



For more details, email Mala Raj at mraj@cartesianconsulting.com



Cartesian LoyaltyMeter
Flavours of the Indian Loyalty Market!

A PREVIEW

Cartesian LoyaltyMeter is a comprehensive dossier on Loyalty Programs in India. The report comprises 4 modules:

Module 1

Colloquy's Cross-Culture Loyalty Study covering 500 SEC A/B/C field interviews in India on loyalty and loyalty programs

Module 2

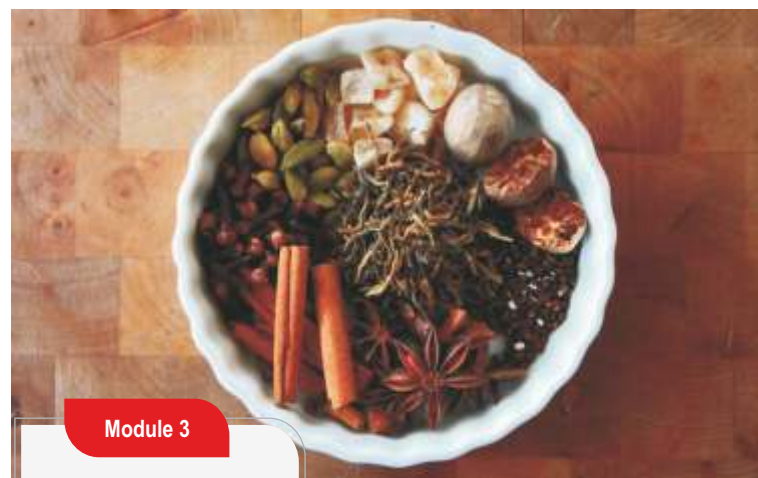
Cartesian-Lumiere qualitative study-in-depth single and paired interviews with members of top loyalty programs across retail, fuel, airlines, hospitality and credit cards.

Module 3

The internal organisational viewpoint on the challenges, opportunities and strategic role of loyalty programs through interviews with middle/senior loyalty practitioners managing programs

Module 4

A Ready Reckoner of program structure, features and benefits of top 15 programs across these sectors.



OVERALL FINDINGS: COLLOQUY STUDY

India as an economy shows a strong sense of **economic optimism and openness to foreign brands**. There is an eagerness to participate in loyalty programs although current levels of participation are low when compared to the West. There is a **high level of involvement with brand communications** – and especially so with loyalty program communication – with a preference shown for electronic means of communication over physical. **Referral and word-of-mouth plays a key role** in influencing membership to a program as well as usage of brands. This is most pronounced for financial services followed by Dining and Clothing.

Highest loyalty is generated by financial services followed by grocery and then travel. Primary reasons for joining a loyalty program include rewards and benefits as well as the fact that they frequent the outlet anyway. Reasons for not joining a loyalty program differ by SEC. SEC A customers feel that some programs do not offer enough of an incentive to join while SEC B customers have cited privacy concerns as well as the fact that they do not spend enough to earn sufficient incentives in a program.

There is **high willingness to join a program amongst non-members** – especially in retail and financial services. As program members, customers expect to be treated as valuable

and special. **Recognition and exclusive services are as much in demand as are rewards and gifts for program membership.**

Membership to a program does impact purchase decisions and there are a select set of customers who believe in accrual for a large 'dream' reward.

A high growth phase for loyalty initiatives is imminent and privacy concerns are not crippling just yet.

OVERALL FINDINGS: CARTESIAN-LUMIERE QUALITATIVE STUDY

Customers perceive '**loyalty to be a feeling of 'stickiness' and 'comfort' with the brand**. There is a tendency to go back to a brand/ outlet/service that one is 'comfortable' with and repeated positive engagement with the brand strengthens loyalty.

This then has a positive rub-off on intentions to join a loyalty program from the brand.

Loyalty programs are associated with points/ rewards/ discounts as well as with special service and treatment.

Customers across the board feel that they need to know upfront what they need to do in terms of 'desired behaviour' and what is the return they will get for it. **Any impressions of trying to outsmart them or hiding details in fine-print is not**



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appreciated. They want all cards on the table. Transparency and honesty with the customer is the name of the game.

Proximity, familiarity with the brand, trust, the ego boost involved and a view of tangible returns are key triggers to join a program. Barriers to membership include membership fees and low usage of the product/ service as well the obvious barrier of 'one more card' in the wallet.

Influence of loyalty programs on purchase decisions vary by vertical. It is much more upfront and critical in the case of personal travel (airlines) than it is in retail where quality, availability, range, location etc take precedence. There is also the aspect of choice. Where there are many options to choose from, other purchase criteria take precedence over the program. With limited options to compare the tendency is to swing the purchase more towards the brand where there is a program membership. **The customer view is that loyalty programs are necessary – but not sufficient.** As members of the program, they expect to be treated as such across all touchpoints and interactions with the brand.

Customers tend to have multiple program memberships within a sector - especially in airlines, credit cards and retail. This gives them a feeling of choice despite being tied down to the accrual aspect of a program. Hospitality however seems to command single program memberships in most cases. Perhaps because, in the case of frequent dining programs, there is a hefty membership fee involved.

Programs in the airline sector are highly evolved and the retail sector is fast getting there. Hospitality sector programs are niche and high on experience delivery. Fuel seems to be underleveraged due to operational hassles at the petrol pumps in terms of card swiping. Credit card program memberships come as default with the card and operate pretty much in the background. Members however are smart enough to rotate card usage to maximise credit limits.

Therefore consolidation of earn - which every program wishes to drive – (with one card) is not something that is natural. Airline, credit card and hospitality programs have an innate self-esteem and status value associated with them – hence the necessity for elements of superior service, 'flash' value and exclusive privileges. **Retail programs are less about the status and more about the value from shopping. Positive experiences with programs are talked about and lead to referrals. Negative experiences are also talked about – and**

often lead to an adverse impact on the parent brand especially if they are repeated too often. **In terms of rewards, there is equal preference for instant gratification as well as accrual devices. The elements of novelty and surprise** – from bonus points to scratch cards – are welcomed with delight. Goodwill and 'soft' gestures like birthday and anniversary wishes are also appreciated.

Over-delivery at key moments-of-truth is noticed and applauded – even ensuring that minor lapses are forgiven. In fact, while most programs have a holistic value proposition, it is a few key distinctive features – free parking, birthday discounts, easy enrolment etc – that are instinctively and spontaneously recalled and associated with the respective programs.

Men and women tend to differ in their attitude to and expectations from membership – as do experienced and savvy loyalty program members from the newbies.

OVERALL FINDINGS – PROGRAM MANAGERS

Across the board, there is a universal belief in the strategic importance of loyalty programs and other loyalty initiatives as part of the overall marketing and business vision of the organisation. **The continued focus towards customer-centricity in these organisations ensures that loyalty programs are taken very seriously and are an integral part of core business decisions.** It is a common view that customer-centricity must percolate across the organisation such that 'loyalty' is part of the organisation DNA and all initiatives are democratically owned. **Data and insights are seen as a critical pay-off of loyalty programs** and the expertise to use the insights to make relevant and customised offers to customers is seen as the differentiating factor. **The importance of planning and preparing well in advance for loyalty could not be more emphasised.** Getting the objectives and deliverables right, setting the correct expectations within the organisation, structuring the program in a simple and attractive form and getting the right technology in place to enable execution are all part of the success mantras shared by senior loyalty practitioners.

This is just the tip of the iceberg. For all the details, and for deep insights – subscribe to the complete report.

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