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# Loyalty Programs

**RETAILERS OF ALL TYPES AND SIZES FACE THE ONGOING ISSUE OF HOW TO KEEP CUSTOMERS COMING BACK. WHILE MANY LARGE RETAILERS ALREADY HAVE SOPHISTICATED LOYALTY PROGRAMS TO HELP MAINTAIN THEIR CUSTOMER BASE, SMALLER RETAILERS MAY BE DAUNTED BY THE COST AND COMPLEXITY OF RUNNING SUCH A PROGRAM. BUT THESE DAYS EVEN THE SMALLEST INDEPENDENT MERCHANT CAN REAP THE BENEFITS OF A CUSTOMIZED—AND DIGITIZED—LOYALTY PROGRAM.**

Running a small business—whether an independent grocery store, a stand-alone bakery or a delicatessen—is busy and challenging enough without having to manage your own loyalty program. But a growing number of business owners are discovering the value of signing on with Vicinity, a unique loyalty program aimed at small and medium-sized businesses.

A division of Rogers Communications, Vicinity provides retailers with a simple and cost-effective solution for building and maintaining customer loyalty. The digital program helps retailers to effectively recognize, communicate with, and reward their customers and thus grow their business. On the market since May 2013, Vicinity has 1,400 businesses on board from urban and rural locations all across Canada (with the exception of Quebec).

“Loyalty really matters to retailers,” says Fiona Lake Waslander, general manager of Vicinity. “Getting a customer to visit a store



for the first time usually requires the merchant to spend money on advertising or word of mouth. But research shows that about half of customers don't come back after the first visit, and the drop off is even more dramatic as time goes on. Retailers need to make sure their customers come back because it is much less expensive to retain their business than to go out and acquire a new customer."

Although retail giants like Loblaw have big budgets to invest in sophisticated loyalty programs, it can be expensive for small businesses to do the same. A program like Vicinity is designed to make loyalty-boosting tactics more accessible to the little guy. "Our focus is to make sure that every time a customer comes in to the store you are building a relationship with them and giving them a reason to come back," says Waslander. "Customers who are engaged and loyal not only come back but also spend more and provide word-of-mouth recommendations, too."

## HOW IT WORKS

The beauty of the Vicinity program lies in its simplicity. "We know business owners don't have time for lengthy installations so we can get it up and running very quickly," says Waslander. "All staff training can be done over the phone, either for all the staff at the same time or we can do multiple calls with different staff."

When a retailer joins the Vicinity network, a dedicated account manager helps set up a customized program that's created to optimize that particular business. A resource centre training site is also available where retailers can watch videos on how to register cardholders, how to navigate the program's online dashboard and how to best display point-of-sale materials.

Once the retailer decides on the awarding of points and rewards, it takes just a few minutes to directly integrate the program into the store's point-of-sale (POS) system. Customers who sign up provide their mobile

number and have the option to add their email address. This information is then used to identify the customer so they can receive points and rewards.

A cheap and cheerful loyalty program may involve something as simple as collecting stamps on a card and getting the 10th purchase free, but Vicinity's digital and analytical capabilities take a loyalty program to a whole new level. While the retailer controls the awarding of points and rewards, Vicinity's back-end technology seamlessly chugs away collecting the data, providing clear analytics and automatically sending out targeted messages to customers.

The ability to automatically send loyalty members text messages or emails that encourage them to come back to the store for special discounts or promotions is a benefit to retailers who typically don't have the time or knowledge to do it themselves. Vicinity works with the business owner upfront to set up a suite of targeted campaigns that trigger automatic messages and prompt customers to revisit the store.

As an example, Waslander describes how a cupcake shop might use Vicinity to encourage sales on a day when traffic is slow or there is too much inventory. "Say it's a rainy, cold Tuesday and you have a pile of cupcakes available that you need to move. Sending out a text message to members offering a small discount or a free cupcake can have an amazing response. Messages go to an audience that is already engaged in the business—sometimes they just need some extra incentive to come back to buy cupcakes."

Retailers don't even have to be in the store to send out such messages; they can run their store's loyalty marketing and promotions through the program's online dashboard. "Merchants could be at home monitoring their business and realize traffic is slow that day," Waslander says. "Through Vicinity they can automatically contact

## VICINITY IN ACTION

HERE'S HOW VICINITY IS HELPING SMALL BUSINESSES ACROSS CANADA

### BRITISH COLUMBIA—

One retailer in the province is seeing a 32% return rate of new customers in seven days and a 14% return rate of lapsed customers.

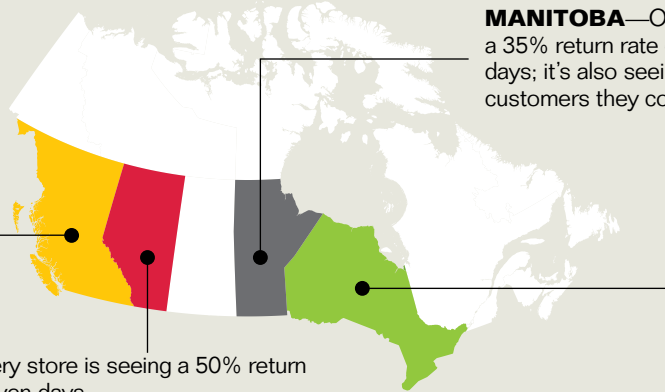
**ALBERTA**—Another grocery store is seeing a 50% return rate of new customers in seven days.

### MANITOBA—

One grocery store is seeing a 35% return rate of new customers in seven days; it's also seeing a 27% return rate among customers they consider "at risk."

### ONTARIO—

One grocery chain has more than 65,000 members on the Vicinity rewards program and has redeemed over 140,000 rewards.





days are considered “at risk.” Rather than giving up those customers, a message from the loyalty program may entice them to return. Even customers who are “fully lapsed” and haven’t come in for more than 60 days can be re-engaged by offering a discount through the loyalty program. By giving the right promotion, revisit rates for fully lapsed customers can rise by three or four times, Waslander says.

As well as phone numbers and emails, customers can opt to add their names and birth dates, which Vicinity can use to create birthday programs many customers love. Such programs would be difficult for retailers to execute on their own, but Vicinity makes simple, Waslander notes. “It’s a great opportunity to encourage loyalty and drive sales. If someone gets something free like a cupcake on their birthday, they’re probably going to post it on Facebook and tell their friends so they’ll also be excited about the business.”

Some customers may balk at stuffing another loyalty card in their wallet, but Vicinity has an answer to that issue, as well.

loyalty members and then see the results of how many people the promotion drove to their store. It’s a very powerful tool and businesses love it.”

Vicinity’s ability to capture customer data and provide analytics is another valuable tool that’s accessible to merchants. By logging into Vicinity’s cloud-based portal, they can view their customers’ activity, the number of sign ups, the transaction volume, and how many points and rewards they’ve given away. All of the data, including contact information and notes, belong to the retailer.

The program also allows retailers to tag specific customers based on preferences for certain types of products and contact them with relevant promotions. Automatic communications can also be event-triggered. “Reward campaigns are all configurable, depending on the needs of the retailer,” says Waslander. “A standard campaign may create a trigger at every third, sixth or ninth visit and give away a little gift such as a branded shopping bag or a discount to help seal loyalty.”

Customers that haven’t visited the store for 30 to 60

“The feedback we’ve received from cardholders is they really love being able to manage multiple businesses on one card,” explains Waslander. “Vicinity’s program allows a cluster of businesses in the community such as the local health food store, pharmacy and bakery to work together on one program. It’s a way to compete against big box stores and get more people to shop locally.”

Cardholders also like Vicinity’s downloadable app, which allows them to update contact information, check point balances and look at the kinds of loyalty rewards offered by participating merchants in their area. Small businesses also appreciate being part of the Vicinity network—they get exposure and they don’t need to create their own app.

“We know retailers are very busy and already trying to wear many hats,” says Waslander. “Signing up with Vicinity is a smart business decision for any retailer that wants help getting customers to come back to the store. Once it is set up, you don’t even have to think about it and we are always here to help.”