

# Report

**Date:** 13/9/10

**Subject:** Appendix 2 - Congleton Area Bonus Cards

## Overview

In April 2010, a new membership scheme for health and fitness (Everybody) and concessionary discounts (Options) was introduced across all leisure facilities which replaced former comparable membership schemes which were operating from legacy authorities. The new membership schemes allow residents to use any Cheshire East Council facility as part of their membership fee.

While there is now a harmonised membership fee, regardless of which leisure centre is being used, there are still a number of differences in pricing for casual pay-as-you-go use and a loyalty scheme which is still in operation in the Congleton area called the Bonus Card.

## Issues

The Bonus Card has two key elements; it operates both as a loyalty card and a discount card. There are around 5000 live Bonus Card holders paying between £5-10 for their card fee on an annual basis.

### Loyalty Card

Loyalty Cards in the retail sector reward customers who regularly use the same outlet as well as providing a wealth of data about customer usage profiles. Customers in the former Congleton area facilities continue to gain and spend loyalty points at facilities in those areas, however as the leisure management system database is not shared across all three facilities, customers cannot transfer these points to facilities outside of the Congleton area. This lack of a standard approach is now beginning to cause some issues where customers are visiting facilities outside of the former Congleton area with the expectation of being allowed to continue using their Bonus Card in these centres. The potential data available from the loyalty scheme in terms of monitoring usage profiles is also not being used.

### Discount Card

The Bonus Card was introduced a number of years ago as a method for regular customers to gain a further discount on the published fees and charges with a "Bonus Card" rate for all customers of around 40-50p below the approved fees & charges in return for annual purchase of the card itself (around £10).

While there is an income element to the sale of the cards, the ongoing discounts more than outweigh the income from this card and therefore reduce the annual income potential for each centre when compared to non-card holders. Similarly with the issues relating to loyalty points, customer expectation is that the discount element of the card can be used at other leisure facilities outside of the former Congleton area where pricing is already set at a lower level which causes confusion to both staff and customers when these cards are presented.

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The discount element of the card also rewards casual use which then competes with the Everybody membership scheme which is designed to promote more frequent use and long-term health and fitness commitment, therefore the Bonus Card scheme is being seen by customers as a more attractive option than the new scheme and is potentially reducing the number of Everybody membership sales in the Congleton area.

## Proposal

A phased discontinuation of the Bonus Card is proposed which will be introduced alongside a phased review of fees and charges in October. As the Congleton area generally has a higher level of casual pricing, a harmonisation exercise in October would reduce certain fees which would minimise potential negative customer reaction which is likely purely as a result of removing the card.

### Phase 1 – 1/10/10

End sale of new Bonus Cards at all Congleton area leisure centres, backed up by a communications plan informing customers of the new options available to them (Everybody and Everybody Options).

### Phase 2 – 1/10/10

Write to live Bonus Card holders with a final date for 'cashing in' of loyalty points balances in June 2011 and confirming end of the scheme.

## Full Timescale

01/08/10 – Decision required for scheme withdrawal

6/08/10 – Staff briefing note circulated

16/08/10 – Customer notices produced in centres, email to available addresses

1/10/10 – New card sales end, staff encouraged to up-sell other membership options

1/10/10 – 31/10/10 – Write to customers informing of points balance and deadline for cashing in.

31/6/10 – Loyalty points to be cashed in by this date, no new points issued from this point.

1/10/11 – Final date for using cards (discount element only) purchased up to end of September 2010.