



SMALL BUSINESS REWARDS

LOYALTY VENDORS

High-tech options replace the lowly retail punch card

Using smartphone apps, iPads and the cloud, digital vendors help small businesses win and retain customers

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For a while, the stamp card was the currency of customer rewards at Presotea Co. Ltd., a bubble tea retailer with 12 locations in the Greater Toronto Area. The system was simple: Card holders got an ink stamp for every bubble tea they bought and were rewarded with a free beverage after so many purchases.

But Presotea's managers soon realized the stamp card system came with a host of problems and disadvantages. Earlier this year, the company switched to an electronic service that lets customers tap into the loyalty programs of multiple retailers using one digital card.

"It's so much more efficient than the stamp card, which costs a lot of money for printing, stamps and ink, and we were finding that some staff were giving away stamped cards to their friends and family members," says Ian Tan, Presotea's sales and marketing manager. "Also, we couldn't really tell how well it was working because we had no way of tracking how many customers had the cards and how often they were coming back."

In their quest for the loyal, repeat customer, many



Fiona Lake Waslander is the general manager at Vicinity, a Toronto-based provider of rewards programs used by small businesses.

businesses today run programs that reward those who buy more, spend more and return more frequently. Consumers seem to love these programs; an estimated 12 million Canadians today belong to a loyalty program, with eight loyalty cards on average per household.

For small businesses, running a rewards program can take up significant resources and, as Presotea found out with its stamp cards, the costs and risks may outweigh the benefits.

"Like any other type of marketing, loyalty programs need to be measured in terms of what they're going to cost in time, effort and dollars versus their

benefits," says Barry Sharp, a small business consultant and owner of Vancouver-based AMA Management Ltd. "This is especially important for a small company that typically has only a small amount of money to spend on marketing."

A number of rewards program providers have launched in recent years to address the particular needs – and more limited resources – of small businesses looking to win and retain customers through loyalty marketing. Here's a look at three of these providers and what they offer small business owners.

Vicinity

In a nutshell: Customers tap their Vicinity card or provide a mobile phone number to collect rewards.

Good to know: There's no software to install and vendors need only a phone number to register a customer.

Cost to business: Starts at \$129 a month.

Introduced last year by Rogers Communications, Vicinity lets registered customers earn points for their purchases by tapping their

electronic Vicinity rewards card or by giving the retailer their mobile phone number. With more than 1,000 businesses across Canada signed up as vendors – including Presotea – Vicinity gives consumers access to many vendors through a single loyalty account.

Fiona Lake Waslander, general manager at Vicinity, says vendors like the fact they don't have to install any software on their systems because Vicinity's backend is all in the cloud. Retailers set up their loyalty program through a secure dashboard on the Vicinity website. Through this dashboard, they can track customer activity and send customized promotions to Vicinity members via text or e-mail. Vicinity comes with one piece of hardware: a paperback-sized device with built-in, near-field communications technology that cardholders tap when they buy something.

"We take care of all administration, setup and material," Ms. Waslander says. "Businesses don't have to think about anything except how they want to customize their program."

