

OBIAA 2024 AWARD SUBMISSION – STANDARD

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BIA/Organization: Hyde Park BIA	Time Period: 2022/2023
Entry Title: Hyde Park Loyalty Cards	
Project Description: <i>(two sentences; 50 words or less)</i>	
<p>The Hyde Park Loyalty Card Program, launched by Hyde Park Business Improvement Association, entices shoppers to support local businesses. Participants earn stickers per purchase, redeeming a full card for \$25 Hyde Park Dollars. Focused on community engagement, economic growth, and simplicity, the program enhances Hyde Park's vibrancy while fostering brand loyalty.</p>	

NEED OR OPPORTUNITY

The Hyde Park Loyalty Program is a strategic initiative and response to a pressing need within the Hyde Park Business Improvement Association (HPBIA) and the community it serves. The need for increased foot traffic in Hyde Park, particularly in a post-COVID world and within a car-focused community, prompted the HPBIA to explore innovative solutions. The unique challenges of competing with economic centers within a 10-minute drive, coupled with the struggle of members to reach pre-pandemic economic levels, underscored the urgency of the situation. This program aligns seamlessly with two key pillars of the HPBIA's strategic plan: Member Engagement and Business Growth.

The HPBIA recognized that traditional approaches, such as member-specific gift cards, were not yielding the desired results, prompting a thorough review of existing programs. In the process, staff identified an opportunity to implement a loyalty card. A study by Accenture found that 77% of consumers participate in a retail loyalty program, and 63% modify their spending to maximize loyalty benefits. According to the Harvard Business Review, increasing customer retention rates by 5% can lead to an increase in profits ranging from 25% to 95%. The statistics on consumer participation and spending modifications in loyalty programs reinforced the potential impact of such a program on customer retention and, consequently, economic benefits for businesses.

The Hyde Park Loyalty Program stands out as a response to a clear business need: revitalizing the economic output of the Hyde Park area and addressing the struggle faced by businesses in the aftermath of the pandemic. It wasn't just a replication of an existing loyalty program; rather, it was tailored to the unique challenges and opportunities of the Hyde Park community. The program's structure, reminiscent of the McCafé rewards system, provides a familiar and user-friendly experience for shoppers. In response to the challenges presented by the post-COVID environment and the competitive landscape of nearby economic centers, the HPBIA strategically positioned the loyalty initiative as a catalyst for growth. The program encourages shoppers to choose Hyde Park over alternative destinations, directly impacting the economic success and growth of businesses within the BIA.

The initiative's innovativeness is evident in its back-to-basics, cost-effective approach, aligning with the HPBIA's goal to keep the program financially sustainable for both the association and its members.

The positive impact of the Hyde Park Loyalty Program is multifaceted. Beyond addressing the immediate need for increased foot traffic and economic revitalization, the program fosters customer retention, supports local businesses, and positions Hyde Park as a preferred shopping destination. The tangible results, such as the redemption of loyalty cards for Hyde Park Dollars, further emphasize the program's success in encouraging sustained shopping within the area.

The Hyde Park Loyalty Program is not an opportunistic project; it is a strategic and innovative response to a business need. Its uniqueness to the HPBIA, coupled with clear steps taken to make the initiative innovative and impactful, positions it as a standout which enhances the community's vibrancy and economic success.

AUDIENCE

Main Audience

The Hyde Park Loyalty Program was tailored to resonate with the specific demographics and characteristics of the residents in the Greater Hyde Park Area, living within a 5-10km radius surrounding Hyde Park BIA boundaries, particularly at the intersection of Hyde Park and Gainsborough Roads.

The Loyalty Program was designed with an understanding of the population of the Greater Hyde Park area, which comprises 37,105 residents across 13,474 households, emphasizing the intimate community within the program's reach. With a median age of 47, the program considered the preferences and lifestyle choices of a demographic that is established in their careers or preparing to enter the workforce. The average household income of \$96,415 provided valuable insights into the residents' disposable income, signaling the potential for increased spending in the local business community.

The loyalty program was strategically crafted as a tool for stimulating economic growth within the area. By making residents the primary audience, the initiative sought to cultivate a pattern of sustained patronage among locals, thereby contributing significantly to the economic revitalization of Hyde Park. In navigating the competitive landscape, which included various economic centers within a short drive, the loyalty program strategically positioned itself to compete with neighboring areas like Oakridge and Masonville, emphasizing the unique advantages and convenience of shopping within Hyde Park.

Several factors about residents and visitors informed the decision to make them the primary audience:

Consumer Behavior: Research, including studies like the one by Accenture, indicated that a significant percentage of consumers participate in retail loyalty programs. This insight into consumer behavior reinforced the potential impact of a loyalty program on residents' shopping habits.

Community Connection: The loyalty program aimed to leverage the sense of community within Hyde Park. The understanding that residents often take pride in supporting local businesses and maintaining a vibrant local economy made the loyalty program a fitting choice for this audience.

Economic Impact: Recognizing that the economic success of Hyde Park businesses depended on local patronage, the loyalty program was tailored to meet the needs of residents who wanted to contribute to the growth and prosperity of their community.

Other Audiences:

While the main audience was local residents and visitors, secondary audiences were considered:

Business Owners and HPBIA Members: The loyalty program directly impacted business owners within the BIA. By engaging them as a secondary audience, the HPBIA ensured buy-in and participation from businesses, fostering collaboration for the program's success.

Tourists and Visitors: While not the primary focus, tourists and visitors were considered as a secondary audience. The loyalty program aimed to make Hyde Park an attractive destination for visitors, contributing to the broader goal of growing the tourism footprint in the area.

GOAL AND OBJECTIVES

Overarching Goal: Increase spending in the Hyde Park area & build brand loyalty to HPBIA businesses.

Measurable Objectives:

Participant Growth: Have 100 cards redeemed in the first year, grow by 50% in the second year.

Repeat Use Rate: Set a repeat use rate of 30% in the first year, growing by 50% year over year.

IMPLEMENTATION

The development and implementation of the Hyde Park Loyalty Program by the Hyde Park Business Improvement Association (HPBIA) involved a thoughtful and strategic approach to engage both businesses and residents. The initiative was born out of a group evaluation of existing programs, specifically previously issued member-specific gift cards and Hyde Park Dollars, with the aim of creating a loyalty program that was cost-effective and maintained a connection with members.

The decision-making process involved weighing the drawbacks and costs of combining gift cards and Hyde Park Dollars, investigating other, technology driven initiatives such as Downtown Gift Cards or AnyCard, leading to the development of a loyalty program inspired by the simplicity of the McCafé model. The emphasis was on creating a low barrier to entry for both businesses and shoppers, avoiding the need for account creation and excessive emails. The strategy included auto-enrolling member businesses to facilitate easy participation.

The Hyde Park Loyalty Program stands out for its tangible and user-friendly approach, diverging from the prevalent trend of digital-centric loyalty initiatives. Its tactile nature is embodied in the distribution of physical loyalty cards, a deliberate strategy to engage a diverse range of shoppers who may prefer a traditional, hands-on experience over digital interfaces. This simplicity not only encourages a higher adoption rate among local merchants but also contributes to the overall success of the loyalty initiative. The Hyde Park Loyalty Program, through its deliberate embrace of the tactile, fosters inclusivity, ease of use, and community-driven engagement that resonates with the preferences and needs of both shoppers and local businesses.

To introduce the program to businesses, a summer student was hired to engage with them in May 2022. Materials, including stickers, tent cards, and cash register info cards, were distributed to each Hyde Park BIA member business to inform and engage customers. Members had the option to display Hyde Park Loyalty decals to confirm their participation. Since then, information about the program is included in all New Member packages.

For the community, an initial targeted mailout reached 30,000 homes in Hyde Park and neighboring communities, broadening the program's reach. The program was also promoted on BIA socials, BIA CTV commercials, and bus shelter ads in the area.

The loyalty program mechanics were designed to be straightforward, with participating businesses providing stickers to customers based on transaction types. Stickers for the program were purposely designed to be un-peelable once placed on paper, and un-replicable. The stickers are colour coded to denote industry sectors. Once customers collect eight stickers on a card, they redeem them for \$25 Hyde Park Dollars, usable at participating businesses.

To streamline the redemption process, customers provided contact information through a website redemption form and submitted a photo of the front and back of the loyalty card. Approved redemptions result in Hyde Park Dollars and a new loyalty card being sent to customers via mail. Redemptions also take place in person at the Hyde Park BIA office.

Internal procedures, including serialized loyalty cards and meticulous record-keeping, were established to ensure accountability and governance. A dedicated budget of \$10,000 for the initial print and launch of the cards/stickers, along with \$1,500 yearly for top-ups, was allocated. Surplus funds were moved to short-term GIC accounts for other program activities. The dollars given out in this program come from a separate line budget for Hyde Park Dollars. Of The \$15,000 budgeted for Hyde Park Dollars, \$5,000 is set aside for Loyalty Card redemptions.

Timing was crucial, with program creation starting in March 2022, a mass mailout in May 2022, and a program launch in June 2022, coinciding with community events like Pondfest. Ongoing reviews and targeted pushes, including collaborations with specific businesses like Unger's Market and Giant Tiger, were planned for program success and maturity.

Barriers, such as business buy-in and staff training, were proactively addressed. Auto-enrollment simplified participation for businesses, and comprehensive support materials, including cash register cheat sheets, were provided to facilitate staff training. For BIA staff, time dedicated to this program is very little, averaging 3 staff hours a week.

The decision to adopt a "back to basics" approach with paper cards and stickers, after reflecting on experiences with technology-driven programs, was a strategic choice. This approach ensured that the program would not consume excessive staff time for both the BIA and participating businesses.

The integration of the Loyalty Program with the Hyde Park Dollars initiative has yielded a remarkable outcome by fostering stronger connections with previously disengaged members, notably including one of the "anchor" businesses within the HPBIA. The Loyalty Program, with its tangible and accessible approach, provides a platform for these anchor businesses to reconnect with their customer base. Simultaneously, the Hyde Park Dollars component injects a sense of economic empowerment, allowing businesses to witness firsthand the direct impact on local spending and community support.

By bringing these initiatives together, the HPBIA has not only enhanced its economic strategies but has also succeeded in creating a collaborative ecosystem where businesses, residents, and the association share a collective interest in the prosperity of Hyde Park. The strengthened relationships with previously disengaged anchor businesses showcase the transformative power of thoughtful, integrated programs in fostering a sense of community, support, and sustained economic vitality within Hyde Park.

RESULTS

Participant Growth Objective

Measured Outcome: A total of 290 loyalty cards were returned between June 2022 and December 2023, with 115 returns in the first year and 175 returns in the second year.

Analysis: The initiative exceeded the goal of having 100 participants in the first year, achieving 115 participants. The growth in the second year was remarkable, surpassing the 50% target with a total of 175 participants.

Benefits: Increased participation directly contributes to higher foot traffic and spending in the Hyde Park area, fulfilling the overarching goal of the initiative.

Repeat Use Rate Objective

Measured Outcome: Using the repeat customer formula of $[\text{return customers}] / [\text{total customers}] \times 100$, we determined there was a repeat purchase rate of 52.94% achieved in the first year, exceeding the target of 30% in the first year. A rate of 86.48% was achieved in the second year, surpassing the goal of growing by 50% year over year.

Analysis: The growth in repeat purchase rate from year 1 to year 2 represents a 63% increase, showcasing a significant positive shift in consumer behavior.

Benefits: The high repeat purchase rate indicates the loyalty program's effectiveness in building brand loyalty, encouraging customers to return and make repeated purchases.

Overall Assessment:

The initiative demonstrated remarkable success in meeting its overarching goal and measurable objectives. The increase in participant growth and repeat use rate highlights the positive impact of the Hyde Park Loyalty Program. The tangible outcomes, supported by quantitative data, underscore the effectiveness of the initiative in driving spending, fostering brand loyalty, and achieving the organization's strategic objectives.

Loyalty Supplemental Materials:

Loyalty Card:

https://drive.google.com/file/d/1K66m3qcAm320zb1Z47I9A_M3GjAMCYJ/view?usp=drive_link

Loyalty Card Mail Out:

https://drive.google.com/file/d/1gj8sL78sHbjohukoT6UCZD6YnmrNosGi/view?usp=drive_link

Loyalty page on website: <http://hydeparkbia.ca/loyalty>

Loyalty Card Documents for Businesses: https://drive.google.com/file/d/1-kVRKth2mAbV-w1RNVB0NEIED4Ezyi7y/view?usp=drive_link

Unger's Market promo support: https://www.instagram.com/p/CppyNBqI28N/?img_index=3