Loyalty Cards.

The first 3 questions we will mark as a class the last questions I will mark.

1: Identify hardware and software used in the process of using Loyalty cards? (4)

Barcode reader too look up the items price as well as the amount of loyalty points the customer receives for the item.

Magnetic strip reader to read the loyalty card, database software (such as Microsoft access) is used to look up the user’s information and current reward point level.

Computers (another form of hardware) are used to store the database information.

2: Explain the steps on how a loyalty card is works when a customer is using it a shop? (4)

1. The customer gives the loyalty card to the cashier and it is scanned using a magnetic strip reader.
2. The users information and current amount of points is searched in the stores central database
3. The customer’s items are looked up in the stores database and a total value of reward points for the particular item is found.
4. The items reward points are then added together and the reward points are then added to the customer’s loyalty card.

3): Describe a Government policy that the Supermarket must follow when using loyalty Cards in their business? (2)

4): Choose 2 stakeholders and Evaluate how using Loyalty cards effects them? (8)

Customers

There are several ways that affect the customer when a loyalty card is used at a shopping market, firstly the customer will receive discounts on certain items and receive reward points which can then be used to purchase other items in exchange for being loyal to the store.

**Organizations/Businesses**

However there are several positive ways that affect the business that owns the loyalty cards. Firstly the loyalty cards allow the business (such as Tesco) to track the purchases and spending patterns of its customers.

These spending patterns are then passed onto the marketing team, allowing the business too strategically locate items. The information can also be used to identify particular groups of shoppers that show similar shopping patterns, they can then choose items and create marketing campaigns that will appeal to the particular shoppers’ preferences.

Loyalty cards also do the job of acting as another form of advertising as it encourages shoppers to visit the store frequently in order to attain more reward points. This increased and frequent amount of shoppers then in turn leads to higher and more constant amount of revenue for the business.

However there is a potential disadvantage for the business if the reward points are not properly calculated and offered for each item, recently the supermarket giant Tesco’s club cards had a major flaw where customers for buying certain items were receiving reward points worth double the amount of cash they paid for the item.

Another disadvantage is that the business must abide by strict data protection laws stated in the data protection act of 1998, such as the customers data must not be disclosed to other parties without the consent of the individual it is about, the business must also make sure that they have proper security and anti hacking measures in place to avoid someone gaining access to the customers data.

However there are also several

5): On your Wiki, create a page called “assessment”, on their copy and paste your answer to questions 4, so that I can mark it.