

RETAIL

Spring looks to drive loyalty with consistent value

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Spring is looking to entice millennials with cash back. Image courtesy of Spring

By SARAH JONES

Ecommerce platform Spring is appealing to the millennial shopper through a new program that gives customers cash back in lieu of points or promotions.

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SpringBack is positioned as an alternative to the traditional loyalty program, as it rewards customers for every dollar spent with Spring with cash back rather than store credit or other brand-specific perks. Retail has typically looked to periodic sales to drive business from value-conscious consumers, but Spring is aiming to win with consistency.

"As we were looking at how to build Spring's loyalty program, our research indicated that our core customer—an urban millennial female—wants a loyalty program that's transparent and straightforward," said Katherine Prime, chief customer officer at [Spring](#), New York.

"She doesn't want to manage another account with a different type of points and obfuscation, she wants value and service, and she wants them transparently," she said. "Value specifically is the biggest loyalty driver for millennial women, our core demographic."

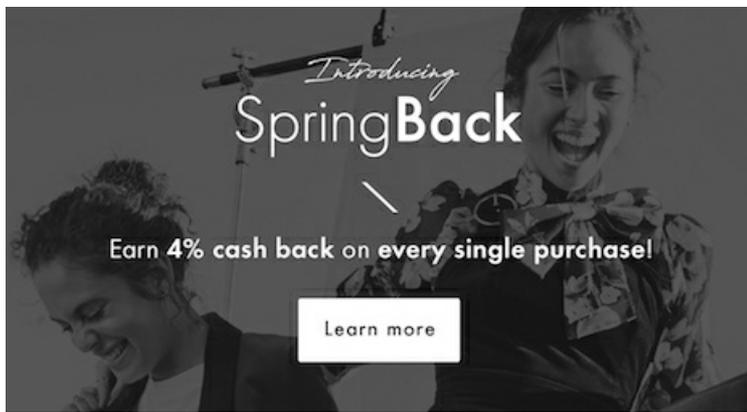
Millennial mindset

Spring retails products across lifestyle categories including apparel, beauty and home. Reflecting the way that consumers shop today, it features a high-low mix of luxury and accessible labels with a universal cart.

Now, Spring is allowing consumers to earn 4 percent cash back on all of their purchases on its platform, whether they are buying an Estée Lauder lipstick or a Loewe handbag. This operates much like cash back incentives on a credit card.

After earning cash back, consumers can redeem their money to the form of payment of their choosing 60 days later. Spring saw an opportunity to offer shoppers more flexibility in how they earn and spend their reward.

While offering consumers money back on purchases, Spring says it will keep its pricing on par with brands' price points, even during promotions.



SpringBack is based on millennial wants. Image courtesy of Spring

Launched Jan. 30, SpringBack will be retroactively applied to all purchases made from Jan. 1. To help launch SpringBack, brands including Diane von Furstenberg, Zadig & Voltaire, Bobbi Brown, Kenneth Cole and Cole Haan gave customers double the cash back until Jan. 31.

While the concept of luring customers with everyday value has been attempted by retailers such as JC Penney, Spring is first-to-market on using a cash back incentive for a loyalty program.

"Consistency and transparency were key factors that came up a lot in our research," Ms. Prime said. "In the traditional retail model, savvy shoppers wait for promotional moments to get the best deal.

"Our customer isn't wired that way," she said. "She expects instant gratification and consistent meaningful reward for her loyalty. Seasonal promotions feel old school to us.

"SpringBack is a value she can count on for every purchase on—that paired with a catalogue of 2,000-plus brands she loves and free shipping and free returns give her a reason to start every style search on Spring."

Loyalty drivers

According to YouGov, 62 percent of affluent consumers worldwide find that relating to a brand on a personal level is a very important factor in their brand loyalty.

Despite that importance, the majority of luxury brands are doing a poor job of making consumers feel like they relate.

Fifty-six percent of affluent consumers said they are less loyal to brands now than they were in the past and 72 percent said they wished the brands they shopped at would show that they appreciate the loyalty that they give ([see story](#)).

While loyalty programs are popular among consumers, they may not be used to their full potential, with \$100 billion potentially going unused.

A report from Bond Brand Loyalty found that enrollment in loyalty programs has grown by 31 percent, but some opportunities are still being missed. Brands need to do more to create value for their loyalty members or risk losing them to other brands whose programs are more active ([see story](#)).

"Part of our value to brand partners has always been connecting them with a mobile consumer that is costly to acquire and difficult to retain," Ms. Prime said. "SpringBack is our transparent loyalty program, and as customers come back and shop more often with Spring, brands get to take advantage of the accumulating customer data in a way they can't with any other multi-brand channel.

"This program is designed to meet what our customers want most in a loyalty program, and is also great for brands, as they are able to better understand their customer's behaviors, preferences and measurable performance."