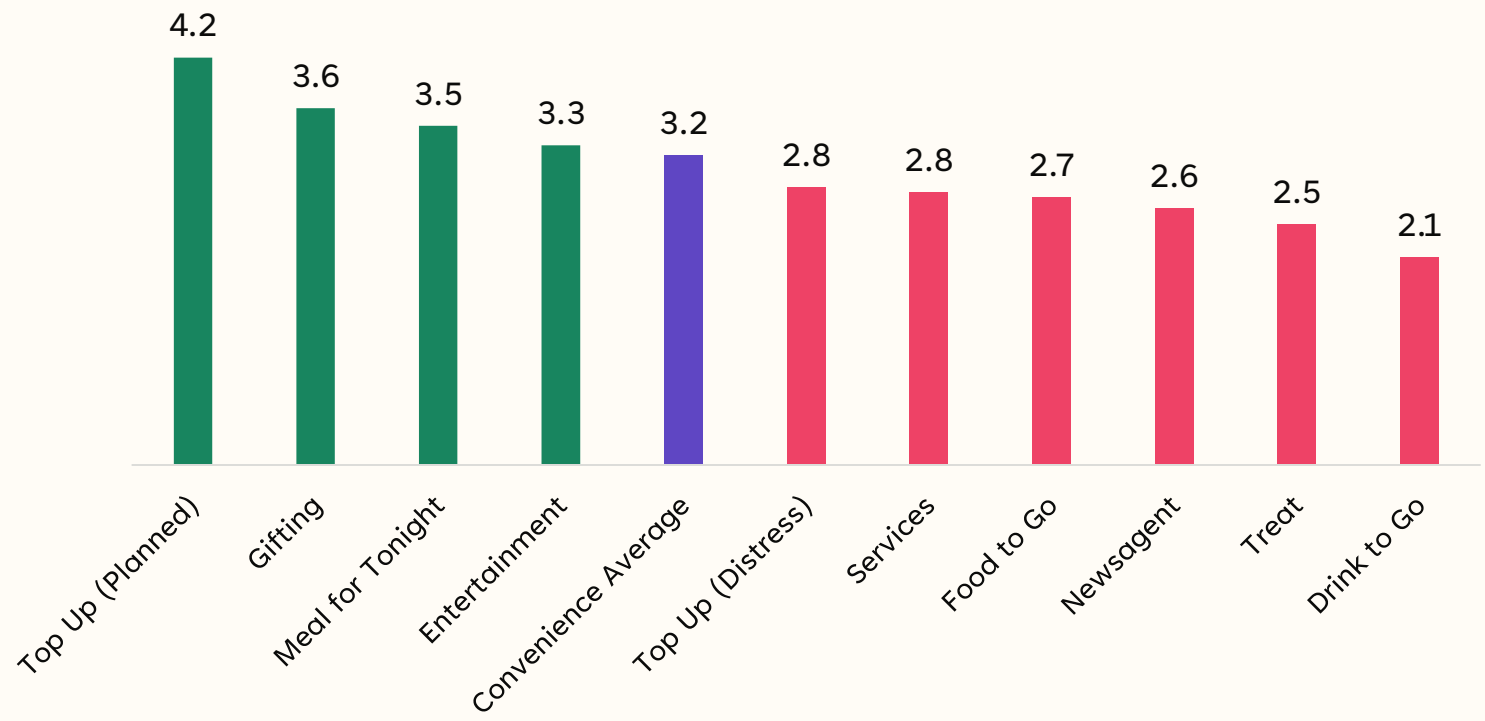
Smaller baskets results in lower loyalty card usage



Planned Top Up and Meal for Tonight missions are the leading missions when shoppers use a loyalty card. We can see that it is these missions which tend to attract larger basket sizes as well suggesting shoppers are more often to use loyalty cards, not just on more planned trips, but also larger baskets to maximise their rewards.

Retailers need to consider how they encourage loyalty cards to be used on smaller missions such as Food or Drink to Go where a shopper might currently not see the benefit.

Shopper basket size by shopper mission



Lumina Intelligence Convenience Tracking Programme 12 WE 25/06/2023, shoppers in managed convenience stores

The Future of Loyalty Cards

With the recent news that the UK is “over the worst” of soaring food price inflation, arguably there will be less of need from shoppers to use loyalty cards to maximise access to promotions.

Personalised offerings are key to ensure younger consumers continue to use loyalty cards and see an exchange value for their data. Retailers should ensure they remove any barriers to usage and need to consider opportunities to encourage consumer to scan their cards even on small trips. Otherwise, there is the risk that the loyalty card data is skewed only to those shoppers who are doing larger shops which doesn't always equate to the most valuable shoppers long term.



**To learn more about how Lumina Intelligence can support you,
please get in touch using the contact details provided below.**

Get in touch

Holly Franklin

07940466301

www.lumina-intelligence.com

holly.franklin@lumina-intelligence.com