

Discover your *edge*

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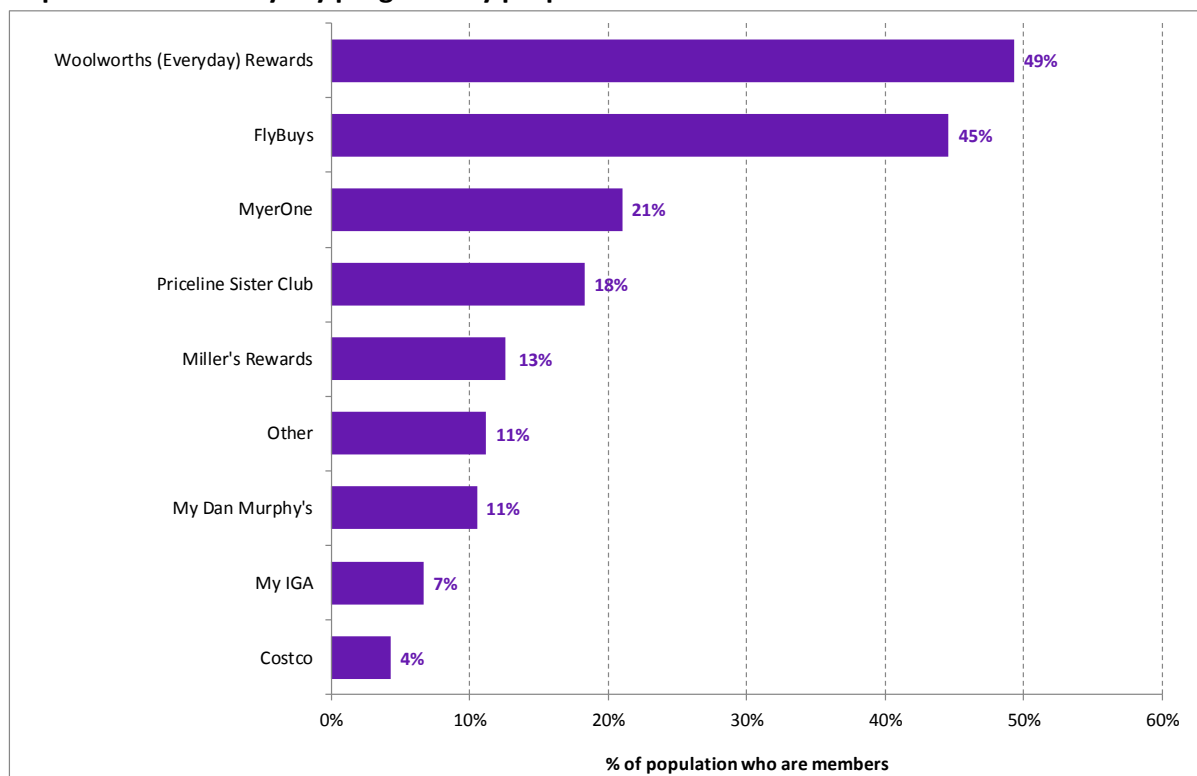
How popular are customer loyalty programs really?

They attract a lot of hype and media attention, but how popular are customer loyalty programs? Despite detractors' claims that they are too complicated, offering little real value for consumers, 71% of the Australian population are members of at least one store loyalty program, the latest findings from Roy Morgan Research reveal.

With 49% of Aussies 14+ numbering among its ranks, Woolworths Rewards (formerly Everyday Rewards) has the largest membership base, ahead of the Coles-powered Flybuys program (45%). More than one in every five Australians (21%) are members of department store Myer's customer loyalty program, MyerOne, and 18% belong to Priceline's Sister Club.

Women's-wear chain Millers also has a popular loyalty program (13%): not surprisingly, its members are overwhelmingly female. In fact, women comprise the majority of members for almost all the customer loyalty programs measured by Roy Morgan. The one exception is Dan Murphy's, whose My Dan Murphy's program has a slightly higher proportion of male members than female.

Popular customer loyalty programs by proportion of Australians who are members



Source: Roy Morgan Single Source (Australia), January-June 2016, n=7,336. **Base:** Australians 14+

Of course, just because someone has a customer loyalty card doesn't mean they're going to use it. Who hasn't enlisted for a loyalty program only to promptly forget they ever joined, or

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lost their card before they could use it, or decided it was simply too much effort to commit to? With this in mind, one of the measures of any store's loyalty program's success must surely lie in the proportion of its customers who are members (ie. demonstrating their loyalty by shopping there).

In that regard, the Woolworths Rewards program is a clear leader. Almost eight in every 10 shoppers (78.2%) at Woolworths/Safeway in any given four weeks, as well as over six in every 10 (61.8%) people who shop at Woollies-owned BWS, are members of the program.

Similarly, FlyBuys members comprise a resounding majority of Coles customers (69.2%), as well as over half of all shoppers at FlyBuys partners Liquorland (61.0%), Kmart (54.4%), Target (54.3%), and First Choice Liquor (53.6%).

Stores with highest proportions of loyalty-program members among their customers

LOYALTY PROGRAM & STORES INVOLVED	% OF STORES' CUSTOMERS WHO ARE MEMBERS
Woolworths (Everyday) Rewards	
Woolworths/Safeway (incl. Online)	78.2%
BWS - Beer Wine Spirits (incl. The Fridge)	61.8%
Miller's Rewards	
Miller's	73.4%
FlyBuys	
Coles Group (incl. Online)	69.2%
Liquorland	61.0%
Kmart	54.4%
Target	54.3%
1st Choice	53.6%
Priceline Sister Club	
Priceline	55.9%
MyerOne	
Myer	55.2%

Source: Roy Morgan Single Source (Australia), January-June 2016, n=7,336. **Base:** Australians 14+

Miller's Rewards, Priceline Sister Club and MyerOne are also among the more successful loyalty programs when measured by the proportion of their shoppers who are members.

Norman Morris, Industry Communications Director, Roy Morgan Research, says:

"A large membership is obviously important for a store's customer loyalty program, but if members are inactive and don't actually shop at the store/s in question then it can't really be considered successful. Woolworths Rewards is a high-profile example of an extremely popular loyalty program whose members do form the majority of customers at Woolworths and BWS."

“Much more niche in size is Miller’s, but with almost three-quarters of its customers in any given four-week period belonging to its loyalty program, it can certainly be considered a success! Clearly Millers Rewards members see the value in their loyalty program, and shop accordingly.

“While it is perfectly reasonable for retailers to want the consumer intelligence provided by a large loyalty program, it’s worth remembering that customer loyalty programs are about more than big data: they must also give their customers reason to be loyal. Calling your program a rewards program but making it hard for customers to redeem their rewards is the first step to failure.

“With its deep consumer data, Roy Morgan Single Source allows retailers to better understand what makes their customers tick: from their demographics and shopping habits, to their attitudes, activities and media consumption. This knowledge will then allow them to tailor their loyalty program so that it not only encourages return visitation, but nurtures a long-term, mutually beneficial relationship with their customers.”

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Related research findings

Explore our [extensive range of retail reports and profiles](#), including profiles of various stores’ [Loyalty Cardholders](#).

Compiled with data from Roy Morgan’s Single Source survey (the largest of its kind in the world, with 50,000 respondents p.a), these ready-made profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

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Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2