



Asia-Pacific Centre
for Franchising
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Franchise Faculty Series

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Franchisee Loyalty Programs and QR Codes

Transcript

In today's developments, things are moving rapidly. And it was interesting . . . I went to the Griffith University Marketing Seminar recently in November and I attended it the previous November. And one of the speakers said there that "QR codes, that's old hat. We all know about those," and was dismissive. I found this... well, whilst you're very close and within an industry you may think that but it may be not what your customers are thinking about it, because the previous year that I attended the Griffith University Marketing Seminar, no one mentioned QR codes. Then suddenly they'd come and oh, no, no, they're boring now.

But I think QR codes are . . . a QR code is a quick response, you know, those square, wiggly lines that you see? So they're all over the place now and with Smartphones and iPhones and everything, you're able to use them. It's like a bar code. The QR code was invented by someone at Toyota for spare parts and he was a generous fellow, in that he made it available to everybody. If he would have said, "Anyone that wants to use a QR code's got to pay me .0001 of a cent," he would be a rich man now. He'd be richer than the guy that invented the little balls that go in the Guinness cans.

So QR codes give us a great opportunity, because it's a very cheap way of being able to set up with Smartphones and being able to communicate with your customers. By having a QR code and a Smartphone people, if they load the app onto your phone, they can then engage with you right away. The difference is a few years ago, if you wanted to do a customer-loyalty-based program that didn't involve people carrying a card around, you wanted to have a swipe card or you had a little card with a barcode on it that you put on your key ring, and then you had to have a special reader so every store had to be set up and they had to then be connected online. The connectivity and all that – it was all complex and pretty expensive, okay?

QR code – you can get them for free. You then print it out on a bit of paper, laminate if you like, and put it by your cash register with a deal. Cost of that? \$2.00. Okay, once you've got that set up, if you then go to an app company, such as Stamp Me or someone like that that has the loyalty cards, you can then use that with a backup house. You can invent your own loyalty programs.

Generally, I find that, as always, when you go to the IT department when you're there, they're going to do something, they've been going to do something, but it's never ready to do. So done is better than complete. In my view, if you go to someone that provides it already, they're going to upgrade it. And they're cheap as anything for companies like Stamp Me to use. So you go to them and then you can understand what your customer is. So when your customer comes in, they don't have to carry a lot of cards. They can scan it easily, you know, buy one coffee, get the next one for free. They don't have to carry it around; they look at it when they come in.

As these phones get smarter, we're going to be using them for money and for all sorts of ideas and everything like that, right. You can't, "Where's my phone? Where's my phone?" You know? You can't go out of the house without one. So you've really got to bring your business up to speed with these Smartphones and apps and QR codes. The QR codes are just totally cheap to operate. You can get somebody to support it with a software. If you've got 1,000 stores, you work at the cost of using Stamp Me. They can have you set up and running within two days of when you say yes. Even if you've got other loyalty programs going on, they're going to diminish.

If you've already invested heavily in software and swipe cards and readers and all that, forget about it. In a couple years' time, you won't have heard of them. You need to get on board. Get a QR code-Smartphone interface going. You're then going to be able to – because at the moment if you've got a loyalty card that someone comes into your store with, you stamp it and they go away. They come in again, you stamp it and they go away. So you don't really know much about the customer because they haven't registered with you. If you've got a swipe card, yeah, they're registered with you, but the cost and everything of doing that.

Okay, so using a QR code and a company like Stamp Me, then you come in, then immediately they have to download the app. They give their telephone number, their email address and their postcode. So immediately you can find out, okay, these are my best customers, these are the loyal customers, the word of mouth customers. I can then find out how often they come in, what their frequency is, and what their buying patterns are, the products they're buying. The beauty of these QR codes, you can have as many deals as you want, a little flipchart. You bought a pie, you bought this, depends on how you execute it.

So you're then able to understand which people – you can analyze it, you can mine all this data. And if you find . . . one of the things that we suffer from most in the franchising world is your lapsed customer. Someone's been to the store, they got a bad product, they got bad service, they're unhappy, and they're gone forever. And it's the opposite of when people have positive word of mouth. Negative word of mouth is a lot worse than positive word of mouth. "Oh, I had a bad experience. I'm never flying [insert name of airline] again."

What happens is that with this you can then, if you notice you've had a loyal customer and suddenly they stop, then you can communicate with them, give them an offer. You may find they've moved out of the area. But as the next generation 5G phones come along, you're then going to be able to find out, "Hang on, that person is still in the area. They're nearby but they're not coming in." You can then communicate with them, try and set things right. "Come in, here's a free product." So if you work out what a loyal customer, if they come into your store three times a week, spend \$5.00 and live in that area for five years, do the math and work it out. So loyalty cards and by using them on Smartphones gives you the opportunity to mine the data of your customer, to understand their needs and to be able to anticipate them and to be able to maintain them for longer.