

Put value back
into customers' hands.



AN INDEPENDENT REPORT ON LOYALTY MARKETING IN IRELAND.
AMÁRACH RESEARCH 2013



83%

**OF MARKETERS
EXPECT MARKETING
BUDGETS TO REMAIN
STATIC OR INCREASE
OVER THE NEXT 12
MONTHS.**



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With more and more loyalty programmes launching every week, what do businesses and consumers really feel about them? What channels are most effective at driving loyalty? And how do consumers prefer to engage with them?

In a survey that is the only of its kind in Ireland, An Post Mail Media Unit commissioned independent research undertaken by Amárach Research to shine a light on loyalty issues from the viewpoint of both consumers and businesses.

When 55% of marketers in Ireland consider building loyalty among existing customers to be their number one priority for 2013, this research couldn't be more revealing. It's a priority that makes sense because with fewer people spending, customer retention has become the new acquisition.

With the choice of channels through which to reach customers increasing, this research gives real clarity on those that have the greatest impact.

It's no surprise that the personal touch still delivers the greatest connection. The research proves that consumers like receiving post with 65% of 18-25 year olds saying they are excited when they go to open or check for post. That's why 70% of Irish consumers prefer to receive loyalty rewards in the post. Nearly half the respondents in the survey say that addressed post makes them feel like a valued customer.

It seems now more than ever, that when it comes to building customer loyalty, tangible communications has secured its place in an integrated marketing campaign.

WHAT BUSINESSES ARE TELLING US

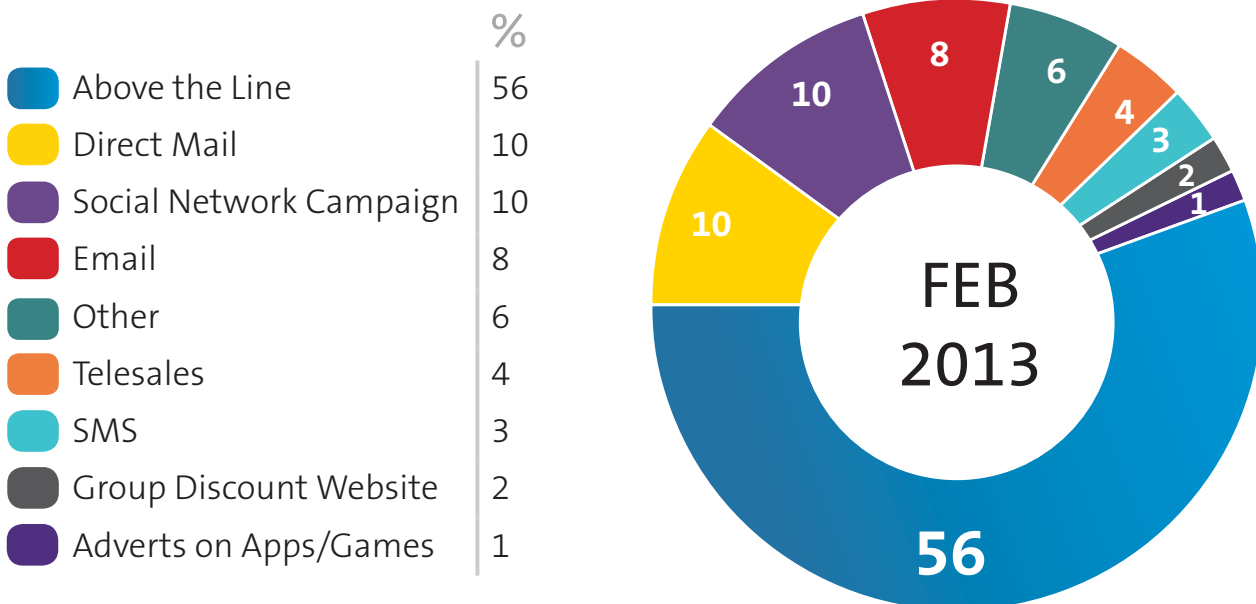
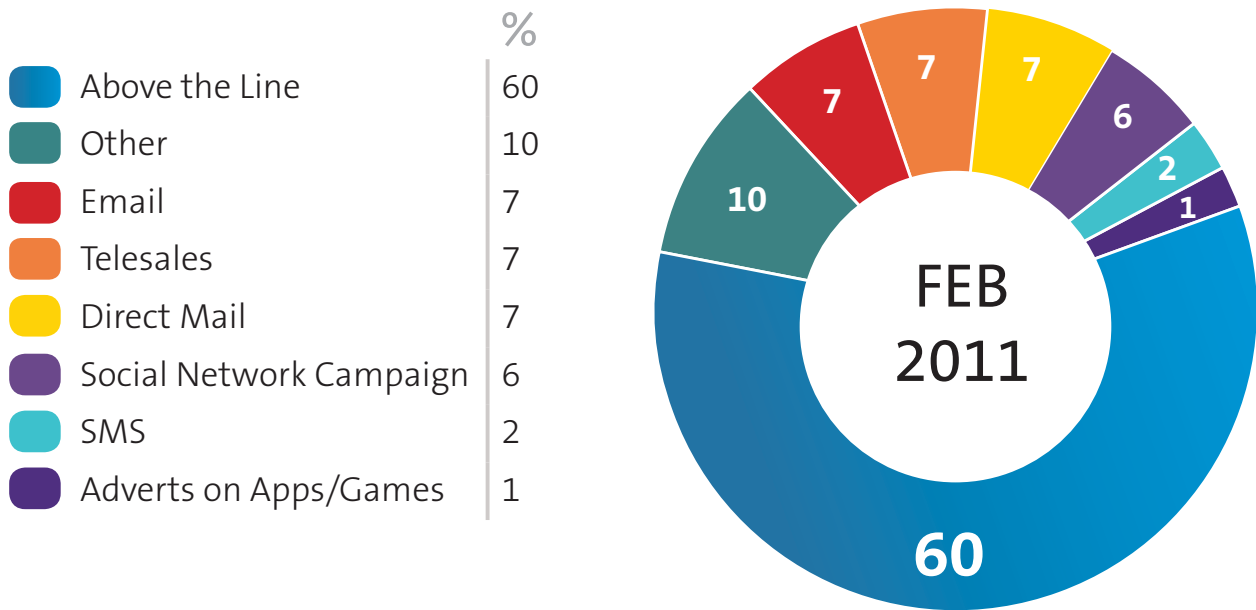
Since this research began in 2009 over 1,200 Irish marketing decision makers, have contributed their input. In this wave they are revealing that there is opportunity to grow business as turnover is increasing and marketing budgets are stabilising. Alongside this increase in marketing spend, they report a corresponding increase in being accountable for expenditure and the need to track return on investment on their campaigns. They report that the focus of marketing objectives in 2013 will be on generating sales or usage and increasing loyalty amongst their current customers.

Top 2013 Objectives for Marketing Decision Makers (%)



MARKETING SPEND BY CHANNEL

These results show that the average spend on below the line activity is increasing year on year with above the line spend decreasing.



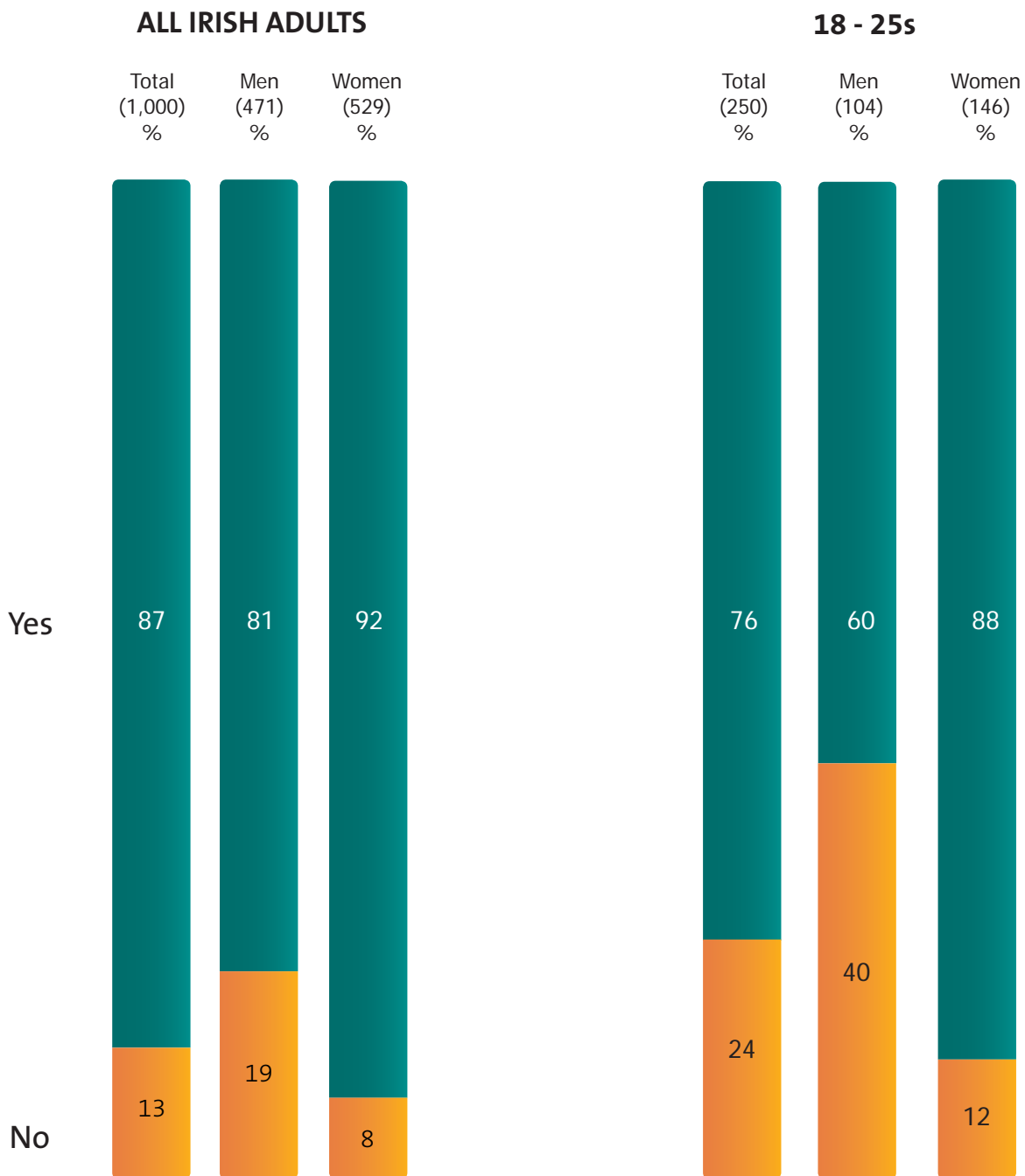
87%

**OF IRISH CONSUMERS
ARE PART OF A
LOYALTY PROGRAMME.**



LOYALTY PROGRAMME MEMBERSHIP

When 9 out of 10 adults are part of a loyalty club, you expect to see a lot of loyalty cards in circulation. But with figures showing that the average adult has 4 cards in their wallet, to stand out, brands need to make their programmes feel rewarding and keep their cards top of mind. Or in this case, front of wallet.



Membership of loyalty programmes is not as prevalent amongst the under 25's but is higher amongst women in both samples.

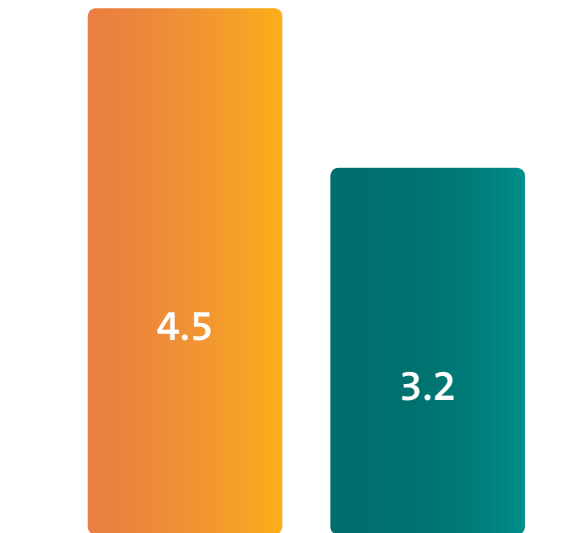
LOYALTY CARDS

With consumers reporting that their favourite aspects of a loyalty programme are good rewards, money-off coupons and points building up quickly, it's easy to see why some of us ending up collecting a broad range of loyalty cards. Currently the top three most used loyalty programmes in Ireland are Tesco, Dunnes Stores and Boots with Tesco's being highlighted by consumers as the loyalty programme that gives away the most rewards.

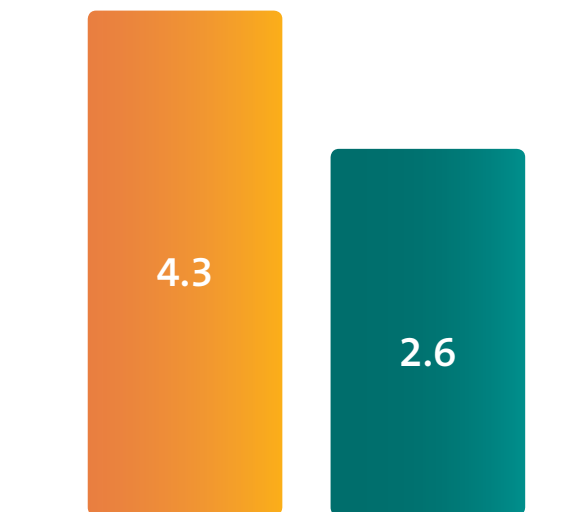
The average number of loyalty cards in Irish wallets is 4.

NUMBER OF CARDS HELD

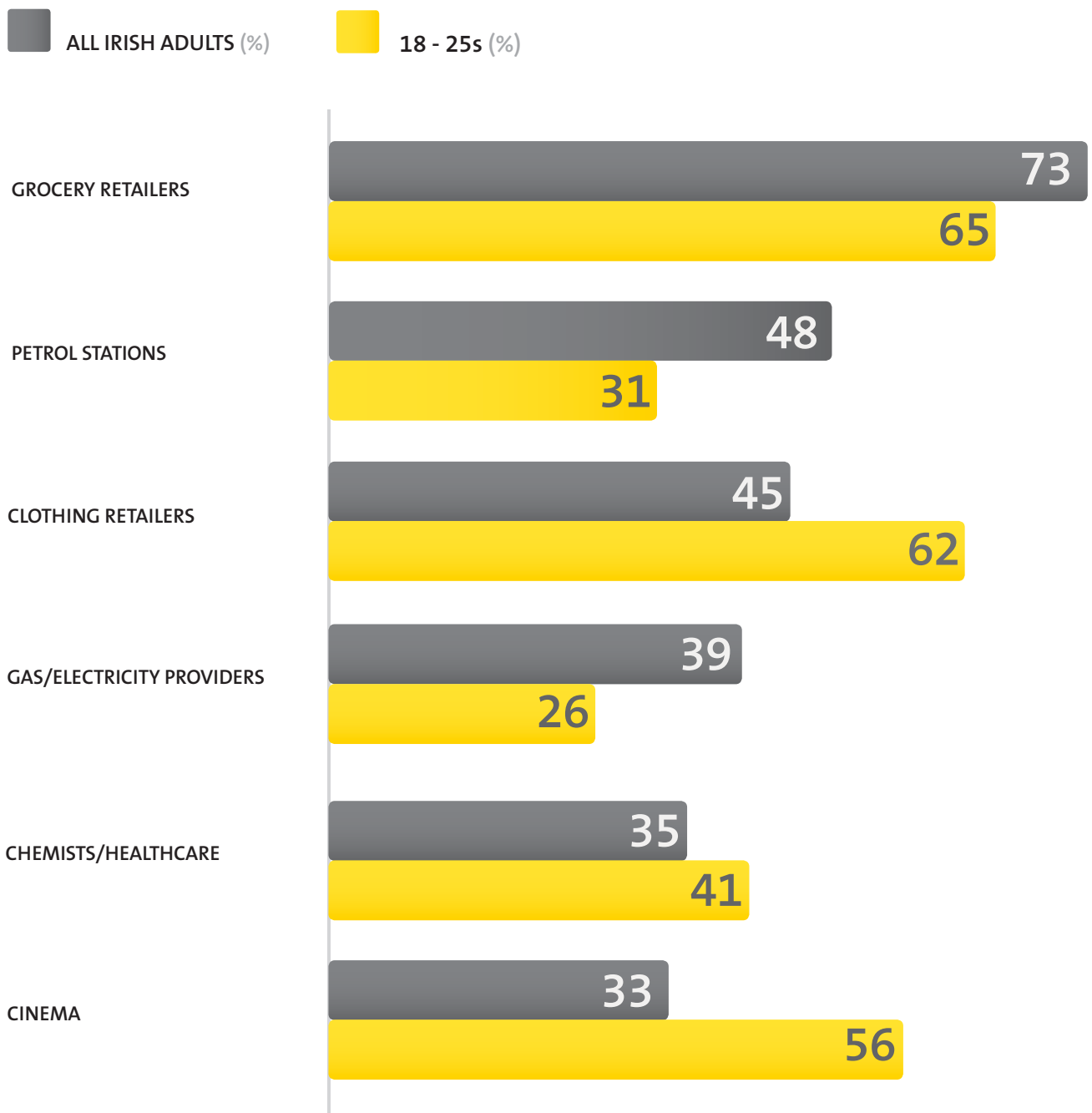
ALL IRISH ADULTS



18-25s



MOST POPULAR SECTORS FOR LOYALTY AMONG IRISH CONSUMERS



48%

OF IRISH ADULTS
AGREE THAT NO
CHANNEL MAKES
THEM FEEL MORE
VALUED THAN
DIRECT MAIL.

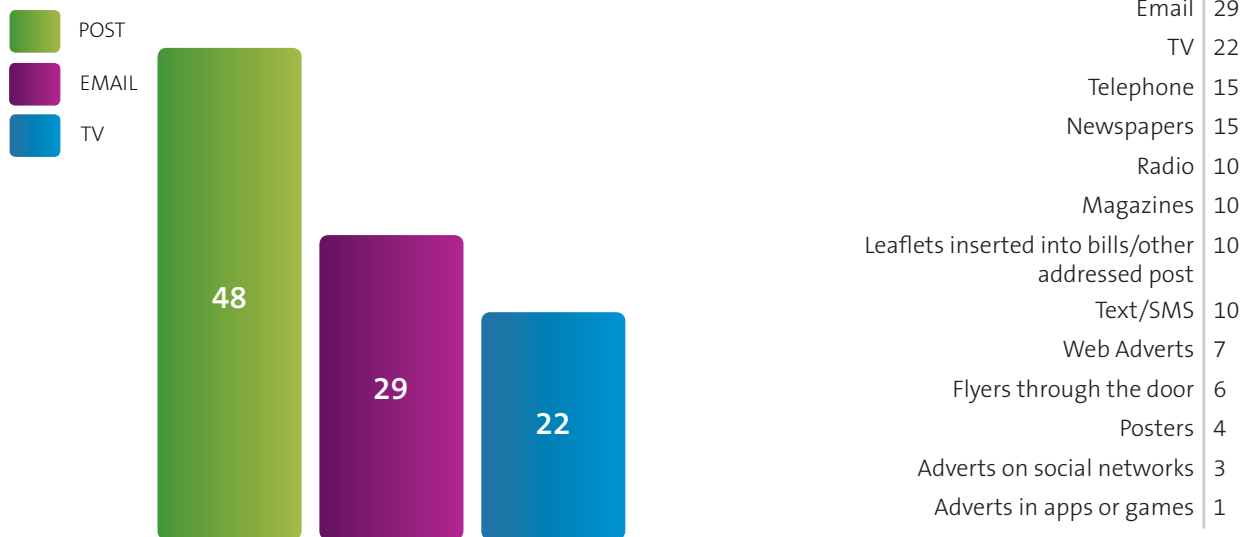


DELIVERING GENUINE CUSTOMER VALUE

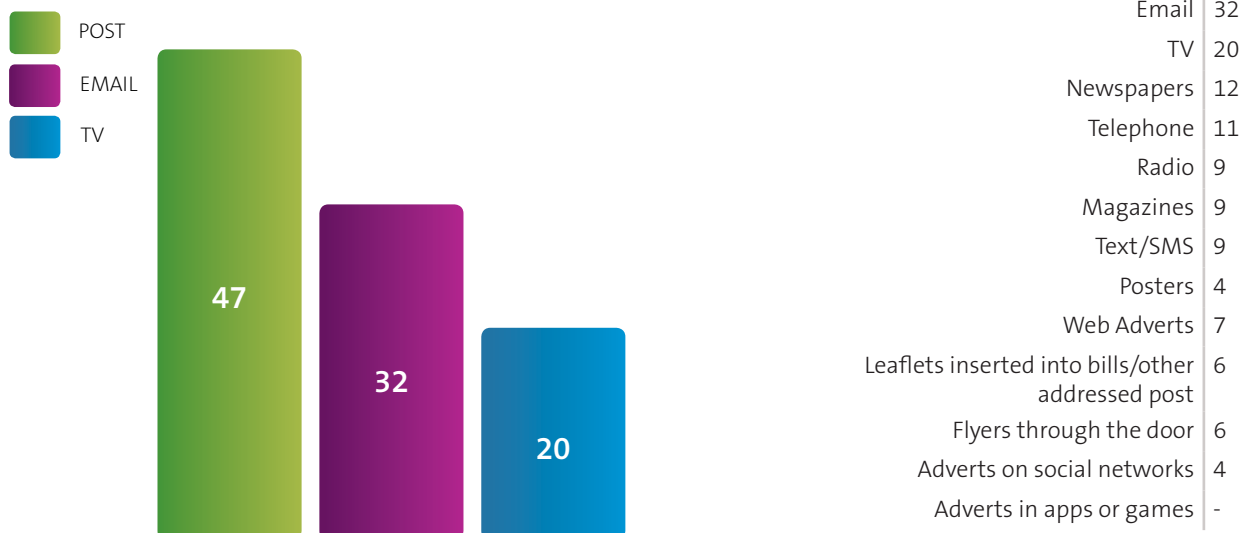
Radio, TV and email may offer a broader reach, but when you want to build genuine customer loyalty, customers want to have something tangible in their hands from the company. For Irish adults and interestingly even more so for those under 25, the experience of receiving a piece of mail that is personally addressed makes them feel valued in a way no other advertising channel can.

TOP THREE MOST EFFECTIVE CHANNELS TO MAKE CONSUMERS FEEL VALUED

ALL IRISH ADULTS (%)



18-25s (%)





45%

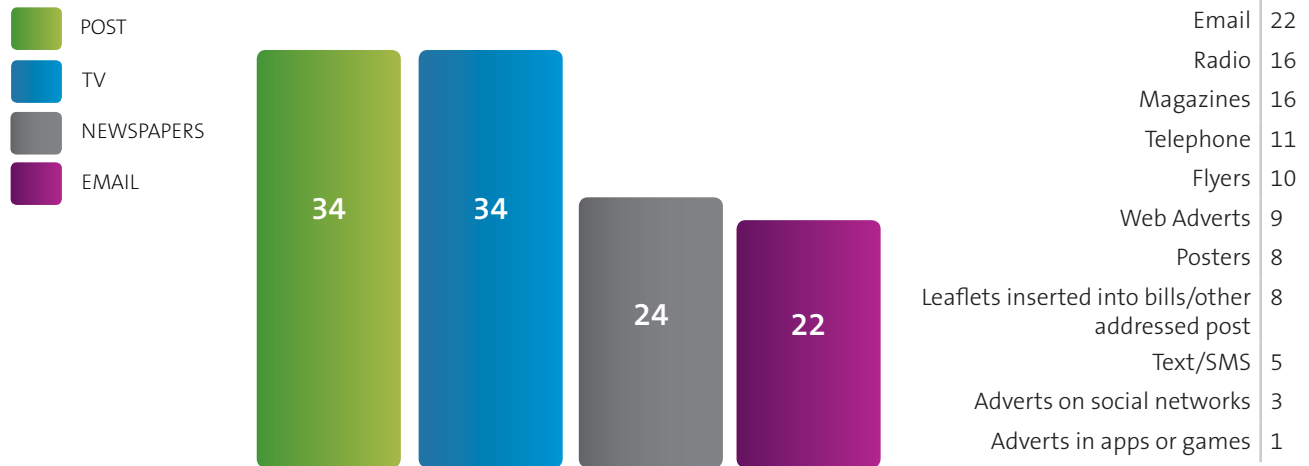
**OF MARKETING
DECISION MAKERS
BELIEVE DIRECT
MARKETING
INCREASES LOYALTY
AMONGST EXISTING
CUSTOMERS.**

MOST EFFECTIVE CHANNELS FOR CUSTOMER LOYALTY

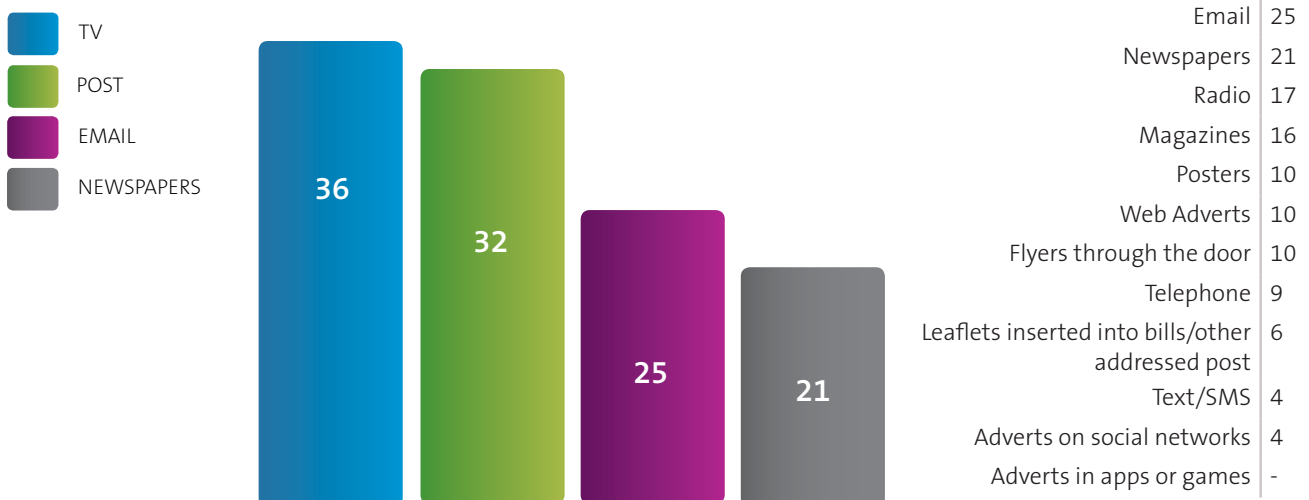
It's interesting that Direct Mail is as powerful as TV at making customers feel more loyal towards a brand. And for Irish companies without the marketing budget for TV ads this makes building customer loyalty achievable.

WHICH CHANNEL MAKES YOU FEEL MORE LOYAL TOWARDS A COMPANY?

ALL IRISH ADULTS (%)



18-25s (%)



70%

**OF IRISH ADULTS
PREFER TO RECEIVE
LOYALTY REWARDS
IN THE POST.**



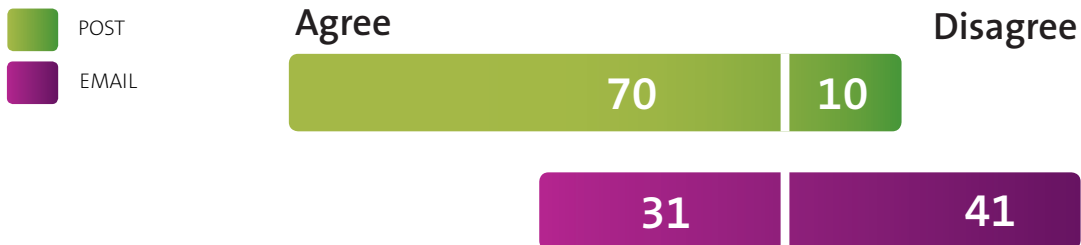
MOST EFFECTIVE METHOD FOR DELIVERING LOYALTY REWARDS

Did you know that 70% of Irish consumers prefer to receive vouchers or loyalty rewards in the post? And it's not just confined to older adults either, with 66% of 18 to 25 year olds also citing post as their preferred method.

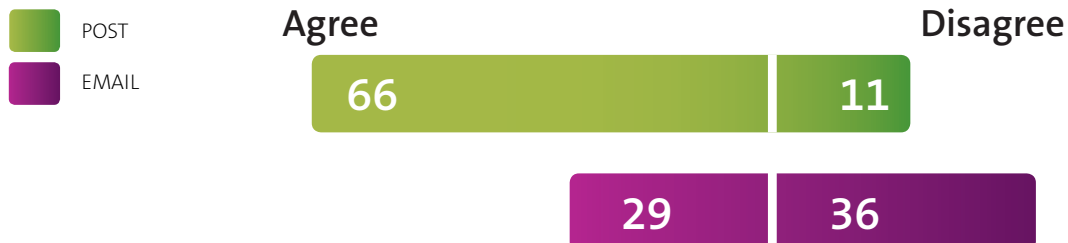
Counter intuitively, considering the digital world in which we all now live, only 31% of all adults and 29% of 18-25 year olds prefer to receive vouchers or club card loyalty rewards by email.

PREFER TO RECEIVE BY:

ALL IRISH ADULTS (%)



18-25s (%)





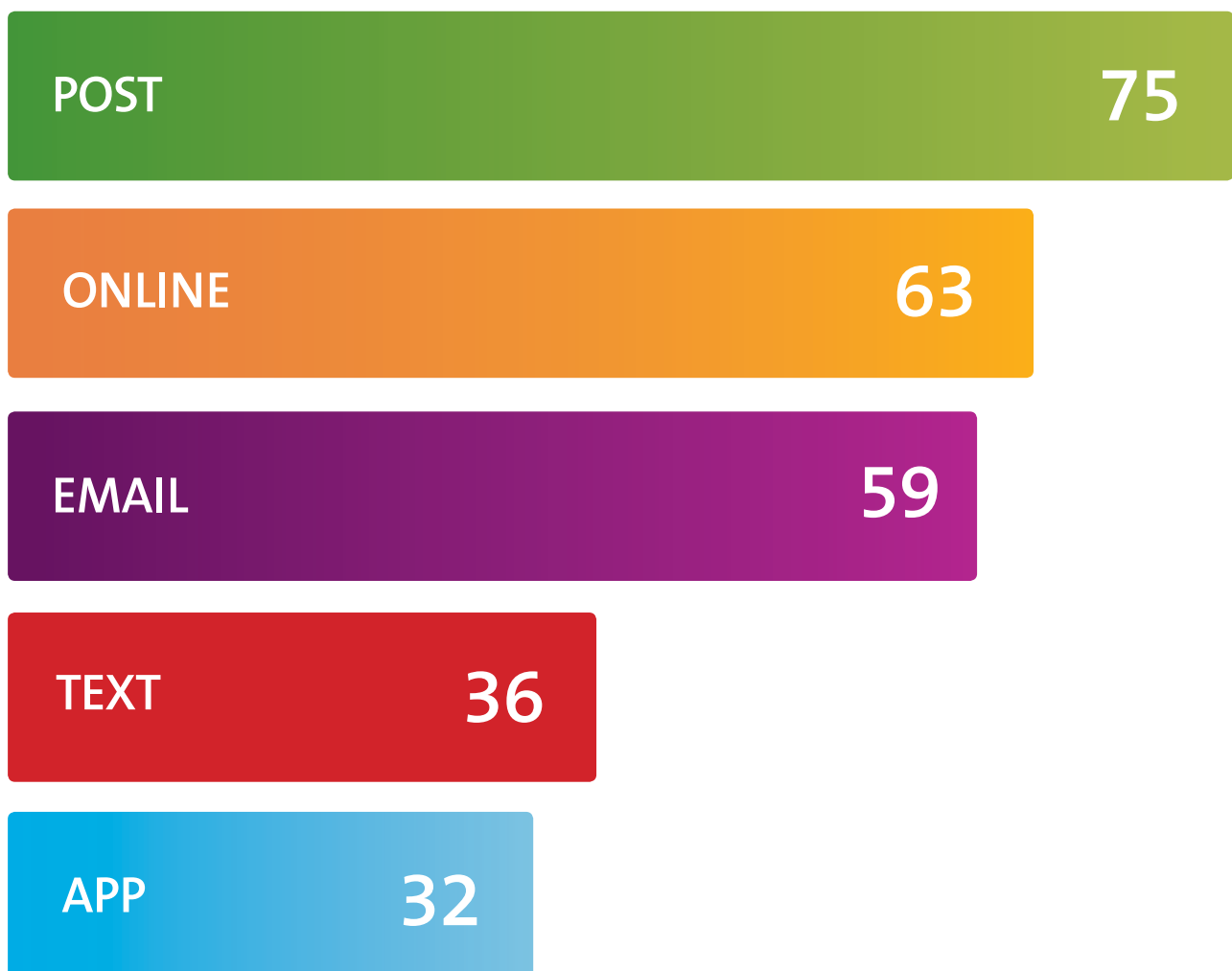
66%

**OF 18 TO 25 YEAR OLDS
PREFER TO RECEIVE
LOYALTY REWARDS
IN THE POST.**

LIKELIHOOD OF CUSTOMERS REDEEMING VOUCHERS IF RECEIVED THROUGH:

The objective of a loyalty programme is to keep customers coming back. Redemption of vouchers or points is a KPI for loyalty programmes. So for companies looking to improve their voucher redemption figures, offering the rewards through the post increases the likelihood of customers using them.

LIKELIHOOD TO USE REWARDS SENT BY*: (%)



*Participants selected multiple answers

METHODOLOGY FOR RESEARCH

Amárach Research has conducted a number of surveys examining the trends of Direct Mail in Ireland on behalf of An Post. This has been explored from both the point of view of the consumer and also from the marketer's perspective.

The most recent consumer study was conducted during February and March 2013.

The current wave of research encompasses an online sample of 1000 respondents representative of the Republic of Ireland with an additional booster sample of 250, 18-25 year olds.

For more on loyalty in Ireland visit
www.anpost.ie/directdebate

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