



# Incrementality and the C-suite: key for loyalty investment

Most relatively mature loyalty programmes generate positive Return on Investment - our research amongst UK loyalty operators proves it<sup>1</sup>.

However, programme managers frequently find it difficult to secure investment in loyalty from stakeholders, preventing programmes from reaching their full potential.

## What is incrementality - put simply?

The concept of incrementality is concerned with measuring the additional value generated by members over and above what would have occurred if a customer did not have the opportunity to become a member of a loyalty programme.

If a member changes their behaviour in a way that benefits a loyalty programme operator or one of its partners, to what extent is this behavioural change due to the member joining the loyalty programme? Would that behaviour change have occurred if the member had remained a non-member, or indeed, if the loyalty programme did not exist at all?

## Why incrementality is key

Senior stakeholders - especially CFO's and finance teams - need to know whether a loyalty programme generates incremental revenue or at least will do, in due course. Proving to stakeholders that a programme can contribute this additional revenue is key.

When metrics such as this are captured, understood and well-communicated, stakeholder buy-in and investment in loyalty are more likely to follow.



## What gets in the way?

Sometimes lack of tracking means important metrics are missing. Shockingly, our research shows that:

**62% of companies can't accurately measure incremental profit and only 27% of companies site loyalty scheme finances within the finance team<sup>1</sup>.**

Factors such as these cause blind spots, leading to a lack of faith in the loyalty effort.

## Providing proof to stakeholders

Providing proof to stakeholders relies upon tracking and controls which are constants for the programme and regularly reviewed. There are several ways to achieve this critical 'data set' with the precise methodology depending upon the context and industry in which the programme operates. Our experience - based on setting up optimal measures for many successful schemes internationally - is to start with five key questions:

- What is the best type of tracking available given your category/sector?
- What controls do you have in place?
- What controls could you put in place?
- What data are you going to be able to access?
- What is the baseline you're measuring against?

## The bottom line?

To decide how best to measure your loyalty programme and prove its incremental revenue to stakeholders, ask our consultants for advice tailored to your scheme and sector. Or try our ROI calculator to see what your scheme could be making.

## Contact Collinson

**Collinson helps businesses unlock the true value of their loyalty programme investment by transforming them into sustainable profit centres.**

**Ask about our ROI tool and find more profit in your programme.**

**Sources:**

1. Collinson Loyalty Landscape research