



MARKETING/ ADVERTISING/ MEDIA/PR

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NEWS

Qantas-Woolworths running loyalty risk

Qantas runs the risk of “disenfranchising” some of its customers by automatically signing up members of the frequent flyer program to Woolworths’ Everyday Rewards card, an expert on loyalty schemes has warned.

Last week the airline told frequent flyers not signed up to Woolworths’ Everyday Reward cards that they would be signed up automatically. The move was an extension of the deal signed between Qantas and Woolworth in June, which allows shoppers to earn frequent flyer points by using their loyalty card in Woolworths group stores.

James Atkins is founder of Vantage Marketing and has consulted with big name brands on loyalty schemes such as Shell, Diners Club, ANZ, Qantas and Virgin Blue. He warned: “I think for the vast majority it will work out to be a good thing, but a small group could well become disenfranchised. As an indicator of things to come there are reasons to be careful. Some people will form a

negative view of the brand.

“It’s one thing for companies to ask customers if they would like to join a loyalty scheme, but it’s a whole other thing to force it upon them. Pushing cards into people’s wallets certainly raises the stakes in the loyalty game, but is this really what customers want?”

He added: “I think in this instance Qantas are respecting the trust members are putting in them, but I think we are at the line.” Despite these concerns, Atkins described the Qantas-Woolworths deal as “a fantastic arrangement, there has been significant growth as a result of the tie-up”.

Atkins’ comments come shortly after a report from consumer group Choice which showed that to earn a \$50 voucher using Coles’ FlyBuys or Woolworth’s Everyday Rewards, customers must spend almost \$11,000 at Woolworths and more than \$15,700 at Coles.

Loyalty programs also come

under fire in this week’s issue of *B&T* magazine (February 19, p16). Professor Byron Sharp, director of the Ehrenburg-Bass Institute at the University of South Australia, wrote a comment piece questioning loyalty cards: “Loyalty programs attract the least desirable consumer, the ones who already are loyal and do most of their shopping in your store. When consumers choose a supermarket the dominant factors are store location, parking, product range, familiarity with lay-out, adjacent stores, and pricing. After this factors like loyalty programs have a very tiny influence.”

He added: “Marketers are fooling themselves if they think a loyalty program can drive changes in consumer behaviour – not without great expense. But then again, maybe marketers aren’t entirely silly, loyalty programs do create a lot of employment for marketers.”

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JAMES LIVESLEY

McCann Melbourne gets Progressive

McCann Worldgroup Melbourne has been awarded the Australian launch advertising duties for US-based insurer Progressive, following a competitive pitch.

McCanns won the business after teaming up with Initiative, which won the media portion of the account. The agency will handle the advertising for Progress-

sive’s launch into the Australian market, which is expected to take place within a couple of months.

Progressive, which was founded in 1937, currently insures more than 10m motor vehicles. Its expansion into Australia will be its first foray outside the US.

The company offers car insurance via an online business model.

It’s expected that the launch campaign will include a heavy focus on digital work, as well as TVC, print and outdoor executions.

James Graham, MD of McCanns, said told *B&T Today* that the work will be an “original concept” not linked to Progressive’s advertising in the US.

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