

1. Readiness of **buying additional or new products and services** of given company, often without comparison with products offered by competitors.
2. Readiness of **recommendation of company and their products**.
3. **Participation in product development**, putting forward an idea to improve products offered by a company.

(According to P. Kotler)



Repurchase



Cross-Purchase



Recommending



Contributing Idea to Product Development





1950's S&H Green Stamps - Precursor of Loyalty programs:

Past

Customers were given redeemable Green Stamps based on how much they bought, which attracted customers to the store and inspired purchases.

Modern loyalty programs are not only to make customers willing to **repeat purchase**, but also to **obtain information** what they buy and what they want to buy, so that companies **could up-sell them**.

Present

Tesco Clubcard



Nectar



Continental OnePass





The retail war is between the “Wal-Mart” logistical model and the “Tesco” customer data model.

- **LP Points Program:** Launched the first LP in British supermarket industry in 1995 called Club Card ; relied on incentive aspect of the loyalty scheme.
- **Result:** Successful in capturing both market share and share-of category requirements in subsequent years.
- **Customer Data Model:** Tesco merges information on customer transactions within Tesco's website and with point of sale data to customize its product offerings and communications.
- **1 to 1 marketing:** Design customer segment communication plan
 - Sending 4 tailored magazine, point cards and 80 kinds of promotion material annually to students, families, top customers, seniors, etc.
 - **Targeted and mailed frequently :** Local store information
 - **Targeted and mailed quarterly:** Clubcard Statement, Clubcard Magazine, Clubcard deals
 - **Targeted and retailed monthly:** Recipe Magazine
 - **Targeted via the web:** Tesco.com
 - **Targeted and mailed ad hoc:** Bespoke mailings
- **Rewards on demand:** Aligned its LP offering closely with the specific members' needs as opposed to giving out general incentives





Product DNA Typing:

Each product is assigned “important to customer” attributes

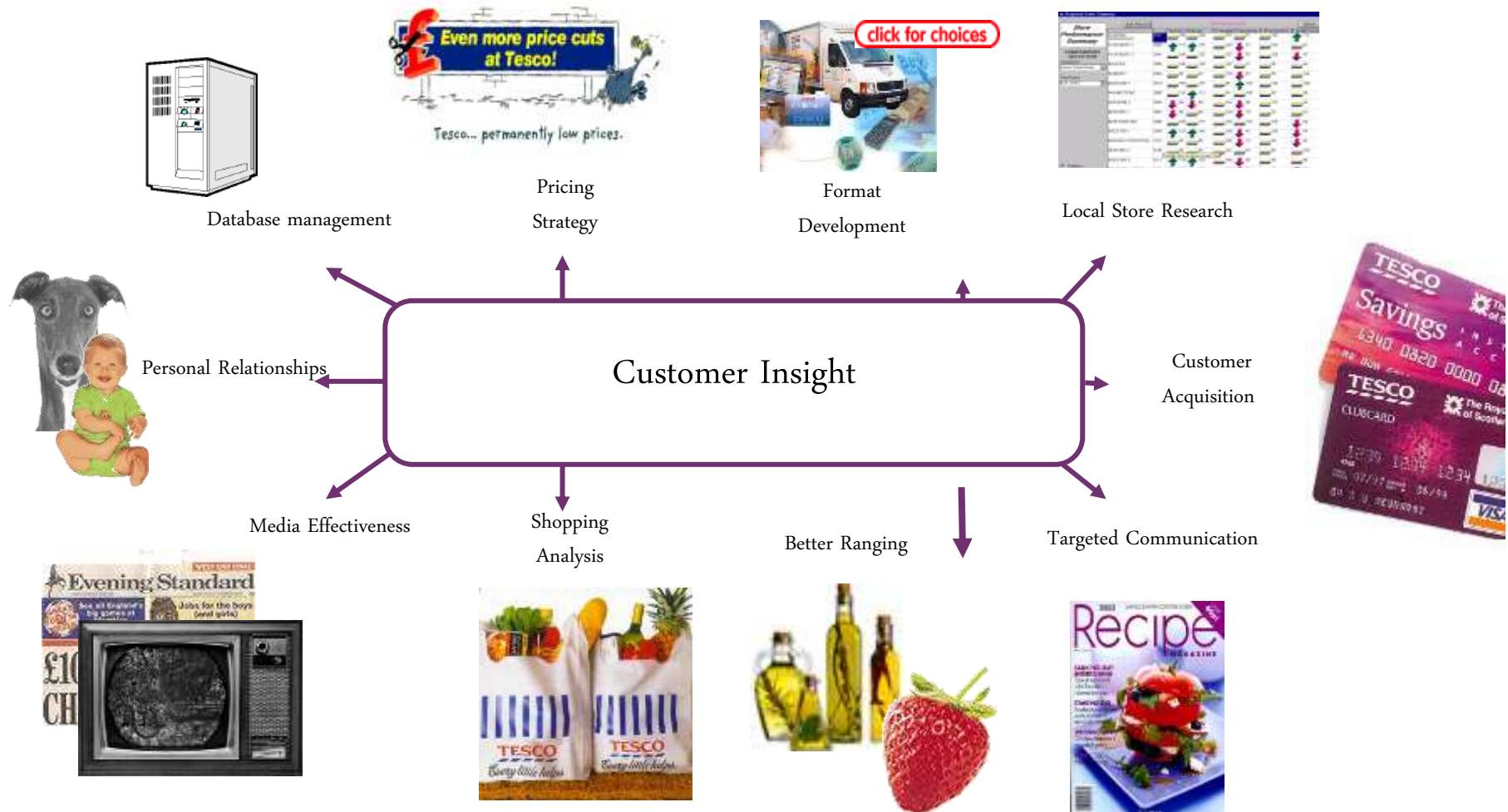


Each customer has a unique “DNA profile” derived from the products they buy – “you are what you eat”

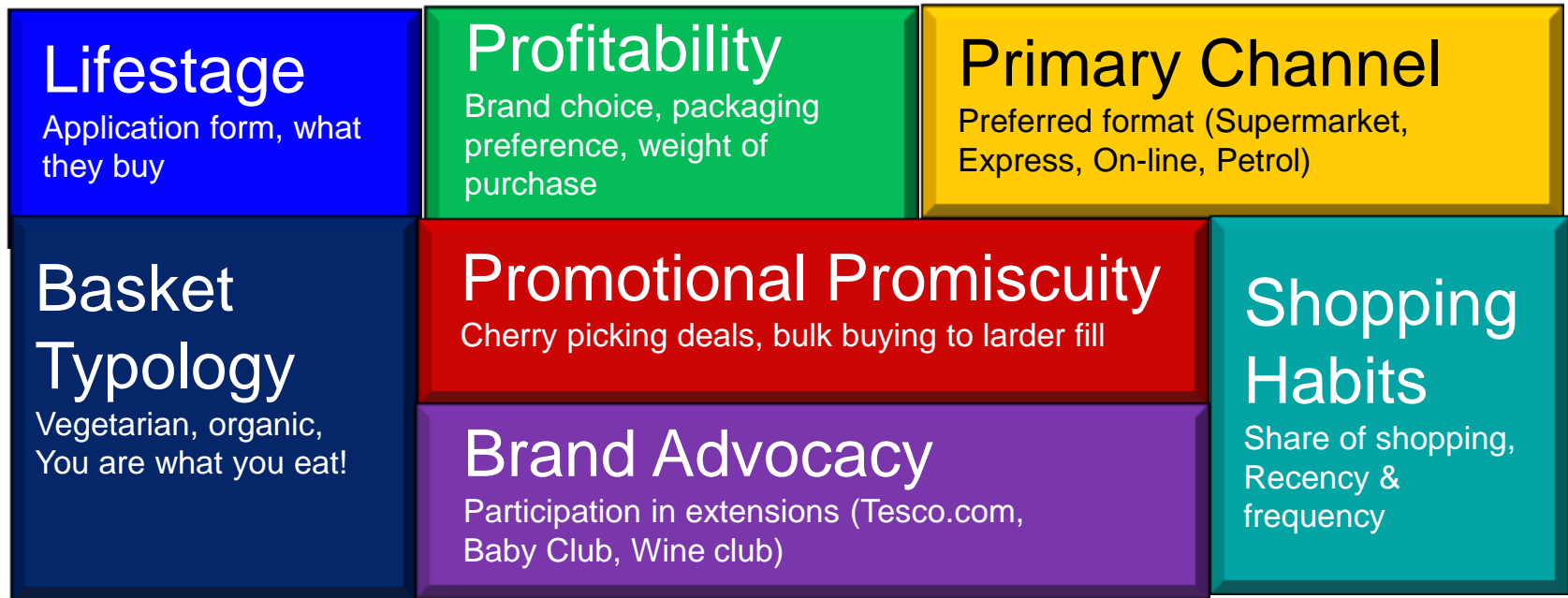
• Big Box (+) / Small Box (-)	1
• Healthy	0
• Prepacked (+) / Loose (-)	0
• Fresh (+) / Longlife (-)	-1
• Convenience	0
• Cooking from Scratch	0
• Branded (+)/Tesco Own Label (-)	-1
• Kids	0
• Value	1
• Finest	0
• Foreign	0
• Green	0
• High (+)/ Low (-) Price	-1
• Vegetarian	0
• Meat	0
• Adventurous	0
• Traditional	0
• Low Calorie (+) / High Calorie (-)	-1

Campaign Planning – Consumer Customer Care

(Loyalty Program Customer Insight Helps Business in Many Areas)



- Our image of customers is built from seven pieces



- This is how our customers behave.
- How do they see the products we want them to buy?



No matter at pre-sale, in-sales and after-sale, Mary Kay's professional beauty consultants provide safe and high-quality guide and service. Its original "0-2-2-2" loyalty program according to customer's lifecycle provides considerate consulting and service for customers.

Customer Lifecycle	Mar Kay Loyalty Program	Improvement Methodology
0 – Welcome Phase (on the Purchase Day)	In the same evening when customers purchase the products, beauty consultants provide in-time phone feedback visit to understand customer's usage perception.	Show "welcome" through Personal EDM+Call Center, and customers click the link to visit website to express the initial usage attitude.
2 – Usage Phase (2 days after Purchase)	After 2 days, beauty consultants ask customers about usage perception and skin improvement, and whether using the right usage procedure.	Ask about the improvement through Personal EDM+Call Center. Customers click the link to visit website, watching the online video of correct product using procedure, the effect and possible actions.
2 – Effect Phase (2 weeks after Purchase)	After 2 weeks, beauty consultants visit customers and provide on-site services while comparing with the original demands with current improvement effect.	Ask about the improvement through Personal EDM+Call Center. Customers click the link to visit website, providing the score of improvement effect. Call center arranges the Word of Mouth article writing for those with high score and solves the problem for those with the low score.
2 – Repurchase Phase (2 months after Purchase)	After 2 months, beauty consultants visit the customers again, providing skin analysis and relevant prescription adjustment if needed.	Ask about the improvement through Personal EDM+Call Center. Customers click the link to visit website, watching relevant WOM blog, participating interactive video buying events, and enjoying the happiness of earning additional points.

Mary Kay's excellent loyalty program in customer lifecycle has been modified to realized through Rivers' Direct Marketing + Ecommerce Model.

- BestBuy's B2C sales reached 1 billion USD annually.
- BestBuy's online purchase guide increased the deal close rate from 15% to 75%.
- Points coupon from online purchase can be used in retail shops.
- Lower cost of e-commerce than that in retail shop sales, optimizing inventory turnover and productivity per Square meters



•BEST BUY's Shop Display

