

# 6 RECOMMENDATIONS

## 6.1 Practical experience

The lessons learned from the Rotterdam project are extremely valuable, and will prove their importance when new initiatives are launched. It is not yet certain how these will be given shape. In the present economic recession, many businesses and government bodies are very cautious about making extra investments. Conversely, however, both the public and the commercial sectors recognise the NU card scheme as an instrument that allows communal problems to be dealt with in a modern manner. The NU card scheme's trial period and the dissemination of the results show that there is a great deal of interest, both in the Netherlands and abroad, for a savings card for sustainable behaviour.

What can we learn from the experiences gained with the NU card scheme, and what elements should future initiatives take into account?

### **Distinguishing features**

In order to achieve any degree of success, the NU card scheme must remain in clear distinction from other savings programmes. The most important aspect in this regard is the social impact that the programme aims at. This distinguishes it from the numerous 'normal' loyalty programmes. Also, the NU card scheme's wide range of possible applications gives it added value.

### **Local implementation**

One of the attractive features of the NU card scheme is that its basic form can be copied in various places while the precise implementation can differ with each local

scheme. Each region, town and city has its own problems and aims. The NU card scheme can tie in with these. However, it is important that the technology and marketing techniques remain broadly the same, to allow exchanges between different places and to limit the development and administration costs.

### **Knowledge and experience**

It goes without saying that complex and innovative pilot projects have a large potential for error. That is why it is essential to thoroughly prepare such projects, with a detailed and realistic time schedule. Both during the preparation and development stage and during the operational phase of the incentive system, people with the necessary know-how – specialists and generalists – will have to cooperate intensively. Specific knowledge is necessary in the fields of management, consumer communications, marketing and sales, sustainability aspects of products and services, terminal and database technology and legal affairs. It is also essential that the right subcontractors (e.g. for communications, technology development, administration) be selected, that concrete agreements be concluded with them about time, financial matters and quality, and that their progress be monitored intensively.



### **Public-private collaboration**

Although collaborating with partners from both the public and the private sector yields many benefits, there are also matters that require specific attention. The culture in the different organizations can be both a source of great creativity and a threat to the progress, because the language and approaches are so different – and also because the interests of the various parties might differ. There are definite benefits in working with a clear organizational structure with clearly defined lines of decision-making. It is also vital that there is

sufficient support for the project at all the parties in the collaboration, to help weather rough periods.

### **Fast start**

It is important that significant market penetration be achieved and a large number of participants be reached as quickly as possible. One risk of loyalty programmes is that a sufficient mass is not reached fast enough. The trick is to get beyond the initial chicken/egg situation. The chicken/egg situation means that retailers are hesitant to participate until a sufficient number of consumers have a savings card, while many consumers do not want to apply for a card until they can use it in a large number of shops. That is why it is advisable to distribute the savings card to everyone free of charge when the programme is launched. Distributing the cards on a large scale and within a short time span generates sufficient momentum to recruit commercial participants as well. At the same time, the threshold for commercial participants to join (subscription fees etc.) should be kept as low as possible.

### **Securing the idealistic objectives**

The unique aspect of the NU card scheme is the fact that it combines social objectives with commercial goals. The programme's credibility stems largely from the idealistic objectives. That is why it is important that those objectives be upheld and that any pressure arising from commercial interests be withstood. Securing the objectives with social organizations is therefore advisable.

### **Measurable objectives**

It is the aim of the savings programme to help realize the idealistic objectives. Empty talk and unattainable announcements are of no use to anyone, and will ultimately come back to haunt the partners in the project. Choosing measurable aims and conditions beforehand allows the effect of the programme to be measured. If possible,

therefore, a zero measurement should be performed before the savings programme is introduced.

### **Sufficient savings value**

It should be possible for active cardholders to quickly save a reasonable number of points. Experiences with other savings programmes show that a savings value of approximately 10 euros per year is the minimum amount necessary to keep the savers motivated. If the savings turnover is sufficient, the programme will reward its commercial participants and it will be possible to finance the exploitation of the programme largely or even entirely from the market income. Consequently, for various reasons, the marketing communications of the programme should focus on frequent use of the card.

## **6.2 Opportunities for the future**

A number of social parties must be appealed to: consumers, the commercial sector and government bodies. Each of these groups will have its own reasons for participating in the NU card scheme, although the benefits of joining must be substantial enough.

Civilians/consumers use the card and reap several benefits from it. The fact that civilians/consumers like to use the card makes it an attractive tool for the government for providing information and influencing behaviour; and not just in connection with environmentally friendly shopping, but also with waste, for example, or with protecting small retailers in inner-city areas or with mobility. The commercial sector is interested in a savings card that primarily stimulates customer retention and ultimately generates increased turnover. The fact that the

NU card scheme serves different groups of clients with their respective aims and objectives (and creates synergy between the groups) raises the programme above other loyalty programmes. The card has added value for the way people experience prosperity, for the economy and for policy realization. The NU card can truly be termed a 'multicard': it can be aimed at a wide range of objectives and target groups.

### **Consumers**

Consumers try to spend their money as efficiently as possible, based chiefly on function and price. Sometimes they actively seek out additional information to help them make their purchasing decisions. Consumers are constantly bombarded with all manner of information from the market (including advertisements), which sometimes makes it difficult to get a clear picture of the information's integrity, completeness and relevance. The NU card scheme is also a source of information. The information that the NU card scheme provides the consumer is of a 'different' nature, however: the NU card scheme can present itself as a reliable channel for sustainability, and also offers low-threshold information that the consumer needs at the time of the purchase.

### **Businesses**

The commercial sector wants a card that above all promotes customer retention and ultimately leads to higher turnover. The social aspect will be of lesser importance to many retailers. It is up to each individual retailer to decide how to use the NU card scheme to meet their social responsibilities. The NU card scheme can help them in achieving a greener range of products – which becomes more attractive as more savers start asking for green products in their shops, to earn more points.



### **Large businesses**

Large market players will wish to make use of the image and social function on the NU card scheme. However, this will always run parallel to their commercial interests. With the NU card scheme, an energy company that wants to reward its loyal customers will also have a tool that allows them to contribute to the movement towards sustainable energy.

For the demonstration project, mainly businesses were selected that matched the objectives of the NU card scheme, such as waste processing and public transport. Energy and water companies are also perfectly suitable as partners.

Large companies are necessary to make the NU card scheme a success, because with their mass the objectives and economic viability of the system can be achieved faster.

Another group of large businesses that might be interested are producers and manufacturers of sustainable goods. They can be called upon for special offers and campaigns in combination with the sales channels. For example, using the NU logo for special offers creates a direct link with the existing savings programme.

### **Government**

The government plays a guiding role in social processes. In many areas where the national or local government has a guiding function, the NU card scheme can help. The NU card scheme gives consumers and businesses a positive stimulus to change their behaviour. Behaviour as regards waste, energy consumption, transportation, sustainable consumption and culture and recreation can be steered in the direction the government wants.

The government currently faces major social problems in a rapidly changing environment. Vocal citizens demand more from the government, and the authorities are more aware of a changing relationship with the populace. On the one hand the government starts to act more strictly, drawing up more regulations and attempting to enforce them, while at the same time it wants to place more responsibilities with the civilians. The function of a reward is interesting in this context. Rewarding good behaviour by awarding points is a personalized subsidy, an encouragement to civilians to take responsibility for their actions. Whether it is a matter of more frequent use of bicycles or public transport, turning in waste or buying a sun boiler, the government rewards this behaviour and simultaneously registers and analyses the change created by the reward. The NU card scheme gives the government an instrument to maintain its relationship with the populace, without becoming paternalistic or patronizing.



The NU card scheme offers local authorities the possibility of campaigns, personalized communication and market research, using a single comprehensive programme. Ultimately, this programme is a service, and the government will have to pay for it like any client, subject to objectives and conditions agreed upon in advance. In this fashion, the NU card scheme offers government bodies solutions for interaction and communication with the populace for a certain price, which, compared with general communication programmes, will prove to be quite cheap and effective.

***Rotterdam, January 2004***

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