

Consumers learn about loyalty

Lyonesse, the loyalty shopping company, has enjoyed strong growth since it came to Irish shores last year, and is committed to building the brand further, writes Niall Byrne

A new loyalty shopping community is taking root in Ireland, with Lyonesse Ireland helping consumers get discounted rates and at the same time contribute to charity.

Lyonesse Ireland has enjoyed meteoric growth since it was established in the middle of 2010.

Already, the loyalty shopping company has secured key accounts with high-profile clients such as Tesco, Arcadia, Marks & Spencer, B&Q and PC World, as well as currently having deals with nearly 200 SMEs around the country.

The rapid growth is partly down to the fact that the company is not trying to prove a new concept in Ireland, but is implementing an already successful business here, said Philip Watkins, managing director, Lyonesse Ireland.

Lyonesse International

Lyonesse International was founded in 2003 in Germany and has since spread to 23 different countries, employing 440 people.

It is an independent shopping community operating across a range of sectors. The unique benefit for members is they get money back with every purchase made at one of the 20,000-plus Lyonesse loyalty partners.

Besides members and loyalty partners, people in need also benefit from every purchase made thanks to the Lyonesse Child & Family Foundation. This international charity was set up to pour some of the com-

pany's profits into international projects.

The Irish company, like the operations in all 23 companies, is managed from a local office with local legal representation.

Watkins explained the concept further. "We build up a community of shoppers where membership of the community is free," he said.

"We bring in our key accounts, such as companies like Tesco. We buy our vouchers from them at a discount. Our members buy them from us at face value. Every week, we remit to them the discount percentage.

"The reason we work like that is no major vendor wants to see their discount being discounted in public. We do not sell a product. There are shops that are out there already. If you shop with them and join us, you get a discount."

Lyonesse Ireland is building up a core group of shoppers. It is a closed shopping community where people can only become members by recommendation.

Membership

Membership can be activated a number of ways: by receiving and using a membership card from a retailer; by buying €300 worth of vouchers; or by making a commitment to shop by putting money into an online account.

"The card you get is simply a recognition card that the equipment will recognise and record the sale back on our own systems," said Watkins.

"It is not a payment card, debit card or credit card; it's a membership card that will

communicate back with our head office systems to record the sale, so that we know to invoice a retailer that a certain amount of our customers shopped in their shop. It informs them what they bought, what the discount they agreed with us was and asks them to remit it back to us so we can remit it back to our customers."

Members can also buy vouchers, such as gift cards, from Lyonesse where the discount is remitted back straight away even before they use the voucher. Lyonesse Ireland's goal is to have 45,000 shoppers within 12 months.

"When I agreed to open Lyonesse Ireland I sat down with people in head office and we made our best projections for Ireland based on the experience of other European countries at the start of the year. By March we had exceeded the target we'd set to achieve for the end of June. In June I had to go into the system and increase our forecast for the rest of the year by 250 per cent."

Lyonesse has two million members across Europe, one million of which have joined in the last nine months. By the end of 2012 it expects to have five million members across Europe.

Members can use their cards from country to country, or avail of the online shopping opportunities on the Lyonesse website.

Mobile application

Lyonesse has launched a mobile application for the iPhone and Android, which allows members to generate vouchers for their phone which can be scanned at participating stores.

It communicates with all its members by e-mail and SMS. Each member has a log-on to their Lyonesse account where they can see how they're doing, where they shopped, how much money they should be getting back and so forth.

"It keeps people interested and keeps them coming back to our website.

"We use that as an opportunity to present to them current lists of retailers and special promotions," said Watkins.

SME benefits

Watkins pointed out that for an SME to get involved with Lyonesse the owner-manager must already be a member and have shopped with Lyonesse.

"We're not touting for businesses to sign up with Lyonesse. We're looking for owners to become members and see what its about and then decide if its for their business or not.

"For those who do become involved, there are numerous advantages. We look at the discount coming out of their marketing budget, not their profits. We do an awful lot of advertising for them on our website and newsletters. We do an advertising campaign throughout our shopping network for the SMEs who are registered with us, which puts people into their shops and keeps them there.

"The other key benefit is if the shop issues a card to a member and gives that members discounts, when that members shop in any other Lyonesse shop the person that recommended them receives 0.5 per cent of their shopping discount. It sets up an independent income stream."

So if, for example, the owner of a flower shop gives out a card to his customer and they use it when shopping in Tesco, the flower shop owner gets 0.5 per cent of the amount discounted to that member by Tesco.

"It creates an excellent loyalty system for the shop by bringing in new members, by keeping existing members and by allowing the shop to earn money when these members shop elsewhere."

