

EXECUTIVE – 23 MARCH 2017

## THE WOKING LOYALTY CARD PROGRAMME

### Executive Summary

It is proposed that Woking Borough Council introduces a merchant loyalty programme supplied by Lyoness, an international loyalty card provider, within the Borough. Officers conducted research into other loyalty programmes in neighbouring boroughs and determined that these programmes would not be of benefit, due to the costs involved. The Woking Loyalty Card Programme best suits the Borough's needs primarily because there are minimal financial implications to the Council and the programme's reach extends beyond the Borough, providing additional benefits to residents as they can be rewarded in 47 countries around the world.

The scheme will be managed by the Business Liaison team as part of its ongoing commitment to business engagement.

Merchants pay to join the loyalty program by purchasing an electronic platform to record and reward transactions. Merchants receive 0.5% on all transactions made by a customer who signed up to the scheme in their place of business. For example: a card provided by "Woking Tools Ltd" and used in a Marks & Spencer in Perth, Australia, would earn the Woking merchant 0.5% of that transaction.

Customers from within and outside the Borough will be able to receive cashback and shopping points as a reward for purchases made from every merchant (offline and online) involved in the scheme. Merchants include retailers, taxi companies, hotels and restaurants.

In order to receive these benefits and gain loyalty for their own products or services, merchants will negotiate a discount on selected products with Lyoness of between 5% and 15%, depending on the industry sector.

The Council, as "owners" of the scheme, will be rewarded with 0.5% of every transaction on any card issued by a Woking merchant participating in the scheme. It is proposed that income gained from the programme is used to fund community projects, the Woking Community Foundation, managed by The Community Foundation for Surrey. The scheme will be managed by the Business Liaison team, requiring the equivalent of 0.5 FTE of resource, alongside Lyoness and Woking merchants. Lyoness will manage the marketing and other associated promotional costs.

There will be future consideration for the Council to merge the Key Card with the Woking Loyalty Card Programme. There may be a cost and is to be determined.

### Reasons for Decision

The introduction of a loyalty scheme will offer benefits to merchants by attracting repeat business and will also benefit users by offering cashback and online loyalty rewards. It is envisaged that such a scheme will provide a valuable shopping experience for Borough residents and will attract card holders from outside the Borough to shop in Woking.

**Recommendations**

The Executive is requested to:

**RESOLVE That**

Lyoness be appointed to supply the Woking Loyalty Card Programme on behalf of Woking Borough Council.

**The Executive has authority to determine recommendations above.**

**Background Papers:**

Sustainability Impact Assessment  
Equalities Impact Assessment

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**Date Published:**

15 March 2017

### 1.0 Introduction

- 1.1 This proposal, entitled the Woking Card Loyalty Programme requests Woking Borough Council's support for the establishment of a comprehensive plan to deliver a loyalty card scheme for Woking.
- 1.2 The Woking Card Loyalty Programme will build a real and lasting sense of mutually shared loyalty within Woking, bringing benefits to Woking businesses, Woking residents and the wider Woking community.
- 1.3 The aim of the Woking Card Loyalty Programme is to introduce to residents and businesses a smarter way to shop, as well as building on the existing attributes of the Key Card. Subject to discussion with Freedom Leisure, it is hoped to merge the functionality of the two cards, thus extending the benefits of the Woking Card Loyalty Programme to Key Card Holders.
- 1.4 The objective is to build a borough-wide shopping community, to create, retain and share the benefits within Woking, and also to provide Woking's residents with unparalleled shopping opportunities, online and in-store, Lyoness brings expertise in helping to build and enhance shopping and business communities, ranging from successful Lyoness worlds in communities of London to thriving hubs in, for example, Verona and Dubai.
- 1.5 By stimulating and rewarding their customers' loyalty, local businesses will see an increase in revenue and profitability. The programme also has a unique way of rewarding businesses, whilst also creating benefits for the wider Woking community.
- 1.6 The operating platform will be provided by Lyoness, the largest international loyalty programme in the world. Lyoness operates in 47 countries, has *circa* 6 million members, with over 300,000 places where their loyalty cards can be accepted. Although Lyoness is headquartered in Switzerland, its UK subsidiary (Lyoness UK Limited, based in the City of London) has full fiscal and operational authority to enter into such contracts.
- 1.7 Lyoness currently supports two charitable foundations – Child & Family Foundation (supporting needy children with education) and Greenfinity Foundation (promoting conservation and care of the environment). It is clear that there will be ample opportunities to develop an interest in specific Woking causes.
- 1.8 The operating model and the costs and benefits are described in this proposal document. The programme will be operated by the individual businesses that join and also by Lyoness.
- 1.9 In summary, if approved by the Executive, Lyoness plans to roll out the programme during mid-2017, with its formal launch in the summer of 2017.

### 2.0 Aims & Objectives

- 2.1 The principle objective of the project is to make the Borough of Woking into an even stronger shopping and business hub, meaning that Woking businesses will benefit from the increase in merchant engagement, shopping and trade. The Woking community will benefit from the loyal shopping habits already present in the Borough and it is hoped the Woking Card Loyalty Programme will increase them.
- 2.2 It is proposed to form a vehicle through which the financial benefits/payback of the Woking Card Loyalty Programme will be retained by the Woking Community Foundation.

## The Woking Loyalty Card Programme

### 2.3 The Woking Card Loyalty Programme will facilitate:

- Engaging with customers – Woking Card Loyalty Programme will help deliver extensive opportunities and valuable relationships for all, throughout the Borough's shopping community;
- Engaging with merchants – Woking Card Loyalty Programme will help deliver stronger working relationships between merchants and their customers whilst growing the Borough hub, facilitating greater inter-business relationships and stretching such opportunities across the borough's business communities;
- Expanding horizons – Woking Card Loyalty Programme will bring an international loyalty card into the Borough, developing new business relationships and custom on a local, regional, national and international basis.

2.4 The proposed programme will be positioned within the growing Lyoness worldwide community, of which its UK operation is but one of the 47 countries in which it operates. This already offers an unbeatable network of chain stores, small and medium sized enterprises and online shops. Woking Card holders will therefore benefit from shopping in every sector, globally. Examples of well-known partner stores and small to medium size enterprises – generically termed "Loyalty Merchants" - can be found in the adjoining appendices. Recognisable names and brands already part of Lyoness include Tesco, Morrisons, Boots, Marks & Spencer, Argos, Harrods and B&Q.

2.5 Payback to Businesses and the Woking Borough Council is detailed in Appendix 1. 0.5% of each transaction value is rebated by Lyoness to the Merchant and to Woking Borough Council (each receives 0.5%).

### 3.0 Benefits of the Woking Card Loyalty Programme

3.1 Fundamental to the proposition is the belief that the Woking Card Loyalty Programme will help to improve the performance of small to medium enterprises (SMEs) within Woking while also rewarding customers for choosing to shop with them and at other partner stores. Through the Woking Card Loyalty Programme model, loyal customers will shop more often, spend more money and enhance the turnover and profitability of the participating businesses. Customers will enjoy the rewards from shopping, and the benefits earned by the Woking community will provide funding to help further develop Woking as a shopping destination.

3.2 The Woking Card Loyalty Programme will develop effectively by the discounts offered by Loyalty Merchants, which can vary according to market sector and deliver the following benefits:

- **Cashback:** a percentage of the value of each transaction is rebated to the customer, direct to their bank account.
- **Shopping Points:** a certain number of shopping points are generated by each transaction and are available for redemption against future purchases by the customer.

3.3 Shopping at a Loyalty Merchant, both offline and online creates these benefits, which are then distributed by Lyoness. Loyalty Merchants are also encouraged to trade with each other through the business to business (B2B) programme which will be an integral part of the Woking Card Loyalty Programme.

3.4 As part of a worldwide shopping community with more than 75,000 Loyalty Merchants, there are already over 300,000 card acceptance points where the Woking Card Loyalty

## **The Woking Loyalty Card Programme**

Programme card can be accepted and benefits made available. The Woking Card Loyalty Programme offers a huge potential for international shopping opportunities for Woking businesses and their customers as well as payback into the community upon every transaction through their Woking Card and any Lyonsess merchant across the globe.

- 3.5 The Woking Card will be distributed to customers, free of charge, by Merchants who join the Woking Card Loyalty Programme and who will then operate their own uniquely branded loyalty programmes, under the banner of the Woking Card Loyalty Programme. For Merchants, the 'Woking Card' will ultimately offer cardholders the benefits of the Lyonsess global shopping community. For businesses, the Woking Card will provide an international exposure through Lyonsess, whilst also enhancing local relationships.
- 3.6 With Lyonsess' established, proven worldwide success, a partnership with Woking would not only be prosperous for both the town and residents but would put Woking on the map as a hub of successful e-commerce. The result would be a boost to the local economy, and would attract visitors from the populous surrounding areas as well as much further afield.
- 3.7 Enjoying all the benefits while on the move, the Lyonsess Mobile App will allow Woking Shoppers to take advantage of numerous shopping benefits with their smartphones. The App offers an overview of purchases and benefits, the management of vouchers, use of Mobile Cashback Cards and fast, efficient merchant searches.

### **4.0 The Woking Key Card merged with the Woking Card**

- 4.1 An estimated 10,000+ users currently already have access to Woking leisure facilities (Leisure Centre and Pool-in-the-Park) and a modest loyalty programme and discounts from certain retailers through the established Woking Key Card.
- 4.2 Subject to an agreement with Freedom Leisure, operators of the leisure facilities on behalf of Woking Borough, the functionality of both cards will be merged. Bringing the cards together, the Woking Card will make significant improvements to the opportunities for all. The resultant card will deliver all the shopping benefits outlined above, whilst also giving access to Freedom Leisure's managed facilities. The merger will open the door to unprecedented shopping opportunities for existing Key Card Holders.

### **5.0 Wider Benefits and Advantages of the programme.**

- 5.1 The "Woking Card" will bring a significant marketing instrument that will not only enhance Woking as a place to shop, but will also be a valuable attraction for business and trade. It will benefit customers and suppliers alike.
- 5.2 The programme operated in conjunction with Woking Borough Council would be the first of its kind in the United Kingdom to offer such wide reaching, striking and innovative benefits. It will be spearheaded by leading marketing techniques within Woking's vibrant and active shopping and business community. Present programmes are operated on a merchant by merchant basis.
- 5.3 The "Woking Card" will improve the performance of local businesses within Woking Borough whilst also rewarding customers for choosing to shop here.
- 5.4 The increased customer expenditure passing through the Woking Card Loyalty Programme will provide funding for the Woking Community. In turn, this will attract other shoppers and business from surrounding areas, creating yet more revenue.

5.5 Woking's community-based charitable activities accord well with the Lioness Charitable Foundations' work and it is hoped there will be opportunities within the wider community of Woking to devote some of the financial benefits/payback of the Woking Card Loyalty Programme to local worthy causes.

### **6.0 Marketing & Training Approach**

6.1 Lioness will deliver the Woking Card Loyalty Programme through a strong introductory campaign. This will include launch events to Woking's business community as well as to wider parts of the borough's communities, working in conjunction with Woking's own Marketing team.

6.2 Ongoing support and training will be given to merchants and businesses to facilitate their uniquely branded loyalty programme to customers for maximum benefit.

6.3 Point of sale and other marketing materials will be provided, as well as marketing facilities for businesses through the Woking Card Loyalty Programme easy-to-use online office, online and telephone support, together with other marketing activities and events throughout the year.

6.4 The launch events will be established and supported using a direct contact programme of talking to 2000 Decision Makers across Woking Borough. An email and phone campaign, together with other marketing and media coverage, will all play a part.

6.5 Accessibility to easy-to-use online office system will allow Woking's merchants to register their customers and record transactions. Software provided in the package allows for marketing and communication with customers, helping them to deliver their own marketing campaigns, special offers and incentive programmes.

6.6 Although there are several Lioness IT platform options available for the Woking Card Loyalty Programme, it is proposed that Merchants be encouraged to take the Basic Programme option. This can be supplied at a one off supply and installation fee of £360 + VAT per merchant, for the platform, initial supply of bespoke cards and marketing collateral materials. There is also an ongoing fee of around £30 per month, to cover software licenses, IT support, updates, training etc.

6.7 Training will be provided to ensure that business operators are familiar with all processes.

6.8 Suggested marketing to include

- Awareness Campaign "The Woking Card is coming..."
- Lioness iPad marketing – Town centre and village introductions to shoppers and residents
- Lioness Training (pop up location/shop front/centre) – benefits, operations, signing up customers, software demos
- Advertising – town and villages, digital boards, local communities, buses and ad boards, rail station, events, newsletters, mailings
- Media coverage – press, radio and television
- Software support – provided by Lioness IT support & services
- Media and marketing communications including: business communities, council publications - Woking, town publications, Eagle Radio and County Sound, BBC Surrey, Woking News & Mail, Surrey Advertiser, Informer and Review, public advertising and

## The Woking Loyalty Card Programme

marketing - bill boards, local advertising, Chambers email marketing, WBC website, Woking Shopping.

6.9 Community organisations with which it is proposed further direct consultation be developed at the earliest should include:

- Woking Works
- Woking Chamber of Commerce
- Surrey Chamber of Commerce
- Federation of Small Businesses
- The Lansbury Estate
- Woking Asian Business Forum
- Taxi companies
- Freedom Leisure & Key Card member businesses – key card mailing and Switch/Replace
- Business Parks – local business community
- Leading Woking organisations and businesses
- Community Centres
- Woking Town Centre Parking

### 7.0 Proposed Timeframe

7.1 Activities will commence in spring 2017 with formal launch planned in in the summer of 2017.

### 8.0 Implications

#### Financial

8.1 Woking Borough Council will earn an income from the programme (Appendix 1).

8.2 The merchants pay for the hardware to register users and manage transactions. (6.6)

8.3 Merchants pay the set-up fees (6.6).

8.4 Lyonesse will cover initial marketing costs. In the event that the Council wishes to undertake additional marketing and promotion it would have to do so from its existing revenue budgets.

8.5 The Woking Loyalty Card Programme requires an officer to manage the scheme (Woking Loyalty Manager). The scheme will be managed by the Business Liaison team using an equivalent resource of 0.5 FTE. This would equate to approximately £11,000.00 per annum.

#### Human Resource/Training and Development

8.6 Woking Borough Council will be asked to provide a Woking Loyalty Manager (WLM) to administer day-to-day liaison within the community. The Woking Loyalty Manager will be supported by Lyonesse, with an active team on the ground to help develop the Woking Card business. The Woking Loyalty Manager will be the day-to-day contact as part of the

## The Woking Loyalty Card Programme

Business Liaison team and will take responsibility for assisting in developing relationships across Woking.

8.7 This will be a part-time role, working with Lyonesse, responsible for relationship building, marketing and promotion, as well as implementing and managing the programme.

8.8 Full training will be provided by Lyonesse for all things Loyalty, being supported initially by a combination of the Lyonesse team as well as day to day support on the ground locally.

### Community Safety

8.9 There are no community safety issues arising from this report.

### Risk Management

8.10 Identified risks:

- i) Merchants do not sign up to the scheme.
- ii) Customers do not sign up to the scheme.

### Sustainability

8.11 There are no sustainability issues arising from this report.

### Equalities

8.12 There are no equality issues arising from this report.

## **9.0 Consultations**

9.1 The Portfolio Holder has been consulted.

REPORT ENDS

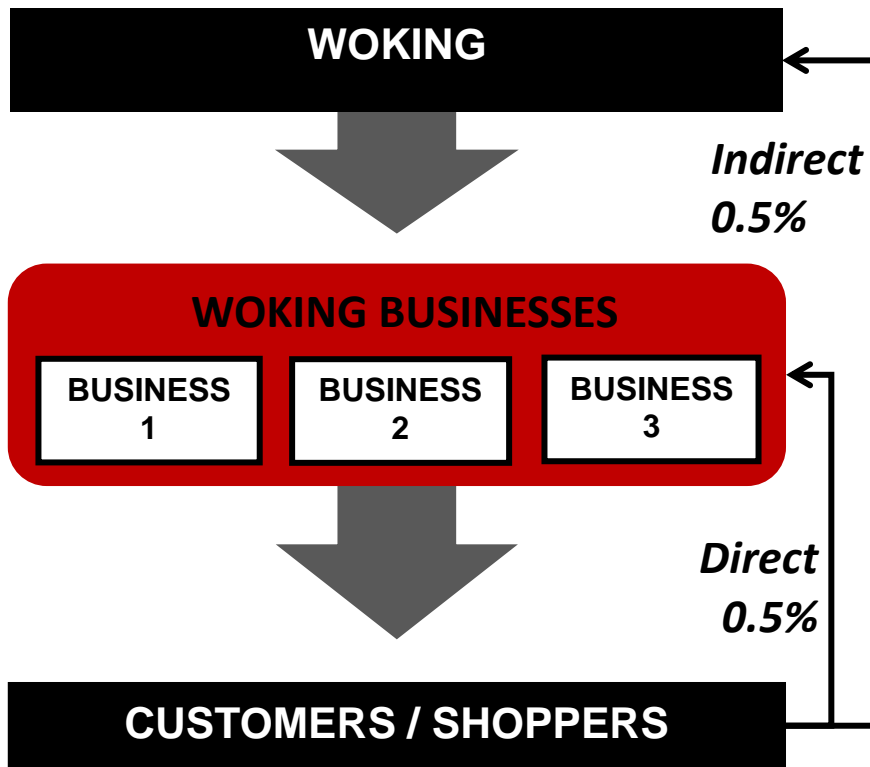
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**APPENDICES**

**APPENDIX 1**

**WOKING COMMUNITY BENEFITS - HOW IT WORKS**



Up to 2 x 0.5% of the value of **all purchases** made by the “Woking Loyalty Card” holders at any partner retailer – worldwide - is rebated to the merchant of origin and to the Woking Community Foundation.

**Revenue Potential**

Total annual spending through The Woking Card

		Number of The Woking Card holders		
		10,000	15,000	20,000
Monthly spend per The Woking Card holder	£250	£30,000,000	£45,000,000	£60,000,000
	£350	£42,000,000	£63,000,000	£84,000,000
	£500	£60,000,000	£90,000,000	£120,000,000

Example: 10,000 Woking Card holders, spending £250 a month:

£ 30,000,000	x 0.5%	benefit for shops	£ 150,000
+ £ 30,000,000	x 0.5%	benefit for Woking	£ 150,000
		<b>TOTAL</b>	<b>£ 300,000 per annum</b>

APPENDIX 2 other partner retailers (loyalty merchants)

You can also shop at ...

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...and many more!

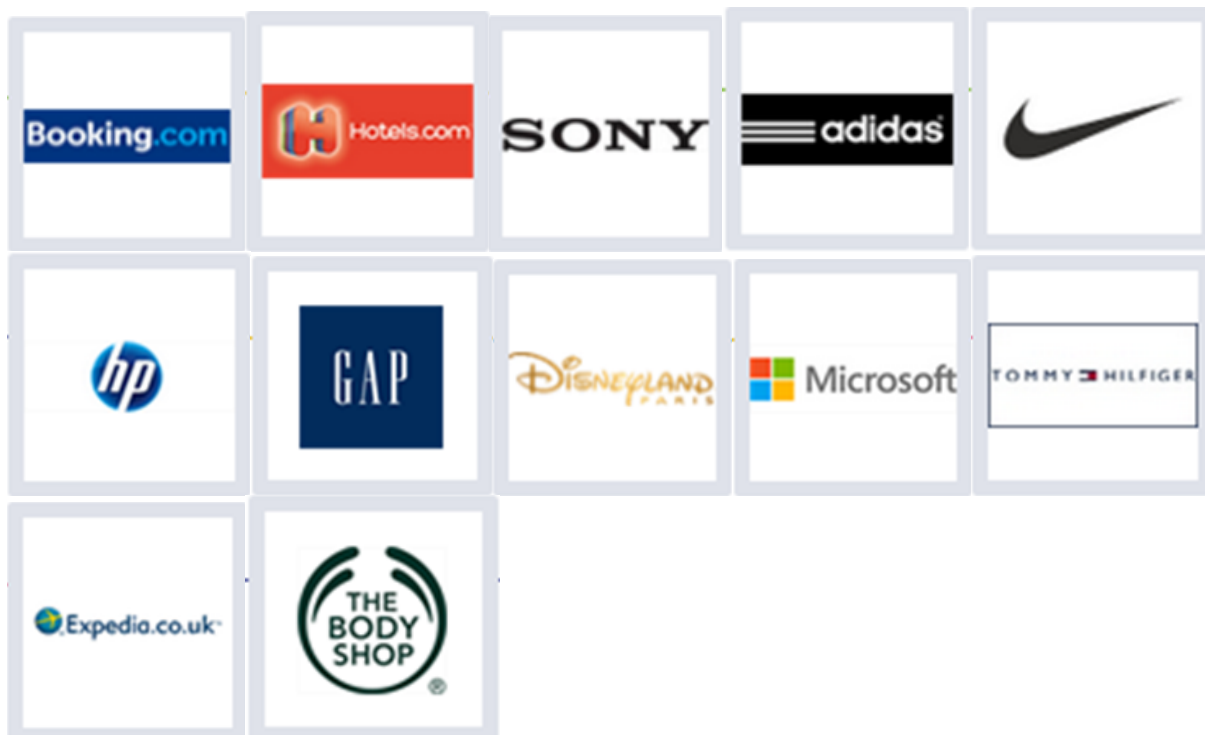
Shopping at these large retailers is performed using their own gift cards that are supplied by Lyonesse, thus creating the benefits to Woking Card Loyalty Programme cardholders.

APPENDIX 3

Lyoness online shopping platform

And online ...

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... and many more!

Shopping online at these merchants, through the Lyoness website portal, creates the member benefits for Woking Card Loyalty Programme cardholders.

## Equality Impact Assessment

The purpose of this assessment is to improve the work of the Council by making sure that it does not discriminate against any individual or group and that, where possible, it promotes equality. The Council has a legal duty to comply with equalities legislation and this template enables you to consider the impact (positive or negative) a strategy, policy, project or service may have upon the protected groups.

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) <b>THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS</b>
		Eliminate discrimination	Advance equality	Good relations			
<b>Gender</b>	Men					x	
	Women					x	
<b>Gender Reassignment</b>						x	
<b>Race</b>	White					x	
	Mixed/Multiple ethnic groups					x	
	Asian/Asian British					x	
	Black/African/Caribbean/Black British					x	
	Gypsies / travellers					x	
	Other ethnic group					x	

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) <b>THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS</b>
		Eliminate discrimination	Advance equality	Good relations			
<b>Disability</b>	Physical					x	
	Sensory					x	
	Learning Difficulties					x	
	Mental Health					x	
<b>Sexual Orientation</b>	Lesbian, gay men, bisexual					x	
<b>Age</b>	Older people (50+)					x	
	Younger people (16 - 25)					x	
<b>Religion or Belief</b>	Faith Groups					x	
<b>Pregnancy &amp; maternity</b>						x	
<b>Marriage &amp; Civil Partnership</b>						x	
<b>Socio-economic Background</b>						x	

The purpose of the Equality Impact Assessment is to improve the work of the Council by making sure it does not discriminate against any individual or group and that, where possible, it promotes equality. The assessment is quick and straightforward to undertake but it is an important step to make sure that individuals and teams think carefully about the likely impact of their work on people in Woking and take action to improve strategies, policies, services and projects, where appropriate. Further details and guidance on completing the form are [available](#).

## Sustainability Impact Assessment

Officers preparing a committee report are required to complete a Sustainability Impact Assessment. Sustainability is one of the Council's 'cross-cutting themes' and the Council has made a corporate commitment to address the social, economic and environmental effects of activities across Business Units. The purpose of this Impact Assessment is to record any positive or negative impacts this decision, project or programme is likely to have on each of the Council's Sustainability Themes. For assistance with completing the Impact Assessment, please refer to the instructions below. Further details and guidance on completing the form are [available](#).

<b>Theme (Potential impacts of the project)</b>	<b>Positive Impact</b>	<b>Negative Impact</b>	<b>No specific impact</b>	<b>What will the impact be? If the impact is negative, how can it be mitigated? (action)</b>
Use of energy, water, minerals and materials			x	
Waste generation / sustainable waste management			x	
Pollution to air, land and water			x	
Factors that contribute to Climate Change			x	
Protection of and access to the natural environment			x	
Travel choices that do not rely on the car			x	
A strong, diverse and sustainable local economy	x			
Meet local needs locally	x			
Opportunities for education and information			x	
Provision of appropriate and sustainable housing			x	
Personal safety and reduced fear of crime			x	
Equality in health and good health			x	
Access to cultural and leisure facilities	x			
Social inclusion / engage and consult communities			x	
Equal opportunities for the whole community	x			
Contribute to Woking's pride of place	x			