

<b>Report of:</b>	<b>Head of Economic Development</b>
<b>Contact Officer:</b>	<b>Debbie Harris</b>
<b>Telephone No:</b>	<b>01543 464490</b>
<b>Portfolio Leaders:</b>	<b>Economic Development &amp; Planning and Town Centre Regeneration</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Track:</b>	<b>Cabinet: 21/07/16</b>

**CABINET  
21 JULY 2016  
CANNOCK CHASE GOOD LIFE APP**

**1 Purpose of Report**

- 1.1 To seek approval to launch the Good Life Deals loyalty website and App in the summer of 2016, with the aim of increasing local trading, and local businesses' customer base, providing local discount deals for both residents and tourists and generate a revenue stream.
- 1.2 To seek approval to launch a secondary loyalty reward card for those residents who do not have access to the internet/web apps in order to be as inclusive as possible.

**2 Recommendations**

- 2.1 That the Head of Economic Development be authorised to carry out a launch of the Good Life Deals loyalty App in the summer of 2016.
- 2.2 That the Head of Economic Development be authorised to carry out a launch of the secondary loyalty reward card in due course.

**3 Key Issues and Reasons for Recommendation**

- 3.1 The new Good Life Deals App and website provides an opportunity to support local businesses through encouraging people to buy local and generate income for the council by providing a modern digital platform that connects local businesses and residents.

- 3.2 An opportunity to roll out an established Good Life Deals app has been negotiated with South Staffordshire District Council who have operated the scheme since December 2015.
- 3.3 An additional facility on the web site and app helps residents save money by earning cashback on online purchases at over 4,300 retailers. South Staffordshire District Council have negotiated with 'Topcashback' (Staffordshire based company whom operate worldwide and are highest paying UK cash back provider) to provide this service. This approach will allow Cashback to be integrated into the app. The Council will earn an income through referral payments also known as affiliate marketing.
- 3.4 The app provides a service that responds to changing shopping habits whereby people are increasingly shopping online using an array of media including smartphones and tablets (Centre for Retail Research, 2015). People are increasingly shopping locally and seeking out the best deals (Mintel, 2015). In addition, increasingly online shoppers expect the option to buy on line and collect in store (Winning Moves, 2014).
- 3.5 Through a combination of paid for advertising and cash back referrals (and potentially other advertising) it is anticipated that the income will be sufficient to sustain the initiative with no revenue requirement from the Council post 12 months from launch.
- 3.6 Consultation with town centre traders' associations has identified that there is a need for a loyalty card in addition to the web site and app in order to be as inclusive as possible to those without digital access.
- 3.7 Existing budget from the Economic Development Section 106 monies will cover the initial set up and the first 12 months running costs (£9,000) including advertising and the costs of producing any loyalty reward cards as necessary.
- 3.8 Terms and conditions are currently in place on the Good Life web site and app to protect the Council and state that the Council does not take responsibility for advertising. It provides no warranty either express or implied as to the quality of the service/goods offered by the business nor does the Council accept any liability for loss to the customer howsoever caused. The customer acknowledges that the Council is expressing no preference for the business deal the customer chooses.
- 3.9 Businesses will be able to directly input their deal via the website or app. There is a screening process whereby approval is required before the deal goes live/is visible to the customer. This safeguards the Council from association with businesses which are deemed unsuitable for public support.
- 3.10 The Enjoy Staffordshire card will complement the Good Life Deal app as this has a predominately tourism focus and minimal coverage in Cannock Chase District.
- 3.11 The Good Life Deal loyalty scheme will provide a single product for the businesses and residents of South Staffordshire and Cannock Chase Council areas. It will also be available for residents and businesses outside of the area who do business in with residents and companies in the area.

- 3.12 The Good Life Deal scheme is aimed at any business that trades with the public, not just retailers as with loyalty schemes which operate only in town centres or with only a retail focus. Discussions with businesses have indicated that there would be interest in a scheme designed for 'business to business' trading and this may be the subject of future proposals.
- 3.13 Expenditure projections: Year 1 £4,500 for initial set up and the app purchase and £2,000 for advertising and promotional purposes. A further £2,500 is estimated for the production of the loyalty reward cards in Year 1.
- 3.14 The initial Year 1 costs referred to above are a one off and will be met from Section 106 monies.
- 3.15 In relation to costs thereafter, there is an annual maintenance cost of £2,500 to be funded. Income projections from Year 2 onwards estimate 30 businesses paying £90.00 a year (£2,700) plus a bonus of Top Cash Back where we receive £5.00 for each registration (shared between Cannock Chase Council and South Staffs District Council). Further opportunities for income generation exist, for instance, in giving premium front page advertising for businesses at an additional cost.
- 3.16 Should this income not materialise to offset the annual maintenance cost of £2,500, then the Scheme will cease and any remaining costs will need to be contained within existing budgets.

#### **4 Relationship to Corporate Priorities**

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) **Better jobs and skills:** Supporting attractive and competitive town centres - The intention is that the app will encourage people through various discount offers on the app to incur additional spend within the District. Generating discounts from existing retailers will be the primary focus for the app.

#### **5 Report Detail**

- 5.1 South Staffordshire Council has developed a Good Life Deals App for their residents and this has been rolled out across their District and operational since December 2015.
- 5.2 An approach was made by officers to share good practice and an offer made to join the Good Life Deals App for Cannock Chase.
- 5.3 The app emulates similar, nationally available local deals technology available from, but not limited to; Amazon Local, Groupon and Travelzoo. There are obvious benefits to a locally based scheme in that it enhances local trading as well as developing an income stream for the Council. In addition in the process

of marketing the app and working with business partners it will allow the Economic Development Team the opportunity of building relationships with businesses, gaining knowledge about the local economy and what it needs to grow. It will also allow the Council to offer business support services directly as well as signpost businesses to more specialist services.

- 5.4 The app would be a free download on both Android and Apple, working on mobile and tablet devices, accompanied with a website.
- 5.5 Local businesses pay to advertise a local deal on the app. This allows customers to redeem the advertised offer in store by showing the app to the business, following the same principal as printed tokens.
- 5.6 The Good Life brand exists at present in Cannock Chase and is led by Wigan Leisure Trust and South Staffordshire Primary Care Trust and has a community arts focus to their offer. The initiative is due to change it's branding which will allow use of the branding for the new app. Having a separate brand gives a degree of separation from the Council.
- 5.7 Ofcom reported in December 2014 that Britons now spend two thousand pounds online per annum. The 2015 Mobile Marketing Insights produced by Smart Insights shows eighty percent of internet users own a smart phone. When using their smart phone, eighty nine percent of people's time is spent on apps. National and local research is pointing in the direction of providing an online app based platform to support local businesses. This opportunity lends itself to generate a financially sustainable service that also aims to generate an income that can be re-invested into the local economy.
- 5.8 The Council connects with residents in numerous ways, including social media. Contact points such as twitter and the Councils' Facebook page provide the option to directly market the app as a free download. Marketing material will direct people to the apps webpage where they can find out more information and download smartphone links.
- 5.9 The app has been custom made by South Staffordshire Council in partnership with the Staffordshire based company Webwave. South Staffordshire Council negotiated with Webwave to build the app at cost only.
- 5.10 Expenditure projections: Year 1 £4,500 for initial set up and the app purchase and £2,000 for advertising and promotional purposes. A further £2,500 is estimated for the production of the loyalty reward cards in Year 1.
- 5.11 The initial Year 1 costs referred to above, are a one off and will be met from Section 106 monies.
- 5.12 In relation to costs thereafter, there is an annual maintenance cost of £2,500 to be funded. Income projections from Year 2 onwards estimate 30 businesses paying £90.00 a year (£2,700) plus a bonus of Top Cash Back where we receive £5.00 for each registration (shared between Cannock Chase Council and South Staffs District Council). Further opportunities for income generation exist in, for instance, in giving premium front page advertising for businesses at an additional cost.

- 5.13 Should this income not materialise to offset the annual maintenance cost of £2,500, then the Scheme will cease and any remaining costs will need to be contained within existing budgets.
- 5.14 Charges for customers to advertise on the app are offered through a variety of packages ranging from £30 for 3 months to £90 for 12 months. Initial introductory offers can include 3 months free of charge followed by a further 3 months for £10 to kick start the loyalty.
- 5.15 Top cash back operates on the basis of referrals. For every referral the Council will earn £5 (shared between Cannock Chase Council and South Staffs District Council). It doesn't cost the customer to register.
- 5.16 The loyalty reward card will provide access to the same discounts as the App facilitated via the website.

<b>6 Implications</b>
-----------------------

**6.1 Financial**

The Council's adoption of the " ***Good Life Deals App***" and a "***Secondary Loyalty Reward Card***", will both benefit residents and tourists, and potentially generate additional income for the council.

No specific provision exists within the General Fund Revenue Budget from which the estimated £9,000 can be met however, as referred to in para 3.14, the initial costs can be funded from available Section 106 monies. The ongoing costs excluding staff time are estimated to be £2,500 per annum and it is anticipated that these will be offset by financing by way of cash referrals and advertising revenue. If this is not the case then any remaining costs will need to be contained within existing budgets. If the scheme does not generate sufficient interest or revenues it will be closed.

In reviewing this proposal Members will need to be aware of the Deficit identified in the Approved Financial Plan with a funding shortfall to the General Fund of £700,000 in the current year rising to £1,054,750 in 2017-18. Members may wish to consider this Growth Option against the potential saving requirements as part of the overall Financial Recovery Plan. If the scheme is not self-financing additional compensating savings would need to be identified as part of future years budget processes or the scheme terminated.

Any staff time in relation to the project will need to be contained within existing budgets; it is anticipated that Economic Development staff will spend time recruiting businesses to the scheme, however, once established regular contact with business is part of the day to day work of the team.

**6.2 Legal**

None.

**6.3 Human Resources**

None.

**6.4 Section 17 (Crime Prevention)**

None.

**6.5 Human Rights Act**

None.

**6.6 Data Protection**

None.

**6.7 Risk Management**

None.

**6.8 Equality & Diversity**

None.

**6.9 Best Value**

None.

**7 Appendices to the Report**

None.

**Previous Consideration**

None.

**Background Papers**

None.