Place marketing and place based loyalty schemes

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1. Introduction

The place marketing literature is explicit and consistent; place branding is absolutely necessary (Allen 2007, Gertner 2011, Kavaratzis 2004) in the management and marketing of the place (Kavaratzis and Ashworth 2008, Wahlberg 2016). The importance of place branding is increasing as a result of growing competition amongst places (Medway and Warnaby 2008) and the importance of location as seen by consumers (Allport 2005) and businesses (Di Gregorio 2017). The debate however really commences when the question moves from 'whether' to 'how' to place brand. There are different strategies presented in terms of place branding for tourism (Boyne and Hall 2004, Dinnie 2004), economy (Allen 2007, Konecnik Ruzzier and de Chernatony 2013, Zhao *et al.* 2015) and retailing (Heaps 2005, Demirbag Kaplan *et al.* 2010, Dobson 2012, Stocchi *et al.* 2016). There is, though, no consensus about any preeminent solution, causing problems from the point of view of practice and place managers (e.g. Boisen *et al.* 2018, Eshuis *et al.* 2018, Kavaratzis 2009, Warnaby 2019). Our research contributes towards bridging this gap from 'whether' to 'how', by considering place based loyalty schemes as a potential mechanism.

This study seeks to extend place management and marketing understanding by concentrating on the strengths and weaknesses of the place based loyalty scheme concept. Literature suggests that effective place branding strategy creates a growing stakeholder community that solves problems and builds the competitive advantage of the place collaboratively through trust, resource-sharing and cooperation (Kavaratzis and Hatch 2013, Zhao *et a*l., 2015). All these elements are recognised, used and potentially enhanced by the

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place based loyalty scheme concept, making it potentially beneficial as a component of effective place marketing and branding.

Loyalty is not a uni-dimensional construct, but encompasses both attitudinal and behavioural components. Not unsurprisingly various definitions are provided by the literature but all have some commonly shared elements (Khan 2013, Swoboda *et al.* 2013). In a loyalty scheme the implicit belief is that the scheme operation will provide a mechanism not only for repeat purchase but also for improved perceptions of the scheme provider. The collection and redemption of points or other bonuses/incentives offered by the scheme impact consumers' motivations to participate in loyalty schemes. Consumers' ongoing perceptions of the organisations involved and the loyalty scheme itself are also affected. The loyalty scheme can be a tool to influence the future purchasing behaviours of target groups (Liu 2007, Smith and Sparks 2009, Bivainis *et al.* 2011).

Place based loyalty schemes attempt to maximise the benefits of various groups of 'place users' by bringing together providers under the place brand. Place based loyalty programmes provide therefore the opportunity to strengthen the relationship between local businesses, place managers and town and city councils which play a significant role and affect the success or failure of such activities (e.g. Kavaratzis and Hatch, 2013, Pasquinelli 2014). Place based loyalty solutions have also been identified as a method of tackling the decline in high street retail and ancillary town activities and issues over the 'sameness of place' (Bennison *et al.* 2010, Dobson 2012).

This paper analyses place based loyalty schemes from the practitioners' perspective, as it is town and city managers and local businesses which need to work together to implement such schemes. Our research questions focus on the relationship between place based loyalty programmes and marketing of the place as a whole and on the potential benefits for local businesses and managers from implementation of such a scheme run-on.

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The next section of the paper provides the conceptual framework and develops the theoretical background of our research questions. This is followed by a discussion of the methodology, outlining and justifying the overall approach. Findings and discussion are then provided. Conclusions and implications are followed by some limitations.

2. Conceptual Framework and Research Questions Development

2.1. Place marketing - relationships perspective

Place marketing is an indisputable element of every-day reality of place and town centre management and development (Pike 2009, Demirbag Kaplan *et al.* 2010). The potential of a place has to consider the key stakeholders (including business managers and place managers), and a desire for increasing variety in places and town centres (Wahlberg 2016). Fulfilling the preferences and wishes of consumers by better understanding and then providing the offer that encourages the demand of consumers in towns and city centres is vital. Relationships created in this process are focused on long-term goals, but can be very beneficial in the short-term (larger turnover for the businesses, more visitors to the place, higher attendance at various events etc.). People have and value relationships with places.

2.2. Place marketing - loyalty schemes perspective

Place based loyalty schemes enable mutual support between the brand of the place and individual businesses. This corresponds with the necessity to link retail and place (Bennison *et al.* 2010). There are several motivations to research, run, improve and invest in a programme supporting both town and businesses at the same time. The literature though is not consistent in terms of the impact of such loyalty schemes. Whilst attention is often directed onto the positive effects of loyalty schemes (Roehm *et al.* 2002, Bivainis *et al.* 2011), some results

contradict this positivity (e.g. Lacey 2009). This suggests a need for further investigation to understand and comprehend loyalty schemes in general (Lewis 2004, Liu 2007), and place based schemes specifically. The effect of loyalty programmes on retail customer experience also needs further investigation (Lin and Bennett 2014). From the point of view of place management and marketing this inconsistency of outcome strengthens the rationale for further work. Therefore the first research question of this study is:

RQ1: How do place based loyalty programmes affect place marketing?

2.3. Place based loyalty scheme - key stakeholders' perspective

Place administrators should take into consideration all stakeholder groups (Hultman *et al.* 2016). Place based loyalty scheme value is thus connected with these groups and their benefits. There are three key groups (consumers, business managers, place managers) and place based schemes need to try to maximise the benefits for all stakeholders (Table 1). Such a goal requires disentangling the complexity and constraints resulting from the different characteristics and priorities of these groups.

The customers' viewpoint is widely analysed (e.g. Bivainis *et al.* 2011, Liu 2007, Roehm *et al.* 2002). It is assumed however that this is not normally the group deciding the existence and implementation of the place based loyalty scheme in a particular place. Consumers have decisive power in terms of the place based loyalty scheme operation (they use it or not) but in terms of introduction, are only engaged in an indirect way. Consumers are the target group of the final concept so their expectations have to be taken into consideration conceptualising, preparing and implementing any place based loyalty scheme, but they are less engaged in initial operation.

Customers' needs and satisfaction have to be considered by the other stakeholder groups, which are those involved in bringing schemes into operation. Key groups here are place

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managers and business managers (e.g. retail) and other businesses and organisations in the place. While they hold the decisive power in terms of introduction and operationalisation of the place based loyalty scheme, their point of view is underexplored and needs deeper understanding. These stakeholders are impacted by all the practicalities of the schemes, and they are also those often paying the costs of the schemes and managing and sharing data. Therefore, understanding place and business managers' perspective on place based loyalty schemes is fundamental to understanding the potential of such schemes/programmes and the benefits and overall impacts of a place based loyalty programme, as well as the barriers to introduction. The second research question is:

RQ2: Can place based loyalty programme be beneficial for local places and businesses?

3. Methodology

3.1. Initial proof of concept scheme

In order to research in this area a functioning scheme is ideally needed to demonstrate the potential and feasibility. There are a variety of such schemes and approaches but often they have been very low specification. We were able to work with a start-up technology company and a specific place (Perth) at the outset of developing a technologically enhanced scheme. This study reported here therefore began with an initial (2014) proof of concept project (carried out by Miconex Ltd and the University of Stirling) involving three businesses in Perth City Centre. The proof of concept promoted a transactional loyalty programme across these three separate independent businesses. Its objective was to create a pilot scheme, enabling consumers to earn rewards based on their spend across all three businesses by using the same loyalty card/app, but with limited technological investment by the retailers. Customers would be able to register and then to activate and redeem rewards at these businesses thus creating a closed

loop solution. <u>This pilot scheme also played the role of specific market research diagnosing the potential need for such a scheme.</u> Whilst many schemes for particular separate businesses exist (e.g. Tesco Clubcard), this proof of concept sought to deliver a similar scheme across independent operators in one town. The project proved that it was technically possible to create such a single loyalty programme for numerous independent businesses. It showed, however, some issues with the sign up and registration online for interested consumers and the need for adjustment of the exact benefits of being in the scheme (scheme dynamics). Consumers' reactions showed that they were happy to engage in a programme such as this. The consumer take-up in the proof of concept scheme was numerically reasonable and consumers were willing to use the scheme, in some cases extensively, which given its limited scale was interesting. Customers' views were very positive and they recognised and looked forward to the ability to support individual independent retailers, but also the collective set of such retailers across a place. This proof of concept generated a range of transactional data over the period of time of the concept phase, which also supported the concept of the generation of useful data.

3.2. Primary research - procedure

This paper addresses both the relationship between the place based loyalty programmes and place marketing and the potential benefits of such a programme for local businesses (RQ1 and RQ2). We initially used the data gathered from the businesses, consumers and the operator in proof of concept stage. We then expanded the scale and scope by focusing on the practitioners' perspective on the practical aspects of place based loyalty schemes. We conducted a three-stage investigation involving a focus group, quantitative data analysis and semi-structured interviews (Figure 1).

3.3. Primary research - focus group

Since we treat place and business managers as fundamental stakeholders holding decisive power to introduce place based loyalty scheme to a place, their opinions were the key ones to investigate. We therefore began with a focus group organised at the University of Stirling. Among the participants (9 persons) were representatives of city councils, place managers, scheme founders, businesses and academia, drawn from across Scotland but with an emphasis on Perth. The focus group lasted over an hour, shared previous experiences and focused on aspects of RQ1 and RQ2. It was not voice or video recorded but copious notes (developed into minutes) were taken by the researchers. This stage also contributed to the structure of the subsequent interviews and the choice of interviewees in the next stage.

3.4. Primary research - quantitative data

Consumer transaction data was available from the proof of concept scheme. Additionally, the proof of concept scheme had continued to produce data beyond the intended proof of concept period. This was due to both the businesses and consumers continuing to see value despite its limitations. This data was available to us. Quantitative analysis of this extended transactional data, collected from the beginning of the initial proof project (September to December 2014) until December 2016 involved 1365 cards and 17004 analysed transactions.

3.5. Primary research - interviews

Following the focus group and quantitative analysis of transactional data, the third and key stage involved semi-structured interviews with place managers (11) and business managers (12). The interviews were suspended when saturation was reached. Place managers (town centre managers, BIDs (Business Improvement Districts) managers, local authority managers) were drawn from different regions in Scotland to achieve a broad place perspective. The

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interviewed businesses were from Perth (Table 2) and represented a wide variety of business

sectors (restaurants, gym, gift shop, souvenir shop, spa and hairdressers, coffee shops, country

shop etc.). All businesses were independent and situated mainly in Perth centre. Each interview

took circa 45 minutes and was voice recorded. The analysis took the form of coding and theme

development using Miles and Huberman's reduction logic and cross-cases matrix approach

(Miles and Huberman 1994), all based on the primary information contextualised within the

secondary sources.

4. Findings and Discussion

Both quantitative and qualitative elements proved important in the investigation of place

based loyalty schemes from the place marketing point of view. We address these separately in

turn.

4.1. Quantitative data analysis

The extended (proof of concept and beyond) data set shows a continuing use of the scheme

from both consumers and the three independent businesses. The unsupported proof of concept

scheme continued to operate and collected data for two years beyond the initial project. During

that period the scheme operated well and consumers and businesses animated and redeemed

rewards. By December 2016 there were 1365 customer cards issued, which had been used for

17004 transactions. A quarter of the cards had been registered. Users could obtain a card but not

register it, thus not provide any details or transaction tracking. Registered cards allowed personal and

transaction data to be used. Almost 70% of the transactions were by registered cards. Nearly 175

rewards had been activated, of which 110 had been redeemed. The lack of breadth to the

scheme and its pilot nature means that useful place based data is not available beyond the three

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businesses. Also beyond proof of functionality it is not possible to learn that much from the extended data set, though the potential for detailed analysis from such an enhanced scheme is clear.

The number of cards issued and the share of registered cards increased over the life of the scheme (Table 3). The number of transactions increased in total (though not on a per month basis) as did the share of transactions of registered customers. Total spend per person is far higher for registered customers than for non-registered ones, and so is the total number of transactions. Average transaction spend per person, on the contrary, is slightly lower for registered customers than for non-registered ones.

Despite the limitations of the programme (it was not managed, advertised etc.) customers (and to an extent also the businesses) continued to use and (we presume) value it over the extended period of time. This is especially true of the registered customers. The data provided useful information to the businesses but less so for place managers given that only three businesses were involved. Some information on time and frequency of visits to town were helpful.

4.2.   Qualitative analysis

The qualitative research shows that there is a real interest in the development of a place based loyalty scheme. There are, though, concerns/differences over who/which businesses should be included in such a scheme (e.g. type (national/independent), reputation, BID member). Awareness of potential data issues is high, but so is the awareness of potential benefits. There are differences amongst and within groups concerning the willingness to share data to gain benefits. Results demonstrate that the benefits are inadequately perceived by some respondents leading to concerns over ongoing costs and return on investment. Moreover, the place based nature of the scheme and the different backgrounds and contexts of place managers

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mean perceptions and attitudes vary, with some being more positive and other seeing difficulties with maximising the benefits.

The focus group confirmed the need for further investigation and directed our attention to the key potential issues concerning place based loyalty scheme: costs of implementation, potential benefits and challenges for both place itself and businesses, involved members, place and/versus business marketing/branding activities etc. This focus group also helped develop the final structure of the interviews and the identification of potential interviewees.

The outcomes of the key qualitative element (semi structured interviews with the place and business managers (Table 4)) were analysed using Miles and Huberman's reduction logic and cross-cases meta-matrix approach (Miles and Huberman 1994). Twelve themes were created (Table 5) and the main findings are as follows:

I.   Priorities of the organizations, place, etc.

Among businesses the most common setup is the small (and often, family) specialist firm (restaurants, cafes, retail stores – country store, gallery, gift store, butcher's, toy store, fitness club, sport store, beauty salon, etc.). Their target groups are different but they are connected with the place itself. Among place managers one can distinguish between place managers concentrated on different geographic regions (in terms of size: a city centre (e.g. a major city BID), the region (e.g. Highlands and Islands) or the whole of Scotland (Scotland's Towns Partnership)), different issues and specificity (e.g. Edinburgh as the capital with many national businesses and tourists, Paisley as the place from which people usually commute to work, Stirling as the city with tourist attractions (the Castle and the Wallace Monument)). There is a general tendency toward emphasising the difference between tourist sites having lots of visitors and those that rely mainly on their inhabitants, those which are focused on the national businesses and independent businesses, and those with a relatively small place/region-orientation or relatively wide perspective. Priorities for schemes thus varied.

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II.   Importance of understanding the customers: a) in general, b) at a place level.

Both place managers and independent businesses really value highly the need to understand customers, their habits and their preferences. Moreover, they all admit that the place-level perspective is meaningful for them. Nevertheless, independent businesses are more focused on the individual perspective of their customers (more current than potential) than at the place-level, whereas the place managers are concerned with exactly the opposite i.e. what is happening at the place level.

III.   Valuable data: a) already gathered, b) needed; and valuable tools: a) software, b) IT solutions etc.

All interviewees can see the value of the data but their perception of these possibilities differs considerably: only some of the independent businesses realise what kind of data could be gathered (mainly just summary statistics are mentioned without splitting them between the particular groups of customers or products/brands) and how they could be beneficial at a detailed level. Among the place managers, huge differences could be observed in terms of the kind of data already gathered and used (free Wi-Fi in the town is perceived as a source of very valuable information, some managers pay for data concerning number of people in the town, sales summaries, etc., they are involved in some projects providing data and they are sometimes able to create a benchmark of their outcomes). Some managers also gather data referring to the hospitality provision of their towns and number of visitors. The most common preferred solutions in terms of tools and software are simple and those which provide options to choose among the set of criteria according to which they can be analysed. Among the data perceived as very useful, both groups of interviewees mention most often: "postcodes, addresses, age, gender, information about how often they come in, what do they do…". Managers also suggest: "where they travel, average spent per person, how much time they spend in the town, what is their motivation". Businesses add also products/groups of products, brands, time when

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customers come (weekends vs weekdays, mornings vs evening, etc.). One aspect emphasised by the majority of the interviewees is that even when they have much information gathered already, they still would like to have more, and they treat different sources as complementary rather than as competitive. The majority of interviewees suggested also that both plastic card and a smartphone application should be offered to customers, preferably with a web page as well: "All software tools and solutions should be easy to use but I would choose the best option if you would present some examples".

IV.   Data sharing.

This is a very sensitive point. For the greater good, businesses (not all though) are rather open to share the data with other entities involved in the programme but mainly at a summary level. Moreover, the independent businesses are more open to share the data with the city council than with other businesses, though they see the potential in doing that (in most cases). The place managers' point of view is far more cooperative and sharing-oriented. In the context of data sharing, a further issue often underlined by managers is the data ownership and accessibility (such programme characteristics were perceived by them as crucial and could decide the success or the failure of the whole concept).

V.   Concept at a general level.

Among both groups of interviewees (with only one exception) the place-based loyalty programme is perceived as a concept which does appeal at a general level. It is connected however with some concerns or hesitation over the details.

VI.   Benefits from the loyalty scheme: a) in general, b) in the context of already existing solutions/tools.

Both groups of interviewees were able to name and easily list the potential benefits from a place based loyalty scheme (with only one exception). Among those the most popular ones are: encouragement to come to the place, additional reason to spend money in the town instead of

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going somewhere else, supporting the local community, valuable source of fruitful data, and additional platform of communication with all groups of stakeholders involved in the scheme. Those who already have a loyalty programme (either complex with a lot of data gathered or simple like the card with stamps) perceive the place-based loyalty scheme as a complementary solution. Any current scheme is not a reason for them not to be involved in a place-based loyalty scheme (with only one exception). Moreover, if they already have a loyalty programme in their own store they are able to see the benefits of the place based loyalty scheme even more clearly. Additionally, even if someone would not want to be involved in such a programme (because they have one already) they still can see the variety of benefits for the place as a whole from running one. In terms of tools the most common suggestions refer to simplicity concerning the application process, usage for customers and data analysis (both from the summary perspective but also very detailed when needed).

VII.   Kinds of businesses that should be involved.

There were contradictory opinions about national business being involvement in the scheme. The majority of independent businesses would prefer not to involve the nationals in the place based loyalty programme. They emphasised the fact that it should be a tool for gaining an additional competitive advantage in comparison with national businesses and it should be a tool to convince people to support local companies instead of nationals. At the same time the majority of place managers would prefer to get the nationals involved. They do not state however that it could become the criteria for deciding that there is no value in the programme if the nationals would not be involved – "…I think it would still have some value but…". Nevertheless, especially for BID managers that have nationals as members, it could be a reason not to join the programme. Some independent businesses mentioned also that competitors should not automatically be involved in the programme. According to their opinion the reputation of businesses being involved is important: only the ones with the positive image

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should be offered to join the scheme (it was a minority that stated this opinion though). The most common opinion in that context was expressed as: "the more the better", "the whole range of branches and businesses would be useful". However there are tensions here.

VIII.   Marketing pros and cons of place based loyalty scheme.

Both groups of interviewees mentioned that one of the most valuable advantages of the place based loyalty scheme is the opportunity to share the marketing and communications cost and maximise their effectiveness at the same time for the greater good of all involved. Moreover it would be an additional complementary tool to employ along with the ones they currently use (most often social media and emails by independent businesses but the whole range of marketing tools applied by the place managers and organisations). Businesses mentioned also an increase of people's awareness in terms of the offer available in the place ("We've been here for so many years and some people still don't know about us").

IX.   Incentives and costs.

The majority of interviewees suggested discounts, free products, and some special offers for the customers or free parking in the city centre. Nevertheless there were also strict suggestions about the simplicity of options (one respondent suggested exactly the same discount in every place) and their high attractiveness (they could be personalised for individuals or correspond with the place specificity: free attractions, free tickets for some special events or exhibitions). Some special opportunities for childcare could be offered as well and it could be additional driver for people to come to the city centre or not to spend their money elsewhere. Neither businesses nor place managers perceive the cost as the reason for deciding about their interest in such a place based loyalty scheme. Nevertheless they all also mention the rate of return on this investment, so it has to be a convincing offer for themselves, and all their members in the case of BID managers.

X.   Raison d'etre vs main threats.

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In general, place managers are far more sceptical about the place based loyalty programme than the businesses. Nevertheless all of them see some advantages of such a solution. There are, though, completely different beliefs about the obstacles that have to be faced and the benefits possible. Among the main threats mentioned by managers were: the lack of goodwill and potential involvement of all BID members, the lack of the satisfying business outcomes (in terms of sale increase, reaching new customers), the lack of improvement of the communication between all groups of stakeholders involved. Businesses mentioned the lack of attractiveness (too few partners involved, only selective businesses not familiar enough for consumers), complexity (for them and for customers) and a bad reputation of the programme as a whole or the participants. For such a place based loyalty scheme the specificity of a place plays a big role as well, as it is more meaningful in terms of long-term relationships. As a consequence, there is a difference between tourists coming only from time to time or once in their life (it was underlined by some of the interviewees though that loyalty programme could encourage word-of-mouth marketing in terms of recommendations or encourage themselves to come back to the place) and people living in the town or in the neighbourhood.

XI.   Factors reducing involvement.

Not all the above threats were perceived as the factors potentially stopping any involvement in such a place based loyalty programme. The key criteria mentioned in this context were: data ownership and accessibility, too high costs in relation to possible gains (or actual gains after some time), bad organisation of the programme (not easy enough, not actionable enough, not operational in the long-term perspective), too time-consuming or complicated to apply in the introduction phase and later.

XII.   Basic criticism.

Place managers underlined the complexity of the process of application of such a place based loyalty programme as a tool applied by various stakeholder groups with possible conflict

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of interest (sometimes) and it possibly being relatively pricey in terms of getting the data. The same people admitted, though, that cooperation at a place level is crucial especially in terms of the place attractiveness. Among the factors improving the scheme benefit potential they mentioned: relatively high number of consumers and businesses, strong and relevant offer. The key questions mentioned by the interviewees in this context are: "Who do you want to respond? What is the customer interaction?", "You pull the audience, you interact with them, you communicate with them, you share information with them… you share information on the regular basis… What are the benefits of the place based loyalty programme?"

Findings of the research correspond with the judgement that place based loyalty programme may be a powerful tool to influence different stakeholder groups from the point of view of the brand supply and demand perspective (Hultman *et al.* 2016). Awareness of the need for the scheme among the respondents might be related with the increasing importance of the power of brand (De Chernatony 2010) not only in the context of the individual businesses or products but also places. Results showed clearly that all participants notice the growing necessity to build the competitive advantage of both place and businesses.

The need for differentiation is commonly agreed with respect to the products, services and places (towns and cities) (e.g. Kavaratzis and Ashworth 2005, Warnaby *et al*. 1998) and is identified also among the research participants. They are willing to invest in it not only for their own good but also for a greater good of their town (city, region). Respondents perceive the place based loyalty scheme as one of the tools/solutions to increase the desired differentiation.

The participants agreed that place based loyalty schemes may contribute to businesses and places and help with solutions to their problems. They also emphasise the potential to improve the situation of businesses and retail located in the scheme place, positively influence town management (Stocchi *et al.* 2016) and help with city branding (Braun *et al.* 2013).

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5. Conclusions and Implications

The lack of proper understanding of and reaction to the consumer experience in places (e.g. town centres) is one of the main triggers of declining business activity (Stern *et al.* 2001, Wrigley *et al.* 2015, Stocchi *et al.* 2016). This paper sought to contribute to the improvement of this understanding, by focusing on the potential and barriers to a place based loyalty scheme, the data from which could be a valuable resource. While a place based loyalty programme is considered by all key stakeholder groups as an opportunity, they are also aware of challenges and potential weaknesses. There are also significant differences in terms of approach and scope

Answering the first research question (RQ1) we identified tensions between the willingness to encourage the marketing value and attractiveness of the place as a whole (emphasised primarily by place managers), as contrasted with the particular sector/branch or the individual business (underlined mainly by business managers focused on competitive advantage). There are conflicting priorities which have to be resolved. These potential conflicts of interests can become an obstacle for the implementation of a place based loyalty programme.

In most cases interviewees though mentioned the positive effect of a place based loyalty scheme on the place where it would operate. They underlined the opportunity of co-creating value to the target group of 'place users' through a better tailored offer of a place and stronger relationships within the place (amongst various groups i.e. business-to-business, customer-to-business, BID members etc.). All perceived potential advantages of the place based loyalty scheme, leading to a belief they have future value.

Both research questions revealed a need for consensus on difficult data management issues, connected to both privacy/confidentiality and ownership/access (also in the context of competing businesses). This is a challenge that needs to be faced for place based loyalty scheme implementation. Whereas all stakeholders recognise the advantages of data functionality and

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various uses of the information in order to improve their relationship with target groups and maximise the benefits for the place itself and operating businesses, the extent of this recognition varied. For that reason the desired level of scheme sophistication was identified differently by different stakeholders depending on their technology and data awareness, IT skills and willingness to invest in additional IT solutions (potentially required). All stakeholders paid attention to cost of both implementation and usage, understood not only directly as particular sums of money but also indirectly as time dedicated to operations/analytics and possible additional workload. Stakeholders emphasised the cost of additional equipment, software and staff training; all perceived as potential disadvantages of a place based loyalty programme. Their concerns were connected also to customers' time required to become a scheme user and possible lack of enthusiasm/engagement of prospective users. According to key stakeholders though, gathering a lot of meaningful data about the preferences of the consumers and sharing information with other businesses/place management scheme members enable better communication with wider audiences, joined-up offers, shared advertising campaigns etc. compensating for the disadvantages. Such conclusions suggest that in terms of RQ2 local businesses are aware of the whole variety of potential benefits of a place based loyalty scheme implementation but put those in the context of possible costs, effort and competitive advantage.

Wider implications of the research are connected to the fact that actual 'spend' data from independent businesses is currently a key missing dataset which can help to provide important and needed intelligence for the businesses but especially for place managers. There is not enough such data available to town centre managers and BID managers. The consequence of this is that town centre management decisions are made based on metrics such as footfall (often poorly understood and measured) and anecdotal evidence, rather than actual transactional data. This can lead to inefficient use of funds, poor planning decisions and counterproductive interventions. It can be difficult to effectively assess the impact of interventions and

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disruptions. There is also no synergy amongst businesses of for the place. Currently each independent business holds their transactional data separately and there is little opportunity to use this data to understand how consumer spend is affected by interventions such as marketing campaigns, events and transport disruptions.

Our study, through all its phases, demonstrates a desire for place based loyalty schemes but a recognition of the potential businesses drawbacks. This leads in operational terms to a focus on simplicity and ease of use for all stakeholders. Taking lessons from this research and recognising the difficulties of reconciling contrasting views if complexity is in-built, it should come as no surprise that as a practical postscript to this work, the partners (Miconex Ltd and Perth) opted to introduce a Visa-type local gift card which keeps things simple and clear and avoids complexity. This approach has subsequently been rolled out to other places and BIDs across the UK. Such an approach avoids complexity for consumers and businesses and allows a focus on scheme animation and operation (from both consumers and businesses) and then data.

6. Limitations

The authors recognise limitations in this work. First, the quantitative data from the proof of concept scheme was not intended to be more than proof data could be collected and linked. Consequently, there is little to be gained from looking for detailed patterns from such a limited set-up. We can say, though, that it provided a positive feedback from the customers and businesses. Secondly, the research was conducted in a particular context (Perth, Scotland) and we are aware that generalisations should not be taken for granted. Nevertheless these findings offer insights into the place marketing field and provide some knowledge and understanding on issues in developing and operating a place based loyalty scheme, from a practical perspective.

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Figure 1. Research procedure.

I • focus group with representatives of stakeholder groups

II • quantitative data analysis

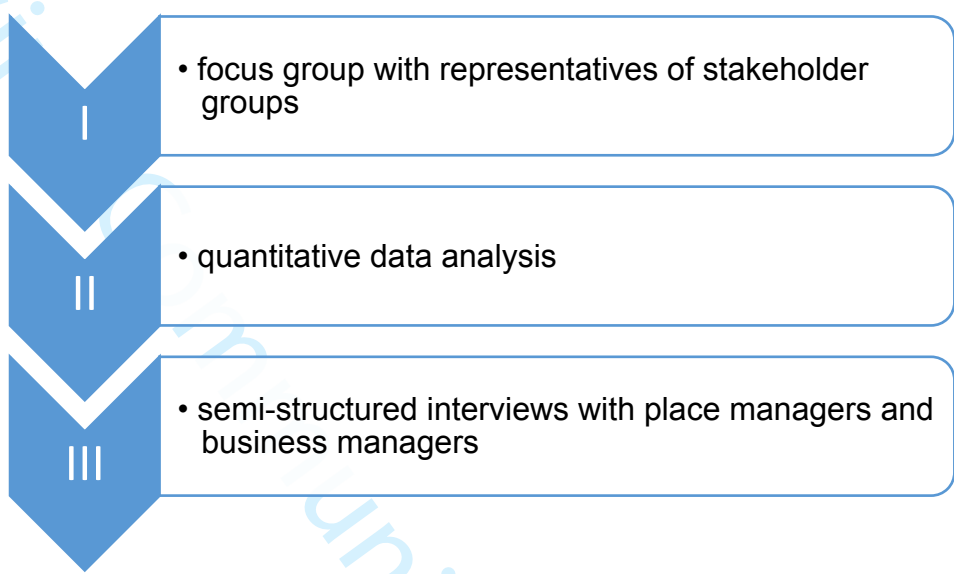III • semi-structured interviews with place managers and business managers

Table 1. Place based loyalty scheme benefits.

Stakeholder Group	Benefit
Consumer/Shopper	• Download application and register your payment card(s) • Shop at a range of local businesses (shop, service, attraction, venue, entertainment) and earn points as you spend • Collect points, and cash out onto a reward of place-centred gift card • Spend your gift card at a range of local businesses • Bonus – earn entries into a monthly competition to win a prize

Business Manager	• Learn more about your customers (to help sell more/better/more effectively):
	   ○ Who are they (age, gender, interests)?
	   ○ Where do they shop?
	   ○ Where do they work?
	• Drive loyalty in your business and place
	• Increased communication with customers – automated 'Hello' and 'Lapsed' emails
	• Support a scheme designed to increase overall spend in your place
	• Share data with Place Manager
	• Agree to pay % of points to participating customers, plus a per transaction programme fee

Place Manager	• Understand how people use your place:
	   ○ Who are they?
	   ○ Where do they spend money?
	   ○ How often do they spend money in the specific place?
	   ○ When do they spend money? etc.
	• Access to data and insight to drive your place strategy
	• Increase spend and participation in your place by running data-driven competitions
	• Increase communication and engagement with programme participants

Table 2. Interviews – summary.

Interviewee		Telephone Interviews	Face-to-Face Interviews	Total
Businesses Managers:		3	9	12
- cafes	2			
- restaurants	2			
- beauty/sport services	2			
- shops	4			
- art	2			
Place Managers:		10	1	11
- city council	4			
- associations etc.	2			
- BID	5			

Table 3. Registered (N=348) vs non-registered (N=1017) customers.

		Mean	Std. Dev.	Max
Number of transactions	Registered	33.54	57.88	543
	Non-registered	5.24	10.55	100
Total spend per person (in £)	Registered	170.95	320.55	3718.69
	Non-registered	27.21	51.85	521.3
Average transaction spend per person (in £)	Registered	5.7	3.64	46.69
	Non-registered	5.99	3.31	22.2

Table 4. Interviews - example of cross-cases meta-matrix approach.

Interviewee	Major concerns connected with the place based scheme concept in your environment	Major potential benefits from place based loyalty scheme introduced in your environment
Business Manager A	'…too much choice makes people lost…like too many options' '…simplicity…'	'…value exchange chains…'
Business Manager B	'…it wouldn't make any sense categorizing us with sandwich shop…'	'…that's a kind of what Perth needs - sense of connectivity…'
Business Manager C	'you need to widen the range of available businesses… to diverse the offer'	'…people shopping around are more likely to use mine…and people like the loyalty cards'
Business Manager …	…	…
Place Manager X	'I think the concept of loyalty is good… in practice it takes time and effort… it's difficult to encourage people effectively… it takes time and money…'	'You need to have this scheme to attract people at a place level… people are fed up with one business programmes…'
Place Manager Y	'[we would not be interested in such a scheme]…if it would be incredibly expensive (...), if it would be difficult for businesses to implement and use it, (…) if only certain types of BIDs would get involved…'	'...it would help in terms of both marketing the place and merchandising the particular events, activities…' 'It gives us a better chance to kind of picture the seek scheme… opportunity to do everything about the place not just market or promote it better…'
Place Manager Z	'…too small coverage of businesses involved…, not simple and attractive enough options to use is…'	'… understanding people and their behaviour is very important… access to data, people characteristics and preferences…'
Place Manager …	…	…

Table 5. Themes from the interviews.

1) Priorities of the organizations, place, etc.
2) Importance of understanding the customers: a) in general, b) at a place level
3) Valuable data: a) already gathered, b) needed; and valuable tools: a) software, b) IT solutions etc.
4) Data sharing
5) Concept at a general level
6) Benefits from the loyalty scheme: a) in general, b) in the context of already existing solutions/ tools)
7) Kinds of businesses that should be involved
8) Marketing pros and cons of place based loyalty scheme
9) Incentives and costs
10) Raison d'etre vs main threats
11) Factors reducing involvement
12) Basic criticism