

## Title:

Loyalty Cards - Think Again!

## Word Count:

492

## Summary:

Are credit card loyalty schemes worth the plastic they're printed on? According to a recent study by moneysavingexpert .com the answer is a resounding "NO". The study investigated 80 reward schemes and was especially unimpressed by Tesco's Clubcard, Nectar and Airmiles. With the average value of each Tesco Clubcard point being worth from 1 to 4 pence, a Nectar point being worth 0.54 pence and an Airmile being valued at 7.9 pence, their reaction is hardly surprising.

In act...

## Keywords:

loyalty,store,credit,cards

## Article Body:

Are credit card loyalty schemes worth the plastic they're printed on? According to a recent study by moneysavingexpert .com the answer is a resounding "NO". The study investigated 80 reward schemes and was especially unimpressed by Tesco's Clubcard, Nectar and Airmiles. With the average value of each Tesco Clubcard point being worth from 1 to 4 pence, a Nectar point being worth 0.54 pence and an Airmile being valued at 7.9 pence, their reaction is hardly surprising.

In actual fact, an expenditure of £10,000 per annum will earn a reward of £50 with Marks & Spencer, John Lewis and Asda, for instance. There is an Egg scheme which would only reward you with £10 per £10,000, although internet banks' Egg Money Card offers a better rate, at £100. With the Nat West Black card, there is an annual charge of £250 in order to earn £51 per £10,000 of spending! Can you afford to make the saving?

There have been some very big changes in the benefits available recently. Some of the larger stores have ditched their schemes totally, whilst others have radically reduced the rewards on offer. Barclaycard is no longer linked with the Nectar scheme and Tesco has reduced the value of its scheme to new customers. Consumers don't know where they're up to with all the changes and this is causing a complete lack of interest in loyalty cards in general.

It appears that consumers are bewildered by the sheer number of different award

schemes and it's virtually impossible to make comparisons, due to clever marketing. The typical one per cent paid by the retailer to the credit card companies is not being returned to the customer and it's felt that the vast majority of these reward schemes are a rip-off.

The basic idea of stores using the cards to encourage customers to remain loyal, not to mention to increase their spending power, seems sound. The points gained offer discounts on a range of goods, family days out and flights. In fact the rewards are so trivial that it is felt that it's a far better idea to leave the reward card at home, or even better, bin it and instead use a card which offers rewards via cashback and if using it as a credit card, aim for one which gives a low interest rate.

American Express Platinum offer a 2 per cent cash back deal if you spend more than £7,500 per year, so for £10,000 spent you would be rewarded with £200.

The BAA Worldcard came out well. It pays an impressive £795 for £10,000 spent. They offer discount shopping vouchers which can be exchanged for goods, meals and drinks at BAA airports in the United Kingdom. The GM card offers car discounts. If you buy a new Vauxhall or Saab you will get a £300 discount.

The conclusion is that you'd be better off switching to a cashback type of credit card. There's a wide choice available and maybe now is the time to make the change.