A Customer Loyalty Programme And A Method And System For Operating The Same

Field

The present invention relates in general to the generation and redemption of credit points by merchants in retailing. In particular, it relates to a customer loyalty programme operated by an operator for purchases from within a group of merchants by customers, and a method and system for operating the same.

Background

Merchants commonly offer discounts to boost their sales. Discounts can take many forms such as cash reductions, cash vouchers, product vouchers, loyalty points and many others. These discounts enable customers to purchase other products or services at a reduced price or even free of charge with the same merchant or other selected merchants. However, when the discounts are redeemed, the association between the customers and merchants ends. There is nothing to entice the customers to repeat the cycle of sales unless the customers have genuine needs to purchase certain products or services. The discounts given are giveaway money and do not necessarily help to generate more sales for the merchants.

To attract customers to spend repeatedly and thereby secure a regular customer base, merchants may issue loyalty cards to their customers for free or at a fee or when their customers' total expenditure within a single receipt or multiple receipts exceeds a minimum value. Loyalty cards are for exclusive use within the merchants' retail outlets or the outlets of their associated merchants. The card issuers, that is the merchants themselves, gain directly from repeated purchases of their customers. Although the customers can make purchases at attractive prices using their loyalty cards, the types of products and services are limited to those offered by the merchants and their associated merchants.

Another card, known as the reward card, operates in a slightly different manner. A central operator, who is the card issuer, receives a percentage of the customers' spending whenever purchases are made with merchants participating in this reward card system. Although the participating merchants benefit directly from the sales generated by customers referred to the merchants by the operator, the profits earned are shared

between themselves and the operator. As with the loyalty card system, the customers are also limited to the types of products and services offered by the participating merchants.

While the systems mentioned above have their merits, there remains a need for a system whereby the customers' and the merchants' needs are fully addressed.

Summary

In one aspect, there is provided a customer loyalty programme operated by an operator for purchases from within a group of merchants by customers, comprising an association between a first merchant and a customer, and at least one credit point issued by a second merchant to the customer for a first purchase by the customer from the second merchant, the at least one credit point is redeemable against a second purchase by the customer from a third merchant; wherein upon the first purchase, the first merchant is entitled to a reward from the operator.

A transaction fee may be payable by the second merchant to the operator for the at least one credit point issued. The at least one credit point may be convertable to a monetary value for redemption against the second purchase according to a second function and wherein upon redemption of the monetary value against the second purchase, a reimbursement may be payable from the operator to the third merchant.

In another aspect, there is provided a method of operating a customer loyalty programme by an operator for purchases from within a group of merchants by customers, comprising the steps of issuing to a customer an identification device associating the customer to a first merchant, issuing at least one credit point to the customer by a second merchant for a first purchase by the customer from the second merchant, redeeming the at least one credit point against a second purchase by the customer from a third merchant, and paying a reward to the first merchant by the operator for the first purchase.

The method may further comprise the step of receiving a transaction fee from the second merchant by the operator for the at least one credit point issued, the step of converting the at least one credit point to a monetary value for redemption against the second purchase according to a second function and the step of paying the third merchant by

the operator a reimbursement after redemption of the monetary value against the second purchase.

In yet another aspect, there is provided a method of operating a customer loyalty programme by an operator for purchases from within a group of merchants by customers, comprising the steps of recording the issuance to a customer of an identification device associating the customer to a first merchant, recording the issuance of at least one credit point to the customer by a second merchant for a first purchase by the customer from the second merchant, recording the redemption of the at least one credit point against a second purchase by the customer from a third merchant, and recording the payment of a reward to the first merchant by the operator for the first purchase.

The method may further comprise the step of receiving a transaction fee from the second merchant by the operator for the at least one credit point issued, the step of converting the at least one credit point to a monetary value for redemption against the second purchase according to a second function and the step of paying the third merchant by the operator a reimbursement after redemption of the monetary value against the second purchase.

In still another aspect, there is provided a management system for a customer loyalty programme operated by an operator for purchases from within a group of merchants by customers, comprising a database system for maintaining an association between a customer and a first merchant, a credit point balance associated with the customer, and a reward balance associated with the first merchant; and an interface mechanism operable to instruct the database system to increment the credit point balance upon a first purchase by the customer from a second merchant, and to decrement the credit point balance upon a second purchase by the customer from a third merchant as full or partial payment of the second purchase.

Brief Description of Drawings

For better understanding, the embodiments of the present invention are further described, by way of non-limitative example, with reference to the accompanying drawings in which:-

Figure 1 is a flow diagram illustrating a customer loyalty programme in accordance with an embodiment of the present invention.

Figure 2 is a flow diagram illustrating a method of issuing and redeeming credit points in accordance with another embodiment of the present invention.

Figure 3 is a flow diagram illustrating a method of issuing and redeeming credit points in accordance with yet another embodiment of the present invention.

Figure 4 is a message flow diagram illustrating the messages sent between the components of the management system during transactions.

Detailed Description

Definitions of terms used in the context of the embodiments of the present invention include:-

"Participating merchants" refers to a group of merchants from the same or different trades who are participants of a customer loyalty programme.

"Operator" refers to the person or body that administers the customer loyalty programme.

A customer loyalty programme 100 and a method of operating the same 200 are shown in Figures 1 and 2. An association between a customer 114 and a participating merchant, say merchant X 110, is made. The association is represented by an identification device such as a membership card issued by participating merchant X 110 to the customer 114 at step 210. The membership card identifies the customer 114, the card-issuing merchant (that is the participating merchant X 110) and the group of participating merchants. With the membership card, the customer 114 can make purchases with any participating merchant, say merchant Y 118. When a purchase is made with participating merchant Y 118, the customer 114 is issued with credit points at step 212. The customer 114 can repeat the cycle of purchases with as many participating merchants and in each transaction be issued with additional credit points. The credit points accumulated are computed and stored in a database system of the operator 112.

The credit points issued to the customer 114 may vary from merchant to merchant and from product to product. The points are computed according to a suitable function based on the price of the purchase made. This function is determinable by each participating merchant 110, 116, 118 or the operator 112. For example, a suitable function could be 1 credit point to $0.1. Accordingly, 1000 credit points are issued for a purchase worth $100. As each participating merchant 110, 116, 118 has control over the quantity of credit points to be issued, each participating merchant is effectively running its own customer loyalty programme.

Upon making a purchase with merchant Y 118, the operator 112 requires a payment of a transaction fee from merchant Y 118. The transaction fee is computed according to the credit points issued to the customer 114 based on a suitable function. This function is determinable by the operator 112 such as 1 credit point to $0.01 or any other rate acceptable to the participating merchants 110, 116, 118 and the operator 112. The rate applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. Additionally, merchant Y 118 has to pay an operation fee to the operator 112. This operation fee, determinable by the operator 112, is a suitable percentage of the price of the purchase. For example, a suitable percentage could be 5% or any other figure acceptable to the participating merchants 110, 116, 118 and the operator 112. The percentage applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. The ratio of the transaction fee to the operation fee is not fixed. One ratio may be 2:1.

The credit points earned may be used for redemption of products or services with the card-issuing merchant 110 or any of the participating merchants. Redemption can be a full or partial redemption at the choice of the customer 114. All unused credit points or balance thereof are computed and stored in the database system of the operator 112.

If a redemption of credit points is made by the customer 114 with merchant Z 116 at step 214, the price of the redeemed product or service is reduced by a monetary value equivalent to the credit points redeemed. The monetary value is computed according to a suitable function determinable by the operator 112 such as 1 credit point to $0.01 or any other rate acceptable to the participating merchants 110, 116, 118 and the operator 112. The rate applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. Upon redemption, merchant Z 116 is

reimbursed by the operator 112 the equivalent monetary value of the credit points redeemed by the customer 114.

At the time of redemption, the customer 114 is additionally awarded credit points for the product or service redeemed. Given this, the credit points are always "replenished" such that the total credit points to the customer 114 is never a zero figure but always a positive figure. With the "replenished" credit points at his disposal, the customer 114 may be enticed to repeat purchases such that the cycle of issuing and redeeming credit points repeats itself over and over again. The credit points given in this embodiment act as a recurring agent that has the ability to attract and retain the customer 114 to spend repeatedly and thus locking the customer 114 within the programme.

Additionally, whenever the customer 114 uses the membership card issued by merchant X 110 to purchase or redeem a product or service with any of the participating merchants, merchant X 110 is entitled to a reward paid by the operator 112 at step 216. This reward, determinable by the operator 112, is a suitable percentage of the price of the product or service purchased or redeemed such as 0.3% or any other figure acceptable to the participating merchants 110, 116, 118 and the operator 112. The percentage applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. This is extra income for the participating merchant X 110 on top of the sales generated by the customer 114.

The customer loyalty programme 100 may also be operated by the method 300 as shown in Figure 3. An association between the customer 114 and the participating merchant X 110 is made. The association is represented by an identification device issued by participating merchant X 110 to the customer 114. The issuance of the identification device such as a membership card to customer 114 by merchant X 110 is recorded at step 310. When the customer 114 purchases a product or service with another participating merchant Y 118, using the membership card issued, the customer 114 is issued with credit points on the product or service purchased. The issuance of the credit points to customer 114 by merchant Y 118 is recorded at step 312. The credit points accumulated are computed and stored in a database system of the operator 112.

The credit points issued to the customer 114 may vary from merchant to merchant and from product to product. The points are computed according to a suitable function based on the price of the purchase made. This function is determinable by each participating

merchant 110, 116, 118 or the operator 112. For example, a suitable function could be 1 credit point to $0.1. Accordingly, 1000 credit points are issued for a purchase worth $100. As each participating merchant 110, 116, 118 has control over the quantity of credit points to be issued, each participating merchant is effectively running its own customer loyalty programme.

Upon making a purchase with merchant Y 118, the operator 112 requires a payment of a transaction fee from merchant Y 118. The transaction fee is computed according to the credit points issued to the customer 114 based on a suitable function. This function is determinable by the operator 112 such as 1 credit point to $0.01 or any other rate acceptable to the participating merchants 110, 116, 118 and the operator 112. The rate applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. Additionally, merchant Y 118 has to pay an operation fee to the operator 112. This operation fee, determinable by the operator 112, is a suitable percentage of the price of the purchase. For example, a suitable percentage could be 5% or any other figure acceptable to the participating merchants 110, 116, 118 and the operator 112. The percentage applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. The ratio of the transaction fee to the operation fee is not fixed. One ratio may be 2:1.

If the customer 114 redeems credit points with merchant Z 116, the redemption of the credit points is recorded at step 314. The price of the redeemed product or service is reduced by a monetary value equivalent to the credit points redeemed. The monetary value is computed according to a suitable function determinable by the operator 112 such as 1 credit point to $0.01 or any other rate acceptable to the participating merchants 110, 116, 118 and the operator 112. The rate applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112. Upon redemption, merchant Z 116 is reimbursed by the operator 112 the equivalent monetary value of the credit points redeemed by the customer 114.

At the time of redemption, the customer 114 is additionally awarded credit points for the product or service redeemed.

Additionally, whenever the customer 114 uses the membership card issued by merchant X 110 to purchase or redeem a product or service with any of the participating merchants, merchant X 110 is entitled to a reward paid by the operator 112. The

payment of the reward to merchant X 110 by the operator 112 is recorded at step 316. This reward, determinable by the operator 112, is a suitable percentage of the price of the product or service purchased or redeemed such as 0.3% or any other figure acceptable to the participating merchants 110, 116, 118 and the operator 112. The percentage applicable to each participating merchant 110, 116, 118 can be the same or different at the discretion of the operator 112.

The association between the customer 114 and participating merchant X 110 may be established by the merchant X 110 issuing the membership card free of charge, or upon payment of a fee by the customer 114, or upon the customer 114 purchasing a product or service with merchant X 110. Along with the membership card, the customer 114 may additionally be issued with credit points on the product or service purchased. The manner in which an association is made between the customer 114 and merchant X 110 is determinable by merchant X 110.

For convenience, payments by the participating merchants 110, 116, 118 to the operator 112 and vice versa may be made on a monthly basis or any other appropriate period agreeable by the parties.

The identification device may optionally be a paper receipt, the customer's identity card or the customer's fingerprint or thumbprint.

The merchants X 110, Y 118 and Z 116 can optionally be the same or different merchants.

A management system for operating the above described customer loyalty programme is disclosed. The system comprises an interface mechanism, such as a point of sale (POS) terminal, installed at the outlets of the participating merchants, and a database system. Figure 4 illustrates the messages sent between the interface mechanism and the database system during transactions.

At step 12, an association between the customer 114 and merchant X 110 is made. The interface mechanism installed at the outlet of merchant Y 118 pre-qualifies the membership card at step 14 and at step 15, the database system further qualifies the card. If disqualification of the card is confirmed at step 15A, a display of disapproval is shown at step 15B. On the other hand, if qualification of card is confirmed at step 15C,

the interface mechanism installed with participating merchant Y 118 records the purchase amount at step 16. The processing of steps 14, 15, 15A, 15B and 15C is done if the customer 114 makes a purchase from participating merchant Y 118 using the membership card issued by merchant X 110 in step 12. At step 18, the purchase amount is transmitted to the database system and the purchase amount is processed and the relevant credit points to be awarded to the customer 114 are calculated at step 20. At step 22, the credit points awarded are transmitted back to the interface mechanism with merchant Y 118 and a display of the credit points awarded is shown at step 24.

The database system maintains an association between the customer 114 and merchant X 110, a credit point balance associated with the customer 114 and a reward balance associated with merchant X 110. The credit points awarded to the customer 114 are credited to the customer's credit point balance at step 26. Concurrently, the credit points awarded are further processed at step 30 and a relevant reward is calculated and credited to the reward balance of merchant X 110.

The database system further maintains an account balance associated with merchant Y 118 which records the credit points issued by merchant Y 118 at step 28.

When the customer 114 makes a new purchase from merchant Z 116 by redeeming fully or partially the credit points earned, the interface mechanism installed at the outlet of merchant Z 116 pre-qualifies the membership card at step 32. The membership card is further qualified at step 33 by the database system. If disqualification of the card is confirmed at step 33A, a display of disapproval is shown at step 33B. On the other hand, if qualification of card is confirmed at step 33C, the interface mechanism installed with merchant Z 116 sends the quantity of credit points to be redeemed to the database system at step 34. The credit points to be redeemed are checked at step 36 against the credit point balance of the customer 114. If it is determined at step 44 that there are sufficient credit points, the credit points to be redeemed are deducted from the customer's credit point balance at step 46 and the balance credit points are computed and recorded at step 48. At step 50, the processed data is transmitted back to the interface mechanism with merchant Z 116 and a display showing approval of redemption, the credit points deducted and the balance thereof is shown at step 52.

On the other hand, if it is determined at step 38 that there are insufficient credit points for redemption, redemption is disapproved at step 40 and a display of disapproval is shown on the interface mechanism of merchant Z 116 at step 42.

The database system furthermore maintains an account balance associated with merchant Z 116 which records the credit points redeemed with merchant Z 116 at step 54.

At the time of redemption with merchant Z 116, the interface mechanism also identifies the new purchase made and the cycle of issuing credit points on the new purchase repeats itself again.

With this programme, customers gain on a direct basis by enjoying attractive discounts with repeated purchases of wide varieties of products and services offered by the participating merchants who are from the same or totally different trade such as food & beverage, healthcare, transportation, education, communication and many others.

The participating merchants benefit from many aspects. Primarily, the merchants increase their business revenue through retaining customers with their own loyalty programme, getting new customers referred by other participating merchants and earning extra revenue from customers purchasing from other merchants. Another important benefit is that the programme helps merchants previously not economically viable to operate their loyalty programme to have their own loyalty programme.

It will be understood by those skilled in the art that various changes may be made to the embodiments of the invention without departing from the scope of the invention. It is not intended that the invention be limited to the particular embodiments disclosed for carrying out this invention, but that the invention will include all embodiments falling within the scope of the appended claims.

Claims

1 A customer loyalty programme operated by an operator for purchases from within a group of merchants by customers, comprising
an association between a first merchant and a customer, and
at least one credit point issued by a second merchant to the customer for a first purchase by the customer from the second merchant, the at least one credit point is redeemable against a second purchase by the customer from a third merchant, wherein upon the first purchase, the first merchant is entitled to a reward from the operator.

2 A customer loyalty programme according to claim 1, wherein the at least one credit point issued is computed according to a first function dependent on a price of the first purchase.

3 A customer loyalty programme according to claim 2, wherein the first function is determinable by the second merchant or the operator.

4 A customer loyalty programme according to any of the preceding claims, wherein a transaction fee is payable by the second merchant to the operator for the at least one credit point issued.

5 A customer loyalty programme according to any of the preceding claims, wherein the at least one credit point is convertable to a monetary value for redemption against the second purchase according to a second function.

6 A customer loyalty programme according to claim 5, wherein upon redemption of the monetary value against the second purchase, a reimbursement is payable from the operator to the third merchant.

7 A customer loyalty programme according to any of the preceding claims, wherein the reward is computed according to a third function dependent on a price of the first purchase.

8 A customer loyalty programme according to any of the preceding claims, wherein the second merchant is also the first merchant.

9 A customer loyalty programme according to any of the preceding claims, wherein the second merchant is also the third merchant.

10 A customer loyalty programme according to any of the preceding claims, wherein the association between the first merchant and the customer is represented by an identification device identifying the first merchant and the customer.

11 A customer loyalty programme according to claim 10, wherein the identification device further identifies the group of merchants.

12 A customer loyalty programme according to claim 10 or 11, wherein the identification device is a membership card.

13 A method of operating a customer loyalty programme by an operator for purchases from within a group of merchants by customers, comprising the steps of

issuing to a customer an identification device associating the customer to a first merchant,

issuing at least one credit point to the customer by a second merchant for a first purchase by the customer from the second merchant,

redeeming the at least one credit point against a second purchase by the customer from a third merchant; and

paying a reward to the first merchant by the operator for the first purchase.

14 A method of operating a customer loyalty programme according to claim 13, further comprising the step of computing the at least one credit point according to a first function dependent on a price of the first purchase before issuing the at least one credit point.

15 A method of operating a customer loyalty programme according to claim 14, wherein the first function is determinable by the second merchant or the operator.

16 A method of operating a customer loyalty programme according to any of claims 13 to 15, further comprising the step of receiving a transaction fee from the second merchant by the operator for the at least one credit point issued.

17 A method of operating a customer loyalty programme according to any of claims 13 to 16, further comprising the step of converting the at least one credit point to a monetary value for redemption against the second purchase according to a second function.

18 A method of operating a customer loyalty programme according to claim 17, further comprising the step of paying the third merchant by the operator a reimbursement after redemption of the monetary value against the second purchase.

19 A method of operating a customer loyalty programme according to any of claims 13 to 18, further comprising the step of computing the reward according to a third function dependent on a price of the first purchase.

20 A method of operating a customer loyalty programme by an operator for purchases from within a group of merchants by customers, comprising the steps of

recording the issuance to a customer of an identification device associating the customer to a first merchant,

recording issuance of at least one credit point to the customer by a second merchant for a first purchase by the customer from the second merchant,

recording the redemption of the at least one credit point against a second purchase by the customer from a third merchant, and

recording the payment of a reward to the first merchant by the operator for the first purchase.

21 A method of operating a customer loyalty programme according to claim 20, further comprising the step of computing the at least one credit point according to a first function dependent on a price of the first purchase before recording the issuance of the at least one credit point.

22 A method of operating a customer loyalty programme according to claim 21, wherein the first function is determinable by the second merchant or the operator.

23 A method of operating a customer loyalty programme according to any of claims 20 to 22, further comprising the step of receiving a transaction fee from the second merchant by the operator for the at least one credit point issued.

24 A method of operating a customer loyalty programme according to any of claims 20 to 23, further comprising the step of converting the at least one credit point to a monetary value for redemption against the second purchase according to a second function.

25 A method of operating a customer loyalty programme according to claim 24, further comprising the step of paying the third merchant by the operator a reimbursement after redemption of the monetary value against the second purchase.

26 A method of operating a customer loyalty programme according to any of claims 20 to 25, further comprising the step of computing the reward according to a third function dependent on a price of the first purchase.

27 A management system for a customer loyalty programme operated by an operator for purchases from within a group of merchants by customers, comprising

a database system for maintaining

an association between a customer and a first merchant,

a credit point balance associated with the customer, and

a reward balance associated with the first merchant; and

an interface mechanism operable to instruct the database system

to increment the credit point balance upon a first purchase by the customer from a second merchant, and

to decrement the credit point balance upon a second purchase by the customer from a third merchant as full or partial payment of the second purchase.

28 A management system of claim 27, wherein the interface mechanism is further operable to increment the reward balance associated with the first merchant pursuant to the first purchase.

29 A management system according to claim 27 or 28, wherein the credit point balance is incremented upon the first purchase according to a first function dependent on a price of the first purchase.

30 A management system according to claim 29, wherein the first function is determinable by the second merchant or the operator.

31 A management system according to any of claims 27 to 30, wherein the database system further comprises an account balance associated with the second merchant decrementable pursuant to incrementing the credit point balance.

32 A management system according to any of claims 27 to 31, wherein the database system further comprises an account balance associated with the third merchant incrementable pursuant to decrementing the credit point balance.