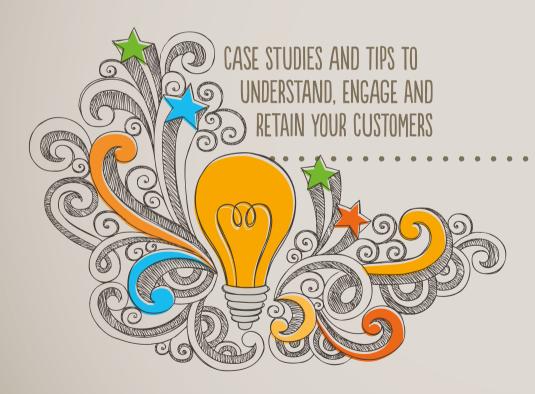
Little Book Of LOVALTY









Generating loyal customers is more important now than ever. Not only are loyal customers a great source of steady income for your company (as well as a great source of word of mouth marketing!), retaining your loyal customer is cheaper and more cost effective than identifying and targeting new customers.

However, the rise of the internet has made it harder than ever for you company to generate these allimportant loyal customers. The modern day customer has the power to buy what they want, when they want it, from whichever company they like. Let the pricing war ensue? I think not. Maintain and nurture your existing customer base to protect your company from this rat race.

In this book you'll find case studies and tips from some of the biggest brands in Loyalty. Why not apply as many as you can to your business?



Alina Fisher
Tel +44 (0) 207 092 1156
Email alina.fisher@terrapinn.com

4 » Introduction « 5





Name Jan-Pieter Lips

Job titleRegional President EMEA

Company AIMIA

Website www.aimia.com

Twitter @AimiaInc



"If you want emotional loyalty, you need to look at fundamental customer needs and those haven't changed for a long time."

"We help big companies do things that were natural when they were a smaller company – when they might know the customer's name and know want they like. It would be a very personal relationship. We help companies get some of that back."

HOW TO GENERATE AND BUILD LASTING CUSTOMER LOYALTY

Generate lasting loyalty by...

- 1 Give rewards. "It really still works. Customers like getting points. It gives them a reason to go to one store versus another."
- 2 Make communication much more relevant. "Don't send everyone the same offer and message. It makes promotions much more targeted and effective and the waste goes down."
- 3 Use data and your communications to create a better customer experience. "Grocery companies use data to make sure they're putting the right products on the shelves. Customers go online and the list of products they regularly buy is there. It gives customers a reason not to want to switch."

Build digital loyalty by...

- 1 Create more interaction and personal interaction. "In the best examples brands are communicating with customers in a tone and style that fits the channel, not necessarily that of the customer service department. You have to make sure you have the capacity to respond and react."
- 2 Integration. "Whether people go to the Nectar website or Facebook, it doesn't matter where they interact, be available where the customer wants to be."
- 3 Stay true to your brand and what customers would expect of you on social media. "With Nectar we believe if customers go to the trouble of being our friend on Facebook they want to get ideas, more points."

6 » Loyalty Tips Loyalty Tips Loyalty Tips « 7





Name

Pam Conway

Job title

Director of P&L Marketing and Loyalty

Company

British Gas

Website

www.britishgas.co.uk

Twitter

@BritishGas



"Deliver a consistently excellent customer experience. Add on a layer of value that is above and beyond expectations, and finally reward."

I'm loyal to...

"I'm intensely loyal to my friends and family and anything that feels like an extended family."

SIMPLE SUCCESS

British Gas has undertaken a number of initiatives to make their services easier for customers and one of the ways has been redesigning the bill.

"If you put up the old bill versus the new one they are light years apart in terms of look and feel and ease of navigation," said Pam.

The redesign included a dedicated 'Can I save money?' section showing how they can keep bills down with energy efficiency advice or details of other tariffs.

Key information can be seen at a glance in a defined area including the amount owed, payment deadline and amount of energy used.

It was designed in conjunction with members of the British Gas Customer Board and the aim was to declutter the bill and get rid of jargon. Of course there are regulatory requirements for British Gas to include certain pieces of information on the bill, but the overall look and feel was simplified.

"We've seen a massive increase in our net promoter score in connection with the new bill."







Name Dr Nicola Millard

Job title Customer Experience Futurologist

Company BT

Website www.btplc.com (consumer www.bt.com)

> Twitter @DocNicola



"I'm a psychologist and I don't like the word loyalty, it implies mutuality that's difficult to apply in a corporate context. Mutual understanding, give and take – they're difficult to achieve as a business."

"When we ask customers about why they come back to the company they say if the company makes it easier they will come back to you."

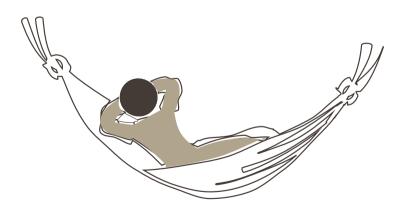
I'm loyal to...

"In terms of brands I don't think I'm loyal to anything much apart from film directors, writers and actors. I would go and see films, read books or watch TV with any of my favourites, even if they aren't my cup of tea."

MAKE IT EASY

Nicola's biggest tip for loyalty is to make it easy. Focus on effort and ease of use. BT did some research with Henley Business School on effort and what it means. Here's what you need to think about to reduce effort and increase ease

- 1 Reduce cognitive effort. "Look at the amount of brain power customers have to use to understand things, for example a lot of choice and complex websites."
- 2 Look at customers' time. "Things such as being in a queue or being put on hold. How do we start to cut it down from the customer perspective?"
- 3 Reduce at physical effort. "Not so much for us, but does doing business with you require the customer to carry large boxes?"
- 4 Cut down the emotional effort a customer has to use. "If people have to get angry in order to get what they need you're not making it easy to do business with you."







Name Shetal Bhatt European Loyalty Manager Subcard



Name
Jane Abbott
Marketing Manager
Subway

Loyalty is...

"With the Subway loyalty scheme, it is primarily about getting data from customers to be able to communicate to them with relevant service and work out what's the best channel to communicate with them," said Shetal.

My best customer experience was...

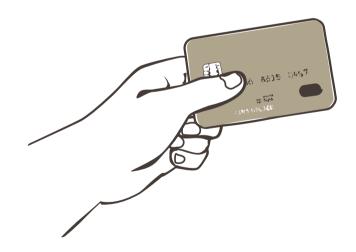
"I bought a carton of milk from Tesco and it leaked in my car due to a faulty seal. I emailed Tesco to share my frustration and within a couple of hours received a call to apologise and offer to pay for a valet. Thankfully my mats were rubber so there was no need, so instead they sent me a £10 voucher which made me very happy." (Jane)

DIVERSIFY AND WIN

Last year Subway launched a scan and win promotion in Germany. The aim was that users would scan their Subcard and every fourth person would win a prize. "This promotion was all about trying to diversify rewards on a promotions basis," said Shetal.

The biggest prizes included smart phones, PlayStations and mountain bikes, but smaller prizes included extra points on their Subcard.

The promotion was a huge success. "It hit all the metrics in terms of ROI and the number of Subcard users increasing over the promotion time," said Shetal.







Name Matthew Knight

Job title Head of CRM and Insight

> Company ASOS

Website www.asos.com

Twitter @maknight



"A challenge for any business is maintaining some form of relevant relationship and giving something back to the customer that they associate with the brand. In terms of fashion retail, customers will be wearing clothes that say something about who they are and loyalty is tied in with the brand. Whether there's a good website, good service, it's tied in with what the customer feels about the brand and what it says about them. We try to look at it holistically."

Great customer experience is...

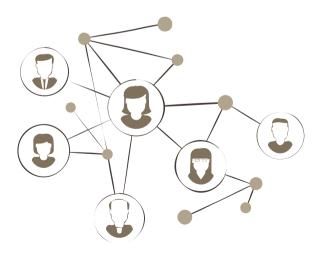
"The surprise when someone gets it right and helps you along. Last year I bought new contact lenses online and the retailer asked whether I wanted a reminder when new ones were due. The gentle reminder was timely and relevant."

HOW TO BUILD AN ONLINE RELATIONSHIP WITH CUSTOMERS

The key to building an online relationship with customers is utilising the technological touch points and making sure all communication is relevant – don't send someone an offer for dog food if they don't have a dog.

There are enough touch points throughout the journey that you can still have a significant relationship with the customer, but you have to make each one count for a lot more," said Matt. "In store someone might only be served for a few seconds whereas online there's the advantage of customising the experience to make it feel like it's a more personal relationship."

Ways ASOS do this include sending customers discount codes on their birthday or anniversary of their first shop. It also has ASOS Premier, where customers pay £9.95 per year and get benefits such as unlimited next day delivery, early access to sales and new arrivals and a magazine ten times per year.



14 » Loyalty Tips Loyalty Tips Loyalty Tips





Name Alex Chruszcz

Job titleHead of Insight and
Pricing

Company Asda

Website www.asda.com

Twitter @asda

Loyalty is...

"Loyalty is about earning customers' trust as a shopper. As a brand we work hard to earn the trust of the customer through great pricing, products, quality and service. We don't have a loyalty programme but rather focus on doing the right things to win and retain shoppers.

My own view is that there can be a risk that vouchers and coupons become the first thing a business looks at when something's not right. But for Asda when sales are down we look how we can do better on the things shoppers need: price, quality, convenience and service. As a business you need to give customers what they want and for us that is about providing a great multichannel retail experience."

My best customer experience...

"Using the Asda Grocery Shopping App on my mobile. It's a brilliant piece of design and it brought home to me just how big the opportunity is for mobile to be a key part of the shopping experience."

KEEPING IT SIMPLE

How did Asda win the trust of its shoppers?

"We started to really think about our core shopper and what we needed to do to win their trust. We could have gone down the route of complex segmentation, but what we wanted was an actionable picture of our core shopper.

We talked about the Asda mum. She has children, buys the majority of the food and household goods and she maybe has to manage on a tight budget. We wanted to understand her shopping needs and emotional needs in terms of elements such as how our stores are laid out or how our pricing works.

The outcome was based on hard stats and a lot of research but brought to life by talking to mums and bringing mums in to meet the business. We thought if we can get it right for mums we can get it right for everybody.

One example of the insight was recognising how important it is to make shopping easier by offering simple price points, such as £1 or 50p and trying to take out complicated promotions that don't offer genuine value."







Name
Charlotte Richards
Job title
Head of Insight

Company Penguin Books

Website www.penguin.co.uk

Twitter @PenguinUKBooks

Loyalty is...

"Creating a meaningful and useful proposition for the customer: why should they be loyal? Are the benefits really clear? What will you give them that other brands do not? As a business you may want to sell more things, or sell higher margin things, or get people to visit more often, but does that make sense for the customer?"

I'm loyal to...

"A bit cliché for someone working in publishing, but for me it would have to be Terry Pratchett. I have loved his books since I was little and would read anything and everything by him, whatever it was!"

BUILDING LOYALTY THE PENGUIN BOOKS WAY

Charlotte's three tips for creating a lasting customer loyalty are:

- 1 Test, measure, optimise: always tweak and improve what you are offering customers and don't be afraid to run a test and see it 'fail'. You learn as much from the things that don't work as the things that do, so comprehensive and honest measurement is key.
- 2 Look to other industries for ideas for innovation: learn from what works in other verticals and find ways to apply it to the relevant parts of your industry and business.
- 3 Be honest and true to your brand: consumers can spot insincerity or inconsistency from a mile – if your interactions with them are rooted in your core brand values, you will build a genuine relationship with them.



18 » Loyalty Tips Loyalty Tips Loyalty Tips « 19





Name Sarah Farguhar

Job titleHead of Retail Brand

Company Oxfam

Website www.oxfam.org.uk

Twitter @oxfamshopsarah



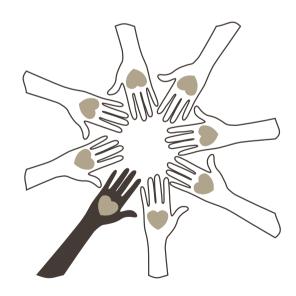
"For Oxfam shops, a personal connection with our staff and volunteers is so important - the Oxfam shop should feel a core part of their local community."

BUILDING A COMPETITIVE EDGE IN THE CHARITY SECTOR

This year Oxfam launched a partnership with Nectar so customers can now collect 100 Nectar points when you sign up to our Gift Aid scheme in shops ('Tag Your Bag') and 2 points per £1 when their donated goods sell in our shops.

"Offering this incentive gives us that much-needed competitive edge on the high street and develops loyalty, as we know that the decision about which shop to donate to is often based on practical considerations such as where to park," said Sarah.

"It's a win win really - people can feel good about supporting Oxfam's work fighting poverty but are also able to treat themselves at the same time. It's allowed us to access an entirely new audience and we hope this will lead to better quality, more frequently given donations for our shops."







Name Mark Thomas

Job title
Director – Brand Marketing
EMEA

Company Hilton Worldwide

Website www.hiltonworldwide.com

Twitter @HiltonWorldwide



"Design a loyalty programme with customers in mind. With too many you can almost hear the conversations saying we want to sell more of this and we want to sell more of that. Is that really what a customer wants? Look at it from a customer perspective. What do they want, how do they want to earn."

I'm loyal to...

"In terms of brands it is First Direct bank. It's not because they do everything well, but they don't mess up like everybody else. My banking is relatively clean so when I have had issues in the past I've thought it is crazy. With First Direct the telephone is always answered quickly and the first time and their service makes me loyal to them."

BUILDING EMOTIONAL LOYALTY

Mark admits emotional loyalty is a bit of a holy grail, but here are his tips for building it:

- Sell something bigger than the product. "How do you sell someone a dream?" he said. "When we're selling breaks to a particular city, we do a lot of work with partners to get add-ons such as tickets, tours for customers. Increasingly we're giving customers access to the hotels' concierge prior to their stay, so they can have more local experiences."
- 2 Build a sense of community among customers. Hilton has allowed the most loyal customers to talk to each other through a special forum via the loyalty programme, so that it builds a sense of community. The forum isn't running at the moment but some of these customers now even meet up independently.
- 3 Show the company cares. Marks says that helping charitable causes, taking part in charity days and donating to charity all show customers the company cares.







Name Julia Pchelina

Job title

Customer Loyalty Manager and Deputy Head of Marketing

Company **IKEA Shopping Centres**

Russia

Website

www.ikeascr.com



"The main challenge for a scheme is identifying the balance between the customer need and the business goals."

Brands I'm loyal to...

"Aeroflot Russian Airlines and its loyalty program - I never use other airlines, but Aeroflot. And MEGACARD of course, no more cash! I want benefits from each transaction and pay all my purchases with MEGACARD only."

IKEA MEGACARD

IKEA Shopping Centres Russia has become the largest shopping centres developer and operator in Russia with 14 malls under the MEGA brand name.

Each complex offers an average of 200 international brands and top Russian retailers and is anchored by an IKEA store. IKEA Shopping Centres Russia has its own loyalty scheme is through the MEGACARD, which is also a bank card.

Customers earn points when they spend anywhere and can redeem points in the majority of the stores at the IKEA Shopping Centres Russia. Loyalty and customer rewards is still a relatively new concept in Russia and the MEGACARD was one of the very first schemes.

The fact that the MEGACARD is a banking product as well as a loyalty card brings strong emotional loyalty, according to Julia. "When you're talking about building emotional loyalty there should be some soft benefits.

The customers can see the points they are earning, but from the data they give us we can also wish them a happy birthday or invite them to visit the store to buy something for a child's birthday."



24 » Case Study Case Study « 25





Name Kate Hamer

Job title CRM and Loyalty Manager

Company Space NK

Website www.spacenk.com

Twitter @Space_NK



"Increasingly the challenge in creating lasting customer loyalty is engaging them to shop with you over and above another brand. Loyalty is very different to what it used to be."

I'm loyal to...

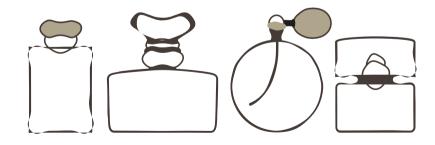
"The first thing that came to mind is that I'm most loyal to my dog, Buddy."

BUILDING LOYALTY IN AN OMNI-CHANNEL ENVIRONMENT

There are more than 60 Space NK stores in the UK and more than 20 in the United States. Specialising in beauty, perfume and skin care, the company also has a website and is on social media including Twitter and Pinterest.

Kate has four main tips for creating a lasting customer loyalty. These are:

- 1 Customer service. "It is extremely important."
- 2 Having a consistent brand message across all the channels. "Ensure customers can engage with you over all of their touch points and you need to be able to deliver."
- 3 Flexibility with your product offering and how a customer can purchase with you. "Give choice such as click and collect etc the whole omni-channel experience."
- 4 The old marketing adage of surprise and delight. "More than ever it's so important. It's creating that emotional connection with the brand."







Name Alan Lias

Job title

Worldwide Head of Loyalty & Ancillary Revenue Development

Company Virgin Atlantic Airways

Website www.virgin-atlantic.com

Twitter@VirginAtlantic



"Whether recognition is in a soft way or hard way it doesn't matter. Nobody gets upset when you say you're one of my best customers, have one of these."

I'm loyal to...

"My friends and family. I have had some mates since I was five and with most of my mates the deal was done by 20."

THE THREE RS OF LOYALTY

Case study: Virgin Atlantic Flying Club

Loyalty is all about the three Rs according to Alan - Relevance, Reward and Recognition. At Virgin Atlantic, like other airlines, the reward aspect is through its Flying Club programme. The programme faces the same challenges as pretty much everyone else and a major one is relevance.

"There has to be a reason to have a relationship, especially if it is a long lasting one. People might fly with us every couple of years so building daily relevance is the first challenge."

So when it looked to tackle the first 'r' of relevance, Virgin Atlantic did this was by teaming up with partners. It meant that even though a customer might not fly that often, they could earn Flying Club miles every day through converting Tesco Clubcard points into miles, shopping at fashion outlets or booking things such as car hire, hotel nights or theatre tickets.

"Partners love it as it adds higher value customers," said Lias. "Customers love it because they get miles and we are happy because of that first r, relevance."







Name Andy Oldham

Job titleManaging Director

Company Quidco

Website www.quidco.com

Twitter

@quidco



"Loyalty for me doesn't mean just collecting something, a scheme has to be easy to use and give real value to the consumer. The challenge for a loyalty scheme is delivering on that customer promise."

My best customer experience is...

"Sites that make it really easy to do things such as Amazon 1-Click. It's difficult not to use because they make it so easy."

BUILDING LASTING CUSTOMER LOYALTY

Andy's tips for building a lasting customer loyalty are:

- 1 Trust. "For us it means delivering on our promise. We're going to get you great deals that are always on, we're going to make sure you get your cashback and we're going to make sure if there's a problem for whatever reason, we are there to back it up."
- 2 Ease of use. "Setting up your Quidco account couldn't be easier. Then every time you do your shopping by using Quidco you know you're going to get a great deal. Easy customer experience drives loyalty."
- 3 Relevance. "The way consumers shop is always changing and so it's important we stay relevant to that changing experience.
 - For example we launched an insurance comparison site with cashback rolled into one after we realised people were leaving our site to compare and then coming back to buy.
 - That evolved because that's what people want. The next big thing is having a mobile app which gives you location based deals and personalised offers."







Name James Reddington

Job title

Head of Consumer Loyalty & Rewards

Company Telefónica UK (O2)

Website

www.telefonica.com / www.o2.com

Twitter @reddington_j

Loyalty is...

"Over the last few years rewarding customers' loyalty has played a key role in both retaining and acquiring customers and this trend is expected to continue.

For me, the trick is doing it through being human and acknowledging customers for their custom and making them feel valued and that little bit more special."

Brands I'm loyal to...

"Sony as a brand and the other would be Costa Coffee, my coffee of choice is a flat white."

HOW TO KEEP THE NON-COMMITTAL CUSTOMER

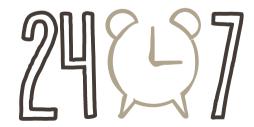
The O2 Rewards scheme was set up for customers of O2 Pay & Go – customers who don't sign a contract for a certain period of time and can stop using the product at any time.

It works by giving back customers up to 10% of their top up value, which can be redeemed every quarter. The rewards can be used for extra credit or saved up for money off tickets to must-see gigs, a new mobile or high street vouchers. Customers manage them online 24/7 at o2.co.uk/rewards.

"It works because it gives customers flexibility and the rewards are relevant," said James. "They recognise the value they get back."

More than half of O2 Pay & Go customers have opted into the scheme and redemption is over 80% every quarter. "It's one of our most engaged programmes," said James. "Loyalty isn't just about having schemes in place, you have got to ensure that our customers are engaged with the programme and remain engaged through constant innovation."

James says that the programme's customers are less likely to churn and those who are part of the scheme actually spend more on top ups. In addition, they also have higher levels of customer satisfaction. "They see their loyalty rewarded," said James.







Name Deborah Womack

Job title CRM professional

Company Senior Consultant

Website uk.linkedin.com/in/ theladyd/



"People make an assumption that loyalty is repeat purchases over a period of time supported by a points redemption scheme. However a user might not purchase from a retailer, for example, every week but they might be having conversations relevant to that retailer every week, maybe online or engaging on the retailer's Facebook page, and that is loyalty."

"For me loyalty is about me getting a consistent, positive experience out of a brand that is personally relevant."

I'm loyal to...

"I am a long-time business customer of British Airways and a member of their Executive Club. Although I receive benefits through the Club, it is the consistent experience on board that keeps me coming back – the lounge and on-board experience is supremely important to me."

POST PURCHASE EVANGELISTS

According to Deborah there is a window of opportunity post purchase when the customer is most likely to evangelise about the product or service – for a restaurant or new beauty product it could be 24 hours and for a new car it could be three months.

She cites Wahaca, the UK restaurant group selling Mexican food, as having one of the most effective ways of tapping in to the crucial post-purchase time period and ensuring the good experience lives on.

When she visited the restaurant, as she was left she was given a little packet of chilli seeds so that she could grow her own hot peppers at home and extend the sensory experience.

What Wahaca did is make Deborah feel good about her choice. Other brands should follow suit, maybe by 'surprising and delighting' customers with personalised experiences.

"The peppers evoked the smell and the taste of a great meal out and extended the memory," she said.







Name Bastiaan Ellen

Job title Director, Social Media Marketing

Company Hotels com

Website www.hotels.com

Twitter @HotelsdotcomUK

Loyalty is...

"Loyalty for me isn't about collecting something, a scheme has to be easy to use and give value. The challenge for a loyalty scheme is delivering on the customer promise."

I'm loyal to...

"Apple (brand), Pedro Almodovar movies and Japanese food."

FRIENDS WITH BENEFITS

How Hotels.com plans to make travel more social.

The latest trend is the SoMoLo revolution – using social, mobile and location data as marketing tools to drive loyalty.

Utilising the social aspect of travel is a massive opportunity said Bastiaan. "When people are booking a hotel they engage with friends and family. It's one of those industries where word of mouth and user generated content are extremely important."

He added: "And then when people are travelling, they often travel socially too - with friends and family and create a lot of content that they share."

So far he says, with the exception of Trip Advisor, an online travel company hasn't 'nailed' this on their website. Hotels.com is working to be one of the first. The idea is that when people browse for their hotel, if they give the site the right permissions via their Facebook account, they can see hotels, bars, restaurants and other places where friends and family stayed when they holidayed in that destination.

"In travel people first went for the wisdom of specialists such as travel agents, then the wisdom of algorithms, then the wisdom of crowds and now it's going towards the wisdom of friends," he said. "This enables customers to engage friends and bring them into their shopping experience."







Name David Hathiramani

Job title Co-founder

CompanyA Suit That Fits

Website www.asuitthatfits.com

Twitter @ASuitTFDavid



"We have to make sure we deliver what we promise at every step. Making sure everything is consistent. It is such a difficult thing to get right that when you do the customer is incredibly loyal."

I'm loyal to...

"In terms of a business, I'm incredibly loyal to the café in the building where I work. They know my name, know what I'm going to order and how many sugars I have in my coffee. It makes it a really good experience."

BUILDING CUSTOMER LOYALTY, STITCH BY STITCH

As David admits, there can't be many retailers who get to know a customer as well as a tailor. So how has the company built such a bank of loyalty that its style advisors have even been invited to customers' weddings? His tips are:

- 1 Try and be a trusted advisor. "Be a friend to customers rather than just someone who works in a business you're buying from."
- 2 Be human. "Our website is what we do and how we do it but social media is more who we are. We try to win people over by who we are. We don't want to come across as stuffy."
- 3 Blend on and off line. "There are lots of really cool ways you can engage customers online. They can choose fabric swatches on our website and we send them out. It's a way of blending the digital and offline experience."



38 » Loyalty Tips Loyalty Tips Loyalty Tips 39



GOT A GREAT STORY OR TIPS TO SHARE?

We are looking for more case studies & tips for the next edition of "The Little Book of Loyalty".

Contact Alina Fisher on +44 (0) 207 092 1156 or email alina.fisher@terrapinn.com

Hungry for more tips now?

Visit the Total Customer blog for all the latest strategy and innovation for CRM and marketing professionals

www.blogs.terrapinn.com/total-customer



EUROPE'S CUSTOMER FESTIVAL

16 -17 September 2013, Business Design Centre, London

IT'S ALL ABOUT THE CUSTOMER — CREATE A TRULY CUSTOMER CENTRIC BUSINESS

FEATURING

ebay • Tesco • Sainsbury's • asos • Net-a-Porter
British gas • Subway • Bt • Starwood Hotels • Oxfam
• Waitrose • Snow and rock • News International
Visa europe • Icelandair • House of Fraser
Co-Operative food • Norgesgrippen • Cabinet office
Virgin Insight • Talktalk • everything everywhere
Starbucks • Barclays Bank • O2 Money • Bitcoin
• Post office • Santander • Telefonica digital
Vodafone and Many More...

LOYALTY OMNICHANNEL BIGDATA TOTAL PAYMENTS

DOWNLOAD THE BROCHURE NOW FOR FULL DETAILS WWW.TERRAPINN.COM/CUST-FEST

