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UK Acquirer Launches Contactless Tag Supporting Multiple Loyalty Programs

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AIB Merchant Services Ltd. has launched an initiative that enables consumers to integrate multiple merchant-loyalty cards on one contactless tag.

The Ireland-based merchant acquirer is using the program, called LoyaltyPlus, to help small and midsize businesses in the UK and Ireland, including flower shops and restaurants, to compete with loyalty programs offered at larger retail chains by helping such businesses retain consumers, an AIB Merchant Services spokesperson tells PaymentsSource.

AIB Merchant Services is a joint venture between Allied Irish Banks PLC and First Data Corp. The program launched Aug. 16.

LoyaltyPlus is a point-based system that integrates with AIB Merchant Services' VeriFone VX810 point-of-sale terminals and separate Vivotech Inc. contactless readers. The program also offers merchants the option to send free text messages and e-mails to consumers and access to online reports that analyze consumer-spending profiles and trends.

AIB Merchant Services is using Ireland-based Zapa Technology Ltd.'s Zapa Tag, a free, contactless sticker that adheres to the back of a mobile phone and enables consumers to access multiple loyalty card programs. Consumers may tie as many merchant loyalty applications to the tag as they wish with no specific cap, a Zapa Technology spokesperson tells PaymentsSource.

Consumers pick which loyalty programs the tag accesses by going online and registering each desired participating merchant's program to their tag. AIB Merchant Services was unable to say how many merchants are participating in LoyaltyPlus.

The tag does not support a payment function.

AIB Merchant Services charges merchants a registration fee that includes the tags, point-of-sale promotional material and one free text-messaging promotional campaign, the

spokesperson says. Merchants also pay a monthly service fee, she adds. AIB Merchant Services declined to reveal the specific registration and monthly fees.

Consumers tap the tag against a contactless reader to redeem special offers or to collect loyalty points, and they may earn one point per euro or British pound they spend.

Merchants also may offer consumers promotional options, such as double points on all purchases between Tuesday and Thursday, for example, or an additional 50 points on the 10th visit to the store, the AIB Merchant Services spokesperson says.

Consumers also may view their point balances online, via their mobile phones through an application or on their most recent receipt. However, consumers earn a merchant's points only when shopping at its stores.

Merchants may benefit from participating in LoyaltyPlus because the point system may entice consumers to spend more to earn points or when redeeming points on their purchases, the AIB Merchant Services spokesperson explains.

Additionally, by generating reports, merchants can identify their most-loyal customers; track trends over time, including how much consumers spend and how often; identify loyalty drivers such as which rewards and promotions work the best; and quantify past campaign performance.

Combining multiple loyalty programs onto a single contactless seems reasonable, Brian Riley, research director for bankcards at Needham, Mass.-based TowerGroup, tells PaymentsSource. "The smaller merchants using the program need to make sure to keep programs exciting to compete with larger and more-established schemes already out there," he says.

Small and midsize merchants should mirror what larger merchants do and make sure they keep consumers "engaged with the program while not just offering a run-of-the-mill point scheme," Riley adds.