



by Mike Capizzi
Founding Partner

The Multi-Merchant Future

Coalition Loyalty is coming to the U.S. Whether You're Ready For It Or Not

The reasons why coalitions thrive around the world should be obvious to regular readers of these pages. Because networks of merchants join a third party administrative structure, the partners can leverage individually the operational and financial strengths of the network. Sponsors capture increased share of customer from their existing base and gain new customers previously loyal to their non-coalition competition.

And most importantly, consumers benefit from coalitions too— if they're designed correctly. They enjoy greater velocity of accrual and thus earn a lot of stuff quickly, including travel, merchandise, gift certificates and a host of experiential incentives. Fast accrual rates lead to engaged members, who look for more places to earn the coalition's currency, reach new threshold levels and begin the cycle all over again. What's not to love?

So while the lack of a well-defined coalition presence in the U.S. may make the model look like an anomaly, in reality it is the U.S., with its fragmented markets, established communications network and brand protectiveness, that is the anomaly.

But even here, we find growing evidence that the tide is shifting. Niche coalition structures have taken root with programs such as UPromise and Vesdia's BabyMint. Community and lifestyle coalitions, such as those profiled in this issue, are sprouting everywhere. And somewhere soon, someone will launch a true business-to-business loyalty coalition.

So what's my point?

That COLLOQUY is on top of this trend. In addition to our look at niche programs in this issue, it's high time for us to take another look at the immense possibilities associated with a national U.S. coalition network.

And more importantly, it's time for you to take a fresh look at it as well. Do you have a coalition strategy defined? Do you know what the economic impact of such a model will be on your customer franchise? Will you be a first mover and lock out your competitors, or will your musty, fossilized brand-marketing principles prevent you from making a quick decision when the time comes?

Think about it. Think about it long and hard.

But hey, we're here to help. The crack research team at COLLOQUY has launched an extensive project to define, understand, analyze and provide insight on the global coalition marketplace. We hope to have the special report published sometime later this spring.

But in the meantime, do some investigating on your own. Start by reading about the fledgling programs in this issue, and work from there. The legwork you begin now may pay dividends to your customer strategy sooner than you think.

"The Multi-Merchant Future" was originally published by COLLOQUY – Volume 12, Issue 1, 2004. Permission to use has been granted by the publisher.



marketingstrategists

EXPERIENCE. PASSION. INSIGHT. RESULTS.

Marketing Strategists is an independent consulting practice focused on the responsible design and enablement of your best customer and loyalty marketing strategies. We specialize in creative, customer-focused, data-driven marketing solutions. Founding partners Mike Capizzi and Terri Gaughan collectively bring over 50 years of experience and the passion for best customer initiatives to deliver proven insights and results.

Learn more at www.mktgstrategists.com

Marketing Strategists, LLC
545 Ridge Avenue
Greendale, IN 47025
USA

info@mktgstrategists.com

Mike Capizzi, Founding Partner
+1 812-537-3747
+1 812-290-1915 cell
mike@mktgstrategists.com

Terri Gaughan, Founding Partner
+1 513-833-5480
terri@mktgstrategists.com