

## **A Great Program - That Didn't Make It**

*A unique program that should have been a winner...*

by Brian Woolf (May 25, 2015)

**Kachingo!** The very name suggests money back. And money back via a sweepstakes system was the basis of this loyalty program that operated in New Zealand in 2001-2003. The idea of winning prizes (as opposed to, say, earning a traditional 1% rebate) caught the imagination of many customers; its creative design caught the eye of many loyalty practitioners.

### **The Kachingo! Story**

Let me simplify and generalize as some details changed over time ...

No card was needed. Customers shopping at any of the partners in the “Kachingo! Village” who spent above a threshold amount or bought designated Kachingo! offers, or both, received entries in a weekly sweepstakes. The sweepstakes number(s) were printed on the register receipt and became the sweepstake ticket. Each entry—six double-digit numbers along with a power number—was printed on separate lines of the register receipt.

Nationwide partners included the three supermarket fascias of Woolworths (Woolworths, Big Fresh and Price Chopper), BP, and Super Liquor. KFC stores in and around the largest city, Auckland (about one-third of the country’s 5 million people) also participated.

The spending qualifier varied by business-type, eg, one entry number was printed on the register receipt for every \$30 spent at the supermarket, one for every \$25 at the gas station, and one for every \$10 in a fast food purchase. In addition, partners invited their vendors (where appropriate) to participate by sponsoring Kachingo! items. For example, in the week I visited one of their stores, Unilever had a variety of products, including Dove soap, featured. Each Dove bar purchased triggered a sweepstakes entry for the customer. Buy four bars of Dove and you trigger four entries. The featured Kachingo! items (which were not reduced in price) were offered along with an assortment of reduced-price weekly specials throughout the store. A fee was charged to manufacturers for each sweepstakes entry their items triggered.

The Kachingo! program was launched with daily, weekly and monthly sweepstakes draws but evolved into a weekly top prize draw of \$100,000 with smaller prizes of \$1000, \$20 and \$5. In addition, occasional random instant prizes, such as Coca Cola and chocolate bars, were won as entries were being printed on the receipt.

As Kachingo! did not know who the specific numbers were issued to the onus on identifying who held the winning numbers fell on customers. It should be no surprise that Kachingo! became one of New Zealand's most frequently visited websites! Nor should there be any surprise that sweepstakes redemption rates rose over time to 80%.

The program operator, Global Online, using its highly reliable and scalable Linux Redhat 6.2 system must have been pleased with its debut—but then it all came to a sudden end.

Why? It has never been publicly explained but it appeared to me, an outside observer, that the primary cause was the acquisition of Woolworths by Progressive Enterprises, one of its two major competitors. The larger Progressive chain already had an affinity program and decided that it would introduce its own customer card program into Woolworths rather than adopt Kachingo!

It would have been easy to restrict the Kachingo! program just to card members, laws permitting. And if they didn't permit, it would have been easy to measure entries card that members received and alert those who were winners. Further, if management wanted to reduce the corporate cost of the program (one entry for every \$30) that element could have been eliminated while the number of Kachingo! items offered could have been increased available only in orders of, say, \$20 or more. The additional items could have been drawn from TPRs and some specials. But those options were not pursued and Kachingo! died before it was allowed to reach adulthood and truly shine.

### **Closing Comments**

To me, it was a pity that Kachingo! did not become the gamification element of Progressive's overall customer program as it added fun to each shopping visit (*Will this be my lucky day?*), it was memorably different (everyone in New Zealand knew Kachingo!), and it provided a chance to win something meaningful every week. Customers were offered a distinct reason to return ... and return ... and return. It had strong appeal and upside potential.

The program was unique, well conceived, appealing, differentiated, and it added that "something extra" to each shopping trip, even if it was just a touch of hope. Kachingo! was a great program — one I would love to see reincarnated somewhere, someday.

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## **About the author...**

Brian Woolf is a global leader in loyalty marketing and has written three definitive works on the subject, *Measured Marketing: A Tool to Shape Food Store Strategy*, *Customer Specific Marketing*, and *Loyalty Marketing: The Second Act*. He devotes his time to helping retailers develop, critique and strengthen their loyalty programs.

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