



CASE STUDY

Boosting Retail Loyalty



Overview

The Company: Major Department Store

Operating as a multi-channel retailer with department stores across Canada, telephone mail order and online store, offering appliances, home furnishings and mattresses, home décor, lawn and garden, hardware, electronics, seasonal products, outdoor power equipment, nursery products, cosmetics, jewelry, footwear, accessories and clothing.

The Client: Director, Marketing Loyalty & Cards

Annual Revenue: \$3+ Billion

Business Challenge

Pain Point

As typical in their vertical, this major Department Store had a branded credit card that served as the vehicle for their customer loyalty program. When faced with the option of renewing their contract with the credit card partner, the Store opted to create a proprietary tender agnostic loyalty program and transition their current member base to the new loyalty program.

The Challenge

A quick-to-market loyalty solution needed to be launched as the cutover time from the old credit card partner to the new loyalty provider was highly constrained. The proprietary loyalty program had to be configured, fully integrated into the Store's systems and launched to the customer in 9 weeks, just in time for the beginning of the Holiday Season.

Exchange Solutions' Objective

Besides providing dependability and speed to market, Exchange Solutions recognized that there was also a rich and deep history of member purchase data that could be mined and leveraged for deeper customer engagement in the new program as well as improved profitability, to allow the Store's loyalty program to be more than just a cost centre.

The Solution

Exchange Solutions configured its ES Loyalty product for the Store, allowing loyalty member earn & burn behaviour at POS and online, as well as call centre integration for servicing member inquires, point bank management, member data management, implementing offers and promotions and reporting.

In addition, ES Loyalty Boost was layered on to the ES Loyalty execution, which allowed Exchange Solutions to take a data extract of historic member purchase transactions on the old credit card in order to profile and analyze member behaviour. Intelligent rules were then configured to allow individualized, Smart Offers to be presented to members. Offers would reward members with bonus loyalty points for behaviours such as increasing average order value (larger baskets), incremental purchases in new categories (demand-shaping and cross-category growth) and even redeeming their loyalty points. The bonus loyalty points were only awarded once the offer had been successfully completed by the member and the incentive (in this case points) was directly correlated to the incremental margin associated with completing their offer.

Methodology

- **Scalability and Speed to Market:** Exchange Solutions spent 9 weeks end to end, configuring the ES Loyalty Platform to provide the Store with seamless integration for earn and burn behaviour, including fulfillment of new cards and the creation of new member loyalty accounts that could be accessed online.
- **Member Profiling & Analysis:** Exchange Solutions took an extract of the Store's customer purchase data in order to perform a business assessment, identify & value member behaviour gaps, analyze product categories for margin availability and formulate strategies for promoting categories through Smart Offers. This comprehensive offer strategy, informed by Intelligent Rules, targeted specific behaviours from each member to drive incremental revenue and profitability

RIGHT OFFER

(incremental focus, incentives tied to propensity & margin)

RIGHT OUTCOME

(increased member engagement, improved customer lifetime value)

The screenshot displays the Azalea Club member interface. At the top, there is a navigation bar with the Azalea Club logo, a 'LOGOUT' link, and three menu items: 'ABOUT AZALEA CLUB', 'AZALEA CLUB OFFERS', and 'MY ACCOUNT'. Below the navigation bar, a section titled 'MY PERSONALIZED OFFERS:' is followed by a sub-header 'AZALEA CLUB POINTS' and a note: 'by loading an offer you are agreeing to receive emails about your personalized offers from Azalea.' The main content area features four offer cards arranged in a 2x2 grid. Each card includes a point value, a category, a description, a 'LOAD' button, and a 'FULL DETAILS' link. The offers are: 1) 950 points for Bed & Bath (loaded), 2) 700 points for Small Appliances, 3) 600 points for Cosmetics & Fragrances, and 4) 450 points for Footwear.

950
AZALEA CLUB POINTS
When you spend \$110 on BED & BATH. Offers valid at Azalea Stores, Azalea.com.
✓ LOADED
Offer is valid until 24/12/18. [FULL DETAILS](#)

700
AZALEA CLUB POINTS
When you spend \$95 on SMALL APPLIANCES. Offers valid at Azalea Stores, Azalea.com.
+ LOAD
Offer is valid until 24/12/18. [FULL DETAILS](#)

600
AZALEA CLUB POINTS
When you spend \$70 on COSMETICS & FRAGRANCES. Offers valid at Azalea Stores, Azalea.com.
+ LOAD
Offer is valid until 24/12/18. [FULL DETAILS](#)

450
AZALEA CLUB POINTS
When you spend \$60 on FOOTWEAR. Offers valid at Azalea Stores, Azalea.com.
+ LOAD
Offer is valid until 24/12/18. [FULL DETAILS](#)

(ES Loyalty Boost member interface)

- **Member Communication:** Members were subject to an effective and meaningful email cadence to introduce offers, remind them of offer expiry, and confirm completions & rewards in order to ensure member engagement.
- **Behaviour Recognition:** Exchange Solutions and the Store were set up to transmit loyalty data for ongoing behaviour recognition and to deposit loyalty points from completed offers.

The Results

Besides achieving the successful transition from the outgoing credit card vendor and the integration of the ES Loyalty Platform within the planned 9 week timeline, the ES Loyalty Boost product materially delivered on customer engagement and profitability results within 5 weeks of implementation.

Deepened Customer Engagement

- 56% Open and 12% Clickthrough rates for ES Loyalty Boost Emails (Better than market standard of 20% open and 2.4% clickthrough rates as reported by Mailchimp.com for Retail Campaigns 2017)
- 7500 incremental visits to the online Store
- 1700 incremental buyers
- 23,000 incremental member account log-ins

Improved Customer Lifetime Value

- 400% improvement over the target spend on offer completion (i.e. if average target spend was \$130, average actual spend was \$560)
- \$1.6 MM in incremental net spend (after discounts)
- \$560 M in net margin

About Exchange Solutions

Exchange Solutions improves Customer Lifetime Value for retailers through Individualized Offers, Smarter Loyalty Programs and Website Optimization, powered by AI & Advanced Analytics.

ES Loyalty is a highly scalable, flexible and secure fully-featured omni-channel loyalty platform. ES Loyalty Boost turbocharges your loyalty, rewards and affinity program with Smart Offers that deepen member engagement and generate incremental revenue and profitability. We have flexible pricing options, typically a base monthly fee + performance based pricing tied to delivering incremental revenue and profit for retailers. As well, our approach to measurement is rigorous and dual validated so the attribution of our offers is clear.

Our Products



Fully Featured, Flexible & Scalable Omni-Channel Loyalty Platform



Turbocharge Your Loyalty Program's Performance with Smart Offers



Improve Customer Lifetime Value with Individualized Offers



Increase Conversion and Unlock Revenue with Website Optimization & A/B Testing

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