

# Loyalty Partnerships

## Partnerships to gain loyalty and reduce costs

How can partnerships increase loyalty and customer retention?

How can we make the most of our data?

How can we share costs with partners?

How can we reduce the cost of rewards?

How can we reach critical mass?

How can we gain “share of wallet”?



Although the benefits of loyalty are well understood, the use of strategic partnerships to help address such questions is often the key to creating a sustainable, efficient and profitable loyalty strategy.

# PARTNERING FOR SUCCESS IN LOYALTY

## MAKING LOYALTY WORK FOR YOU

Although the benefits of loyalty are well understood and outlined within any marketing text book, the economics of a successful loyalty programme are complicated and often depend on a web of partnerships and supplier agreements.

Experience has shown that an effective partnership strategy can help to address a range of strategic goals. Partnerships can help gain a critical mass of customers and/or encourage frequent interaction. Partnerships can also be used as a means of reducing the cost of rewards, maximising the return on data collected and the investment made in the programme.

## DELIVERING THE PROMISE

The process used will depend greatly on your strategic needs but may include:

- ❑ **Strategy** – How can partnerships help attract customers, build frequency of interaction, raise revenue and reduce costs?
- ❑ **Selection** – Which partners would offer the greatest potential?
- ❑ **Concept development** – What will the customer proposition be? What will the partnership proposition be?
- ❑ **Contact strategy** – How will the key decision makers be contacted and influenced?
- ❑ **Implementation** – How will the partnerships be integrated within the existing infrastructure? How will the partnerships be communicated? How will staff be trained?
- ❑ **Management** – How will partnerships be managed in the long-term?

## ACCOUNT EXPERIENCE

Affinity Solutions' consultants have a wide experience in the facilitation, negotiation and management of a number of high profile loyalty partnership projects including:

- ❑ The development and implementation of a multi-partner loyalty strategy for a High Street bank. Successes included the facilitation of partnerships with 14 key retail brands in the petrol, electronics, car hire and mobile phone sectors
- ❑ Development of a partnership strategy for a leading UK grocer with annual sales in excess of £8.3 billion. Our role was to devise a partnership strategy to reduce the cost of rewards by negotiating a range of partnerships. This partnership loyalty programme subsequently reduced its annual rewards liability by £2 million
- ❑ Development and implementation of a credit card partnership strategy for a leading travel brand which successfully integrated a credit card proposition with an existing loyalty programme
- ❑ Strategy development for a major utility, to assist acquisition and to reduce 'churn'. Affinity Solutions recommended that it should join a multi-partner loyalty scheme and subsequently advised on the business case and mechanics to facilitate its successful launch

## Could partnerships make a difference to your loyalty model?

- Are you thinking of setting up a new loyalty or reward scheme?
- Could your existing partnerships be refreshed or re-negotiated?
- Do customers have the opportunity to interact frequently?
- Do you have data which may be used by other non-competing organisations?
- Are your current loyalty partners costing you money?
- Do you know how your partnership terms compete with others in the market?

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**AffinitySolutions**  
Creating Value from Partnerships