

BUSI 525: Marketing Management II

Assignment One:

Loyalty Cards – Are they worth it?



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1. Executive Summary

This report gives an overview over the Opportunities and Challenges of loyalty cards for the organizations behind such programs on the one hand and their customers on the other hand. For both participants in this relationship exists some benefits and disadvantages. The main advantage for an organization is the data collection of very detailed consumer behaviour. This data can then be used to develop personalized marketing efforts to increase consumer satisfaction and profit. The main advantage for a consumer is to save money or get additional rewards depending on the program.

Since the 1990'ies the loyalty cards has become increasingly popular, especially in the retailing sector and the consumers has to deal with one card for each shop he usually shops in. As a result the coalition loyalty card was introduced and becomes more and more popular but even with that approach the benefits for the consumer in unclear.

Eventually it will be shown in this report that the loyalty card represents a lot of benefits for the organizations but just a few, and even these are questionable, to the consumers. But also the organizations face not only benefits but for example also huge costs to advertising their program or just to finance the demanding hard- and software which is required. Additionally there are many examples of retailers which gain market share without a loyalty card but by lower prices.