

Costa Coffee

The Challenge

Costa Coffee, a top UK coffee chain with over 1200 locations in the UK and more than 600 locations in 25 other countries, wanted a loyalty program that would build brand loyalty and advocacy. Aiming to retain customers while rewarding the loyal ones, Costa Coffee also wanted a data-centric loyalty program that would allow them to identify customer segments as well as sales patterns. Costa also aimed to build on previously non-existent communications with customers, collecting their emails to provide offers, rewards and promotions.

How We Helped Costa Coffee

- Collection of demographic data, contact information & purchase information from customers
- Promoted customer retention & brand loyalty
- Reward loyal customers with substantial rewards
- Creation of a custom-skinned loyalty program portal for customers to register cards & redeem points

Our Solution

Costa now has an effective loyalty program that allows them to collect valuable customer data as well as see sales patterns throughout multiple locations.

Costa can tailor a wide range of offers for different customer segments such as double or triple points on their next visit, a fixed amount of bonus points and more. Offers are tailored using a variety of rules that account for different customer characteristics, including spend and visit frequency. Customers must click on a link in the email to receive the offer, rewarding customer engagement. Costa monitors email open rates, clickthroughs and other statistics.

Beyond this Costa offers valuable rewards to loyal customers. Customers can pick up and begin using a Costa Coffee Club card at any participating store. The card is swiped with each purchase, earning 5 points for every full £1 spent on food and drink. Points can be redeemed against purchases at the rate of 1 point = 1p.

Internal teams also test new menu items and develop product categories such as breakfast via the loyalty program. Costa uses the loyalty card data to identify product combinations purchased by customers, create new offerings and develop cross-selling and up-selling strategies.



The Costa Coffee Club loyalty programme more than pays for itself!

GEORGE GEE, LOYALTY MANAGER, COSTA COFFEE CLUB

The Results

In the first year of the program, 5 million loyalty cards were activated, with 1.4 million card holders having swiped their card in 4 weeks, 2.8 million users in 6 months. Additionally 4 in every 10 transactions involve the loyalty card. Costa is finding that cardholders spend significantly more than non-cardholders. A small proportion of card holders (5%) account for a large proportion of spend (41%) on the card.

The online registration process also allows Costa to identify exactly who these high-value customers are, information that was unavailable to them before.

Independent research also shows that cardholders are more likely to:

Make a return visit: 88% card holders vs. 79% non-cardholders

Recommend Costa: 79% card holders vs. 62% non-cardholders

Overall satisfaction: 73% card holders vs. 65% non-cardholders

For fiscal year 2010/11, Costa Coffee delivered like for like sales growth of 7.8%, with profit up by 24.7% (£425m). This is partly attributed to the success of the loyalty card.

The loyalty card gives Costa a good understanding of who their customers are and what they want. Costa now has the ability to communicate directly with them and build value in ways that differentiate it from competing coffee brands. Not only has customer information given Costa confidence in its strategic decision-making, but it's also provided new insights that it wouldn't have been possible to get before.