



Gift cards leverage loyalty

Optimising in-store spend



Tyres. They're not an easy commodity to sell. In fact, many customers think of them as a grudge purchase – they don't want to spend their hard-earned money on them, but they know they have to.

For tyre manufacturers and distributors, the choice of advertising partner is a critical one. A good ad agency will put a spin on the perceived grudge, usually by focusing on the benefits of safety, reliability and peace of mind.

A great agency will do this and more, ensuring that the customer's entire brand experience is one of surprise and delight.

Goodyear South Africa and its distribution network, Hi-Q, have been clients of Cape Town-based advertising and design agency, Hippocampus for over 16 years.

The relationship is grounded in what Hippocampus MD, Guy Parton calls, **"the customer-centric pivot"**.



"Every aspect of the Hi-Q brand is about the experience it provides, from customer service steeped in knowledge sharing to fast, efficient fitment, and value-adding promotions at point of sale. They're all points on which repeat business and customer loyalty pivot."

Guy Parton, Managing Director, Hippocampus



Rewarding with purpose

South Africa's tyre fitment market is characterised by two peak sales periods annually, both of which coincide with school holidays – and the road trips they give rise to; the first between June and July, and the second between December and January.

December 2016 marked a defining moment in Goodyear and Hi-Q's sales history. On the recommendation of its ad agency, Hippocampus, it was the first time gift cards were introduced as a reward mechanism for the year-end, summer holiday fitment promotion.

Supplied by GET Rewards, South Africa's first, fully-integrated reward suite provider, the gift card is an astute choice for a customer promotion.

It's a pre-paid, single-use card that is accepted anywhere that supports Mastercard®, and in this lies its lure. Gift cards are effective because they guarantee high gratification; people can choose the rewards they really want.

Surprise and delight. Instant gratification. Freedom of choice. Quite literally, a trifecta for the human brain's reward circuit, ensuring the release of the powerful, pleasure-centred neurotransmitter, dopamine.

Rewards that deliver business results

Putting aside the brain chemistry of customers for a moment, how was the gift card used in the Goodyear/Hi-Q promotion? And with what results?

The mechanics were simple. Customers who purchased two or more Goodyear tyres within the promotional period, were awarded gift cards. The more tyres they purchased, the higher the cash load on their cards.

The campaign received ample media support; a 30-second TV commercial across national broadcaster and subscriber channels, a press ad campaign and flyers for regional distribution.

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don't miss out!

Receive a loaded cash awardscard® with every 2 or more **GOODYEAR** branded tyres you buy.

GOODYEAR	15", 16" AND 17"	GOODYEAR	18" OR LARGER
R200	WITH 2 TYRES	R400	WITH 2 TYRES
R400	WITH 4 TYRES	R800	WITH 4 TYRES

TYRE SPECIALS

GOODYEAR	GOODYEAR	GOODYEAR	GOODYEAR
15" TYRES FROM	16" TYRES FROM	17" TYRES FROM	18" TYRES FROM
R759	R979	R1415	R1645

FREE Tyre Insurance
ON EVERY PASSENGER, SUV AND 4x4 TYRE.

Hi-Q
THE 1 YOU CAN TRUST

Terms and conditions apply. For the full terms and conditions visit www.hiq.co.za. Minimum purchase of 2 Goodyear branded tyres (15" or larger) required to qualify for an awardscard®. Offer valid from 1.8 June to 1.8 July 2018 or while stock of tyres last. Delivery of awardscard® valid while stock of awardscard® last.

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Receive a loaded cash awardscard® with every 2 or more **GOODYEAR** branded tyres you buy.
15" OR LARGER

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GIFT CARD
HI-Q AND GOODYEAR
MADE IN SOUTH AFRICA ONLY

Receive a loaded cash awardscard® with every 2 or more **GOODYEAR** branded tyres you buy.
15" OR LARGER




So, what of the results? For Hippocampus MD, Guy Parton, gift cards proved to be “most effective” when compared with other gift-with-purchase items used in previous years’ promotions.

“If you can think of it, we’ve probably used it before. Everything from cash discounts, smartphones and soccer balls to passenger cars and smart TVs. Still, you’re not going to attract every customer with these items, and in that sense the promotional item is limiting.”



“What struck us about the gift card is the freedom of choice it affords. Not only do customers have the freedom to spend their reward at retailer(s) of their own choosing, but they can also choose when to spend it. I think this freedom of reward choice and flexibility drives a significantly higher proportion of traffic in-store.”

December 2016 saw the first gift card promotion at Hi-Qs across the country. December 2017 saw a repeat promotion, and a third in June 2018.



But it's the spend analytics that are at the crux of this case study, for the return on investment the gift card delivers, consistently.

The critical gain

Faced with the freedom to spend their gift cards at any of the more than 250 000 MasterCard® retailers in South Africa, where does most of the spend by Hi-Q customers happen?

Here are the results, from least spend to most:


The retail categories that feature minimal spend are house and home stores; health and beauty stores; and consumer electronic stores.

Moving up the scale, the categories that show higher spend are clothing and accessory retailers, with an average spend of 9%, entertainment outlets, with an average spend of 10%, and grocery retailers, with an average spend of 23%. But topping the list, with an average spend of 52%, is the store where the card is given in the first place: Hi-Q.

An average spend of 52% happens right there in-store, either with the purchase of additional tyres or with related purchases, such as wheel balancing and alignment.

So, it is here that the gift card delivers its most compelling return on investment: As a tool to leverage loyalty and convert discretionary credit, back into profit.



This is the gift card's real drawcard: It empowers customers to exercise their freedom of choice as an expression of brand loyalty.



“There will always be customers who choose to spend their gift cards elsewhere. And that's great. But to know that the majority of customers choose to spend their rewards then and there, at Hi-Q, is the best ROI I can think of.”

Guy Parton, Managing Director, Hippocampus

It's not surprising that Goodyear and Hi-Q continue to use gift cards in their seasonal promotions. Clearly, it's a mechanic that works.





The gift card that keeps on giving

Retail Card Product Manager at GET Rewards, Terry Hart offers insights on how to optimise gift card opportunities and maximise returns.

Every reward imaginable

1. Identify the right opportunity to reward

A single-use gift card is a great solution if you're looking to:

- Launch a new product
- Run a short-term promotion
- Drive traffic in-store
- Surprise and delight customers and brand fans
- Resolve a service issue
- Celebrate a staff birthday or anniversary

2. Be sure to communicate how the card works

Ease of activation is a critical success factor for your gift card promotion. We have a simple, three-step activation process that works via SMS. Safe, simple and fast, so users can spend almost instantly.

3. Customised spend

Gift cards can be set-up for limited spend across a select group of retailers. This feature enables you to align your brand with partner brands that share an affinity with your values and brand essence.

4. Give the card, gather the data

Adopt a data-driven approach to your gift card promotion. The more insights you gain around usage and spend, the more you can personalise future communications and promotions. We offer our clients a comprehensive suite of gift card analytics, from activation stats to spend trends.



About Hippocampus

Hippocampus is an award-winning advertising and design agency in Cape Town, South Africa. With several, top FMCG clients, the agency provides results-driven strategy, concept development and high-end communication campaigns for omni-channel distribution. With a focus on delivering performance-based results, many of its clients have been with the agency since its inception in 1995.

hippocampus.co.za



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