

Ad Card

The Boots Advantage Card

Boots Advantage Card is a loyalty card - a way of rewarding customers for continuing to shop at Boots stores. It's one of the largest smart card retail loyalty card schemes in the world. Introduced in 1997, there are over 11 million active users (active meaning card holders who actually use their card regularly).

Many retailers, airlines and credit card organisations participate in loyalty schemes. Loyalty schemes provide customers with an added reason to purchase using their reward card because they collect points which can be converted into treats, airmiles or savings. Offering rewards helps to promote customer loyalty - the customer is more likely to purchase from a company whose loyalty scheme they participate in because they will get more back than just the products they purchase and the more points they collect, the more rewards they are entitled to.

Aims

The Advantage Card is a smartcard based customer retention scheme, which encourages the exchange of customer shopping data for added value to the customer.

The aims of Boots Advantage Card are to:

- * Provide unique insights into how their customers shop
- * Enable targeted marketing and one-to-one communication
- * Drive sales through rewarding loyalty

Through the Advantage Card, Boots is able to gather valuable data on the individual: * How often they shop * Where they shop * The products they buy * The products they spend their points on * The promotions and benefits they are attracted to * Average Transaction Value (ATV) - how much they spend on average * Their personal details, eg name, age, gender.

Collect Points Instantly

To encourage customers to join the scheme and to start appreciating its value instantly, Boots have introduced the instant Advantage Card. This paper-based card is attached to the application form, and can be used straightaway to collect points when shopping. Customers can then apply at their leisure for the permanent, personal smartcard.

Enjoy all the Benefits

Whilst customers can start collecting points with an instant card, they'll need a personal, plastic smartcard to be able to enjoy all the benefits, eg using an Advantage Point machine and being able to spend their collected points. Any points collected are transferred to the personal smartcard.

It's "Smart"!

The personal, plastic Advantage Card uses Smart Chip technology. The smart chip enables customers to be able to spend their points in any store and for Boots to be able to identify the customer when they use their card at the point of purchase. When an application is processed, all the customer's collected points, their unique identification number and the customer's name is recorded onto the personal card via the chip. Other customer details are stored centrally.



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Individual customer details are never given to anyone outside the Boots Group of companies. This information is protected through the Data Protection Act.

The Data Protection Act is designed to make sure that information about you, kept on paper or on computer systems, is gathered and used fairly.

Sophisticated database

Every time a customer uses their Advantage card, all transactions are linked to the customer via the Smart Chip. This allows Boots to maintain a database of information, which can be used to review the way a customer shops. It helps Boots to make more accurate marketing decisions. The company can tailor its products and offers to meet customers' needs. This sophisticated database is one of the most advanced technological sources of customer information available today.

Boots developed the Advantage Card scheme to attract and retain its key market - females. The loyalty scheme therefore has an overall female brand image. Instead of offering redemptions for discounts, gifts or big one-off items, such as flights, the Boots scheme offers treats in the form of a large range of small ticket products that enhance their customers lifestyles. The card is easy to use and offers good reward rates when purchasing products, so that customers can collect points quickly and treat themselves sooner rather than later.

Marketing

For Boots, the Advantage Card helps the company to make better marketing and merchandising decisions and sell to customers more efficiently. The scheme has been created on the principles of relationship marketing. The way Advantage Card information can be analysed means that Boots can obtain a better understanding of customers' requirements and have a relevant two-way communication with them.

Relationship Marketing is about treating customers differently - not treating all customers the same. Customer databases (like the Advantage Card database) allow companies to get to know their customers through linking their personal details with their shopping history. Relationship marketing looks at business from a customer perspective before market or product - find a product for a customer, rather than a customer for a product.

How does the card work

The Advantage Card scheme is free to join. When paying for shopping in Boots, a customer presents their Card at the till and points collected from their purchases are added to their card, by placing the smartcard into the Reader/Writer machine attached to the till.

For every £1 spent on products*, customers receive 4 points
Each point is the equivalent of 1p to spend on treats in Boots

*Points are not awarded online on gift boxes and delivery charges. Online and in store, points are not given on prescription items, gift vouchers/cards, postage stamps and infant milk formulas.



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How does the card work (page 2)

Checking the till receipt

At the bottom, a statement shows the number of points collected from a single smartcard transaction and as well as the full balance of points.

Visiting an Advantage Point machine

Points balances will be shown after the customer inserts their smartcard. Advantage Point machines are found in larger Boots stores only.

Asking at a till point

Smartcard holders can also request their points balance at a point of purchase till.

How does the card work (page 3)

Once customers have started to collect points and have a smartcard, they can decide how they want to spend them. There are over 27,000 products in store from which to choose. Part-payment is not allowed, so customers must have saved up sufficient points for the product they are selecting. For example, instead of paying £7.99 for a single use camera with flash, Advantage Card customers could use 799 of their collected points. Some customers save up their points to really treat themselves, such as a manicure for 3500 points.

Benefits to customers

Redemption (spending points) is made customer-friendly because customers can redeem instantly at the checkout in any Boots store, and they don't need coupons to do this.

Regular mailings, offers and double or triple points promotions have pushed its membership to over 15 million and increased its value to the company.

Promotional mailings sent direct through the post to customers' homes are known as direct mail.

Benefits to customers (page 2)

The card enables customers to treat themselves to something special instead of reducing the cost of their normal shopping. For the most loyal customers, Boots also offers additional exclusive Health & Beauty offers and benefits. This includes a quarterly magazine which provides an additional channel through which Boots can demonstrate its expertise in the Health & Beauty market.

A consumer market can often be broken down into different segments and businesses target products and promotions at these distinct market segments.



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Useful Statistics

91% of Advantage Card holders are women and over half of all women in the UK over the age of 16 have an Advantage Card.

The Advantage Point machine (which provides additional and exclusive offers to customers) is the largest retail kiosk network in Europe with approximately 1400 machines in 440 stores.

Since its launch, Advantage Point users have:

- * collected a staggering 1.6 billion extra Advantage Card points.
- * have made over 17.5 million voucher redemptions.
- * have saved £4.3 million in discounts on their shopping.

Customer Service

Advantage Card customers have their own dedicated helpline to call with queries related to their cards. There are specific terms and conditions related to Advantage Card holders which can be found on www.boots.com or in an in store application form.

