

Turn satisfied customers into loyal customers



Kodak enabled TransPromo
loyalty solutions

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More than 80 percent of Americans and 75 percent of Canadians belong to some type of loyalty club or rewards program.¹ Many belong to more than one: a grocery-store program, a credit-card program or two, and a travel-incentive program from an airline or hotel chain. Each loyalty program has different goals. For some the goal is to reward high-value customers, while for others the goal is to hold onto customers who meet certain criteria.

Gartner Research notes that in the U.S. alone, companies spend more than \$1.2 billion a year on these programs, but many fail to meet their full potential. Sallie Burnett, president of Customer Insight Group, says, "The majority of companies are still struggling to get it right. Delivering on the one-to-one promise is not a one-time exercise. It's an ongoing pursuit that is continuously measured and refined."² Other surveys support that idea. A survey by Walker Information Inc. identified a significant gap between customers who say they are satisfied with the companies they do business with and those who say they are loyal to those companies.³ The gap means that customers are

open to moving their business, if the right offer comes along.

Loyalty begins with you.

The burden is on the provider of the products and services to engage the customer and build that loyalty. That means not only spending the time to learn about the current customer set – their habits, buying patterns and needs, based on public demographic information – but also developing the marketing messages and offers that will keep them responding. Success is measured not only in the number of customers retained on a yearly basis, but also in the addition of new revenue streams.

The challenge in creating these applications is that most organizations have not looked carefully at how they communicate with members of their loyalty programs. This is usually because the purpose of the program is not well defined. It pays to start with a look at the current loyalty program to identify its components, including what benefits the customer is supposed to derive by participating.

In some programs the goal is to access savings on purchases. In other programs the goal is to track purchasing habits of top customers and provide more incentives for them to continue to spend. Still other programs offer rebates, based on purchasing levels.

In few of these programs, however, is there a real attempt to map what can be known about the customer to the kinds of programs that will keep them loyal. And that loyalty is important. If you can improve your customer-retention rate by five percent, you can increase the profit from those retained customers by 25 percent. Remember that loyal customers become evangelists for your products and make recommendations to their friends.⁴

Take a harder look.

The primary means of communication with customers who are trying to be loyal is the statement sent to them to tell them where they stand in their relationship. How many points do they have?

What rewards levels have they attained?

What options are there to get more points?

Take that one step farther. If you take a hard look at the transaction information, there is a gold mine. When do the customers usually shop? What do they buy? What is their average monthly spend?





Are you doing anything with that information? You should be! Identify a few basic patterns in your customers' spending, and begin by making some offers. The offers can be simple discounts with firm time deadlines, perhaps a 10 percent discount in a specific department where they usually shop, but one that is only good for a few days after the statement mailing. Perhaps there is a marketing partner that would pay to have access to a certain demographic among your loyalty-club card holders. If you can provide access to men between the ages of 25 and 35 who normally buy sporting

equipment, perhaps there is a cross-sell opportunity with a local fitness club or golf club. If you can provide access to women who normally buy cosmetics, there may be an opportunity to promote makeovers or special incentives by specific cosmetic suppliers.



An action plan for results

If you are not sure how to begin, here's a sample plan to help you:

1. Identify the types of customer communication you currently have:

- Customer discount card
- Points reward card

2. Identify what you know about your customers:

- Name, address
- Buying patterns by department, amount, time of day

3. Identify how points or rewards have been accumulated and used by your program members:

- Obvious segments
- Rewards exchanged or accumulated with exchange
- Discounts tracked

4. Identify how you currently communicate to your loyalty-program members:

- Monthly, quarterly, yearly via statement
- Direct mail
- No program

5. Form a team to review current program:

- Include marketing, IT and product managers
- Identify program goals
- Develop data-analytics plan
- Identify changes to current program
- Develop offer plan for program members

6. Identify internal and external marketing partners

- Execute
- Design new customer communications
- monitor and measure
- Expand marketing offers
- Increase segmentation when appropriate
- Review and improve

Make the move today to Kodak Solutions

It's a simple six-step solution. But one that requires time and commitment to execute. The results, however, should be more than worth the effort, with measurable increases in both customer loyalty and top-line profits potential.

In addition to enhancing your overall customer communications program, adopting a Kodak Versamark printing system means that you can eliminate preprinted forms and all of the associated costs. You also eliminate the time lost to stock changes and the waste from out-of-date stock.

Ask us how you can take advantage of technology to create your next generation of loyalty communications.

To learn more about solutions from Kodak:

Visit graphics.kodak.com/go/datacenter
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¹ Bosworth, M. Loyalty Cards: Reward or Threat? ConsumerAffairs.com. July 11, 2006.

² Burnett, S. The Loyalty Report. www.rmdma.org/images/RMDMA_Loyalty.pdf.

³ Creating Loyalty. Walker Information. www.creatingloyalty.com.

⁴ Reichheld, F. The Loyalty Effect. Bain & Company. 1996.

