

new and  
improved

Little Book Of  
**LOYALTY**

CASE STUDIES AND TIPS TO  
UNDERSTAND, ENGAGE AND  
RETAIN YOUR CUSTOMERS

terrapi**n**  
use your brain





# INTRODUCTION

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 all-important loyal customers. The modern day customer has the power to buy what they want, when they want it, from whichever company they like.



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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?



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# LOYALTY TIPS

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**Name**

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*Loyalty is...*

“In one word I think it is engagement; engagement achieved through superior understanding of the customer and your customer data. If you leverage this correctly you will be able to deliver unexpectedly good experiences across touch points.”

*I'm loyal to...*

“Apple, initially because they provided me with an unexpectedly good experience, but now more because they provide me with a system that works for me and the entire family.”

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# UNDERSTAND THE CUSTOMER

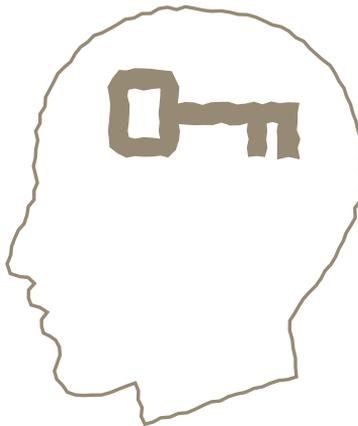
Ulrik believes that in order to achieve loyalty, it is essential to focus on the customer.

“I was buying sunglasses in Thailand on my credit card, and I got a call from my bank asking me if I was abroad and had just made a purchase,” he says.

“If they had worked harder, they would have known I paid for my trip with the same credit card and also made a hotel reservation on it. This call could have been used to create a much more forward-leaning positive experience rather than an inward-looking security question.”

Once you understand the customer, he says, you can create smart innovations to match their needs exactly where they matter most.

“Traditionally our users have been required to enter both email and password in order to access their online account; something that’s more difficult on a mobile device with its small keyboards and fields. We introduced pin log-in on our native apps for Betsson.com. So rather than having to type in a complicated six-letter password you log in with your four-digit phone pin. This has taken contacts to customer service for new pin codes down by more than 50%. And reducing the time it takes to bet leads to more bets!”





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Ben Fricke

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**Name**

Shetal Bhatt

**Job title**

Subcard Programme  
Manager, Europe

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EIPC for Subway

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# LOYALTY TIPS



*Loyalty is...*

“Most importantly, liking the product,” says Ben. “You can use the most sophisticated tools, but if your product is not relevant to the customer, you are not going to create loyalty. If you have a great product and you deliver consistently good experiences then you can overlay tools and programmes to create win-win situations for the customer and the company.”

## *I'm loyal to...*

“My dad used to drive Audis so I bought one as my first car. I've always been happy with them so I've stayed loyal to them,” says Ben.

“As an England cricket fan, I am hugely loyal to the team. What business wouldn't like to have the loyalty of national cricket fans, who are never realistically going to switch to a 'competitor brand'?” says Shetal.



# KEEP IT SIMPLE AND RELEVANT

“Don’t fall into the trap of thinking that customers have as much time to spend understanding a loyalty scheme as you do in a meeting,” says Ben. “You have to cut through the clutter and find a way of explaining your proposition to customers in a way that they can understand in a few seconds.

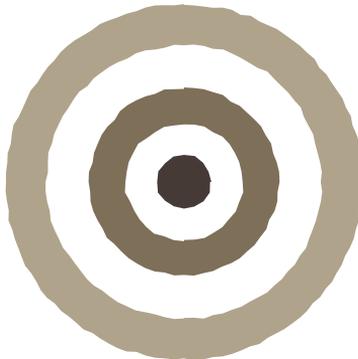
“For us, this is ‘earn points to redeem free subs’. The mechanic is simple: earn one point per 10p spent – 500 points gets you a free sub. If it’s too complicated, people won’t get it.

“We also found that people’s wallets are full of cards, so if you want them to take your card, your scheme has to be more attractive than a card they already have.

“In our case, we also found that lots of our customers are teenagers, who don’t necessarily carry a wallet. So we launched an app five years ago to get around this challenge. Not only did the app solve the issue of full or non-existent wallets, but you can do so much more with an app.

“It’s like Harry Potter’s Marauders Map compared to an Ordnance Survey map: both are fundamentally the same thing but the app can do so much more. It can tell you how many points you have, it can show you the way to your nearest store and it can show you the product range. A plastic card can’t do any of those things.

“It seems obvious now, but it was a rarity then. You have to keep things relevant in a practical way.”





# LOYALTY TIPS

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**Name**

Steve Whitty

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Head of Customer  
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Royal Bank of Scotland

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*Loyalty is...*

“Focusing on the right service interactions and not over-delivering on things that don’t matter. Looking at cross-product insights to take a customer-centric view; and finally, depth of analysis. We have to measure jointly what matters for the customer, how good we are and how much it costs.”

*I’m loyal to...*

“Brands which give a consistent experience over time and those which don’t make me work hard during interactions.”

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# SERVICE IS EVERYTHING

Steve believes that service is more important than price, product features or even brand.

“Businesses need to focus less on marketing and more on tangible areas such as service improvements,” he says.

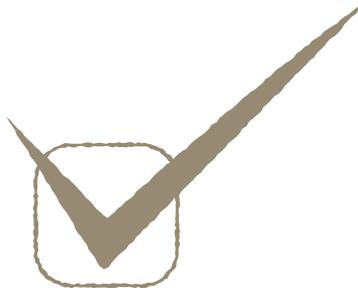
“Getting a single view of the customer is vital to allow departments to meet around a common campfire to agree improvements.”

“In the retail bank we have assessed all products using customer ‘journeys’ and diagnosed important interactions. We identified drivers of loyalty and customer effort and modelled these against income and attrition, to quantify the impact of any proposed improvements.

“For example, for a personal current account customer, the welcome pack service delivery is not a moment of truth, so we don’t need to spend much money on it, we just need to make it a consistent experience.

“In contrast, for an ISA customer, the welcome experience is key, so a different approach is required here.

“This type of cross-product insight has driven successful transformations that are rooted in quality of service and customer experience. It’s led to an £180m rise in income and seen us identify £170m of savings.”





# LOYALTY TIPS

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**Name**

Jesper With-Fogstrup

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Managing Director

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*Loyalty is...*

“Providing value to the customer. It doesn’t have to be monetary; it can just be something that makes them smile.”

## *I’m loyal to...*

“Great service and great experiences. I travel a lot and regularly use care hire companies. There are more or less the same brands in every airport, so what makes me loyal? It’s when someone uses my name when I walk up, or makes it easier for me to get into a car quicker, or gives me an upgrade, or remembers that I made a positive comment about a car last time so has made that car available again. That is the sort of thing I am loyal to.”

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# BEWARE OF NEGATIVE VALUE

Consumers have so much choice now that it's harder than ever to correct negative experiences, says Jesper.

"The world is now so transparent that as soon as someone gives you a bad experience, and deducts value from your life – makes you wait on the phone for 30 mins, or sends you around a thousand options to do what you need to do, then that creates negative value, and you will have to work very hard to regain that trust," he says.

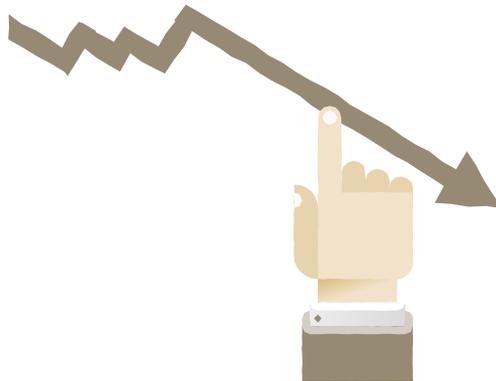
"So look after your customers, and treat them how you want to be treated. Would you really want to spend your life on hold, or having a really bad argument with somebody, or not having your points followed up?"

"It's about being recognised, and that doesn't have to cost money. If staff care and are empowered to make decisions then they'll make it their objective to make people smile; and that creates great positivity. As long as consumer and provider think along those lines then you build up trust."

The LateRooms Group is trialling a programme that makes search results more relevant to individual users, based on their previous searches, the type of device they are using, and how they've rated previous purchases. It's also helping to regain any lost users.

"We're not only looking at giving people a really great experience online," says Jesper.

"If people fall out of the online process, we're also looking at how to reactivate them through seamless communication."





# LOYALTY TIPS

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**Name**

David Rosen

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Head of Strategy,  
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*Loyalty is...*

“An emotional connection, not a rational one. As marketers, we give people a lot to rationalise – smart phone apps that allow them to compare prices, discounts, loyalty programmes through which to accumulate points. Those are rational ways to make people change their minds about purchasing, but it doesn’t make them loyal. Loyalty is inherently an emotional reaction.”

*I’m loyal to...*

“Starwood Hotels – the W Hotel and St Regis brands in particular. I live in a hub city for United Airlines so I fly with them a lot. Because I am a loyal customer, they go over and above expectations. I am also very loyal to the sports teams Stanford University and San Francisco Giants. There’s a lot to learn about how being loyal to a sports team makes you loyal to a brand. It’s an emotional tie.”

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# BUILDING EMOTIONAL LOYALTY

What creates emotional loyalty? After three years researching across European, North American and Asian markets, David has drawn these conclusions:

- 1 “Value: not necessarily giving lower prices, but recognising when someone is a good customer and delivering profitable behaviour, and acknowledging that by making them feel valued.
- 2 “Trust: when you trust a brand you are incredibly loyal. For a fashion retailer that means you trust that what you wear from that store will make you look good. For a hotel, it’s that your room is ready and it’ll be clean. For an airline – that your flight will leave on time. Trust is built over time and not on a single transaction.
- 3 “Relevance: brands need to communicate to customers personally and use all the information they have gathered to create a relevant and individual relationship.
- 4 “Control: consumers need to be able to control the relationship – such as choosing whether they are called by their first or last names, and the frequency with which they are contacted. Whether that is via text message, email or a handwritten note, people want control.
- 5 “Efficiency: there are many competing demands for a customer’s attention, so people want the experience to be easy and efficient for them. They want the technology, but not everyone wants self-service – so it has to be through whatever channel they choose.
- 6 “Consistency: this is particularly important in an omni-channel world – the information a customer sees, the operations they are able to perform, must be the same between call centres, stores, websites, mobile applications and direct mail.”





# LOYALTY TIPS

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**Name**

Helen Hunter

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Head of Loyalty

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Sainsburys

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*Loyalty is...*

“Recognising the balance between share of transactions and warmth of feeling towards a brand – essentially appealing to both the rational and the emotional brain. It’s about both recognising people and rewarding them.”

*I’m loyal to...*

“Channel 4, because their content is relevant to me. I am also pretty loyal to the travel company Mr & Mrs Smith – they offer some excellent rewards.”

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# KNOW THE BOUNDARIES

What creates emotional loyalty? After three years researching across European, North American and Asian markets, David has drawn these conclusions:

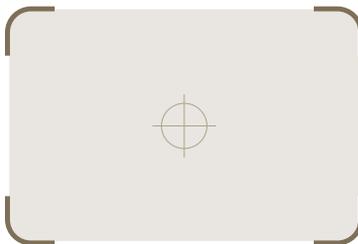
“Our corporate vision is to be the ‘most trusted retailer’ where people ‘love’ to work and shop,” says Helen. “When you love someone you are in a deep relationship with them. And we aim to build that depth of relationship with our customers by having the most relevant and rewarding conversations possible.

“We serve millions of customers every week. Clearly there is an omni-channel element to our business, but a lot of customers are anonymous to us; whereas 145 years ago, John and Mary Sainsbury knew each customer who came through their door. They remembered what they’d ordered last time and the details of their family life.

“So how do you recreate that relationship in a scale operation? By relentlessly mining data. But you have to be very careful about what you surface from that information, and very careful before you make assumptions about people.

“We recently delivered the most personalised mailing we had ever created. It went to 2 million people and it was entirely digitally printed, so every component was unique to the customer. People started tweeting about it, commenting on how well Sainsburys knew them.

“It was very successful financially and it also helped drive our brand measures such as consideration, and the degree to which customers felt Sainsburys recognised and valued their custom. It also taught us a lot about the boundaries between what you should and shouldn’t personalise. There are some things customers expect you to know about them, and others they’d rather you didn’t. We have to be very careful that our data capability doesn’t surpass customer palatability.”





# LOYALTY TIPS

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**Name**

Richard Murray

**Job title**

Former Chief Customer Officer

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Jagex Ltd

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*Loyalty is...*

“Getting the balance right between shareholder returns, employee engagement and customer experience. We’ve seen people change where they buy their morning coffee due to companies not paying UK tax, and switching current accounts due to bankers’ bonuses. All this tells us that the values and ethics a brand portrays and lives by are important to today’s consumer.”

*I’m loyal to...*

“I’ve spent most of my life in sales and service so for me, it’s about unlocking the personalities of frontline staff so they can make an emotional connection with the customer. So many organisations get this wrong, and it’s obvious from their first interaction with a customer.”

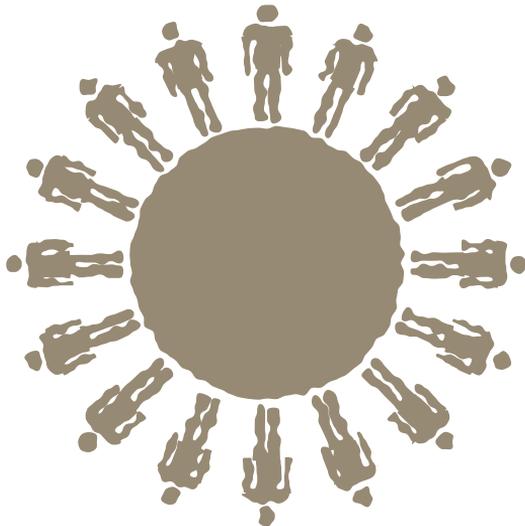
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# THE EMPLOYEE IS THE BRAND

“As far as a customer is concerned, every employee is the brand,” says Richard. “Every interaction with a customer has the potential to increase loyalty, keep it neutral or destroy it, so hiring the right people, training them well and looking after them is one of the top things every leader should be focused on.

“Every employee should be allowed to ‘profitably delight a customer’; the only time someone should need to sign off is if they think they’ll disappoint the customer.

“I introduced this rule in my sales and service teams to eliminate non-customer-centric processes and legacy rules that were generating customer frustration. The results were astounding and evidenced in a huge positive NPS swing and greater revenues. But the most difficult part was educating the teams on how to strike a win-win balance between loyalty and profitability.”





# LOYALTY TIPS

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**Name**

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*Loyalty is...*

“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 what 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.”



# CASE STUDY

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**Name**

Pam Conway

**Job title**

Director of P&L Marketing and Loyalty

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British Gas

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Loyalty is...

“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.

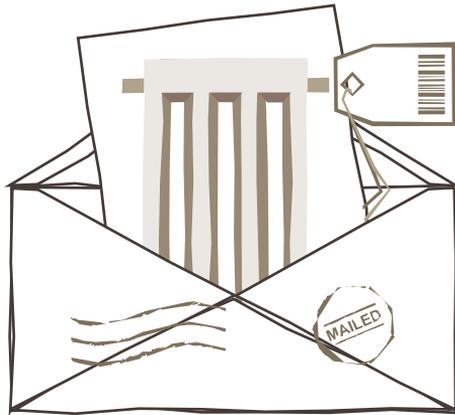
“If you put up the old bill versus the new one they are light years apart in terms of look and feel and ease of navigation,” said Pam.

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.”





# LOYALTY TIPS

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**Name**

Dr Nicola Millard

**Job title**

Customer Experience  
Futurologist

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BT

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(consumer [www.bt.com](http://www.bt.com))

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@DocNicola



Loyalty is

“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...*

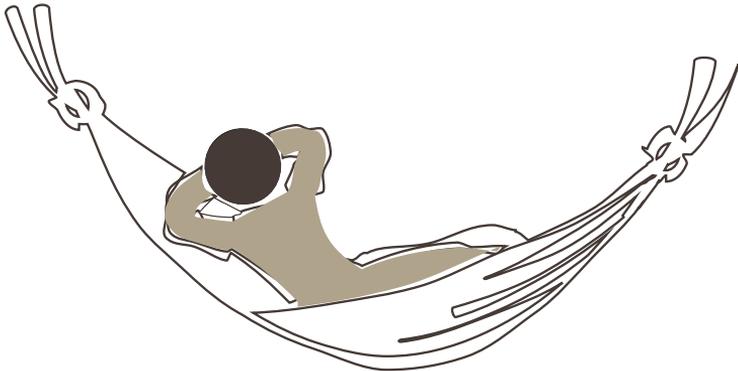
“In terms of brands I don’t think I’m loyal to anything much apart from film directors, writers and actors. I would go and see films, read books or watch TV with any of my favourites, even if they aren’t my cup of tea.”

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# 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."





# CASE STUDY

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**Name**

Shetal Bhatt  
European Loyalty Manager  
Subcard



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.



**Name**

Jane Abbott  
Marketing Manager  
Subway

*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)

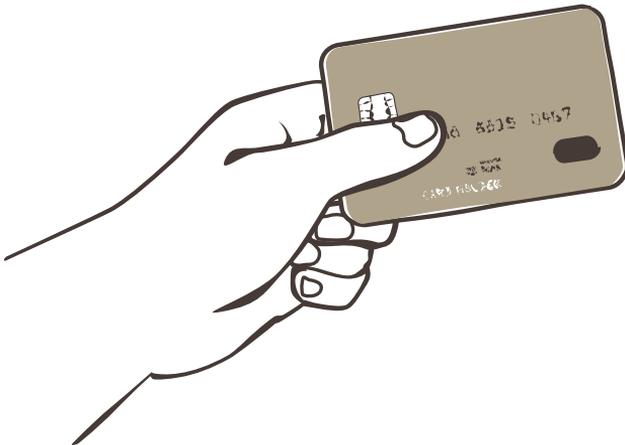
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# DIVERSIFY AND WIN

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.





# LOYALTY TIPS

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**Name**

Matthew Knight

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Head of CRM and Insight

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“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.”

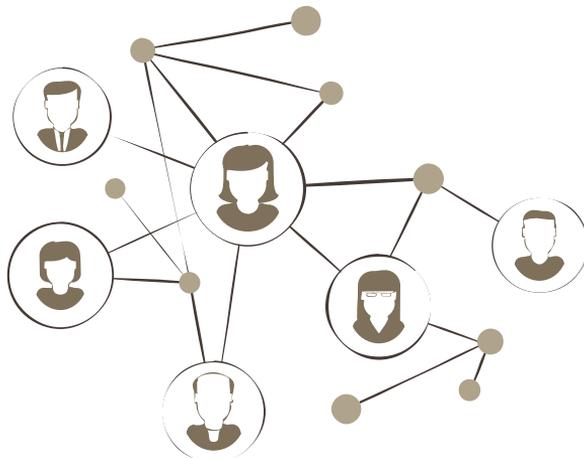
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# HOW TO BUILD AN ONLINE RELATIONSHIP WITH CUSTOMERS

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.





# CASE STUDY

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**Name**

Alex Chruszcz

**Job title**

Head of Insight and Pricing

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## 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.”

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# 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.”





# LOYALTY TIPS

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**Name**

Charlotte Richards

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Head of Insight

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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!”

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# 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.





# CASE STUDY

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**Name**

Sarah Farquhar

**Job title**

Head of Retail Brand

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Loyalty is...

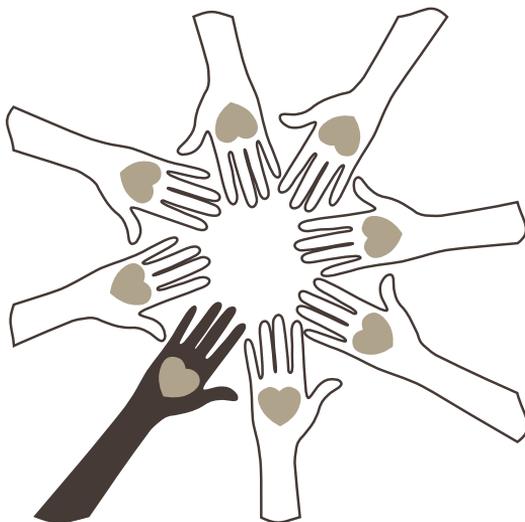
“For Oxfam shops, a personal connection with our staff and volunteers is so important - the Oxfam shop should feel a core part of their local community.”

# 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."





# LOYALTY TIPS



**Name**

Mark Thomas

**Job title**

Director – Brand Marketing  
EMEA

**Company**

Hilton Worldwide

**Website**

[www.hiltonworldwide.com](http://www.hiltonworldwide.com)

**Twitter**

@HiltonWorldwide



*Loyalty is...*

“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.”

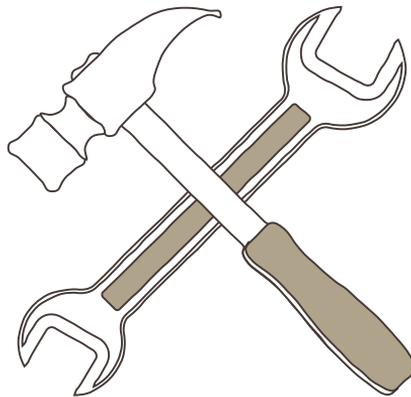
## *I'm loyal to...*

“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:

- 1** 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.





# CASE STUDY

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**Name**

Julia Pchelina

**Job title**

Customer Loyalty  
Manager and Deputy  
Head of Marketing

**Company**

IKEA Shopping Centres  
Russia

**Website**

[www.ikeascr.com](http://www.ikeascr.com)



Loyalty is...

"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."

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# 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 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.”





# LOYALTY TIPS



**Name**

Kate Hamer

**Job title**

CRM and Loyalty Manager

**Company**

Space NK

**Website**

[www.spacenk.com](http://www.spacenk.com)

**Twitter**

@Space\_NK



*Loyalty is...*

“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.”

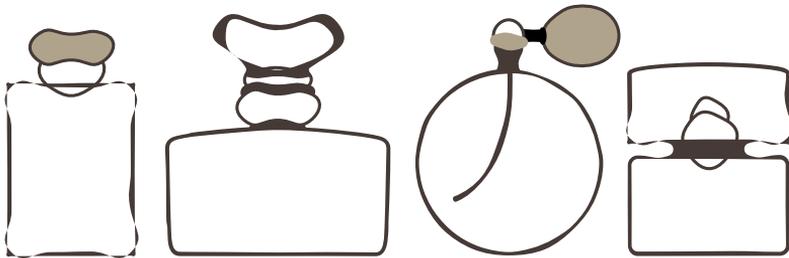


# BUILDING LOYALTY IN AN OMNI-CHANNEL ENVIRONMENT

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.”





# CASE STUDY

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**Name**

Alan Lias

**Job title**

Worldwide Head of  
Loyalty & Ancillary  
Revenue Development

**Company**

Virgin Atlantic Airways

**Website**

[www.virgin-atlantic.com](http://www.virgin-atlantic.com)

**Twitter**

@VirginAtlantic



Loyalty is...

“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.”

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# THE THREE RS OF LOYALTY

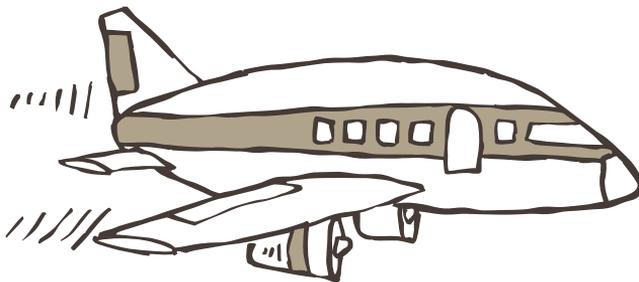
Case study: Virgin Atlantic Flying Club

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.”





# LOYALTY TIPS

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**Name**

Andy Oldham

**Job title**

Managing Director

**Company**

Quidco

**Website**

[www.quidco.com](http://www.quidco.com)

**Twitter**

@quidco



*Loyalty is...*

“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."





# CASE STUDY

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## Name

James Reddington

## Job title

Head of Consumer Loyalty  
& Rewards

## Company

Telefónica UK (O2)

## Website

[www.telefonica.com/](http://www.telefonica.com/)  
[my.o2.com](http://my.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.”

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# HOW TO KEEP THE NON-COMMITTAL CUSTOMER

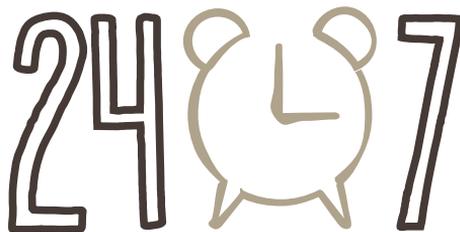
The O2 Rewards scheme was set up for customers of O2 Pay & Go – customers who don't sign a contract for a certain period of time and can stop using the product at any time.

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](http://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.





# LOYALTY TIPS

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**Name**

Deborah Womack

**Job title**

CRM professional

**Company**

Senior Consultant

**Website**

[uk.linkedin.com/in/  
theladyd/](http://uk.linkedin.com/in/theladyd/)



*Loyalty is...*

“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.”

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# POST PURCHASE EVANGELISTS

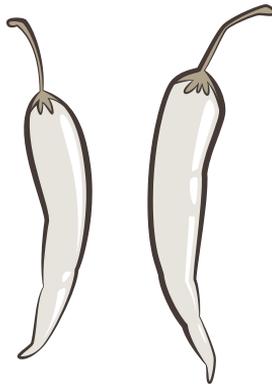
According to Deborah there is a window of opportunity post purchase when the customer is most likely to evangelise about the product or service – for a restaurant or new beauty product it could be 24 hours and for a new car it could be three months.

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.





# CASE STUDY

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**Name**

Bastiaan Ellen

**Job title**

Director, Social Media  
Marketing

**Company**

Hotels.com

**Website**

[www.hotels.com](http://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.”

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# FRIENDS WITH BENEFITS

How Hotels.com plans to make travel more social.

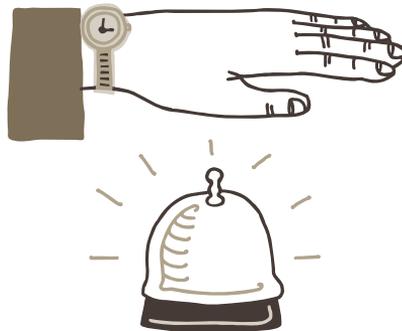
The latest trend is the SoMoLo revolution – using social, mobile and location data as marketing tools to drive loyalty.

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.”





# LOYALTY TIPS

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**Name**

David Hathiramani

**Job title**

Co-founder

**Company**

A Suit That Fits

**Website**

[www.asuitthatfits.com](http://www.asuitthatfits.com)

**Twitter**

@ASuitTFDavid



Loyalty is...

“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."



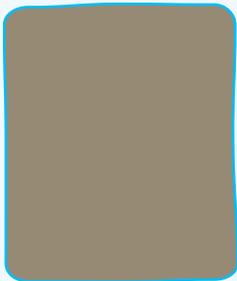


# CASE STUDY

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## I'm loyal to...

"In terms of brands I'm loyal to Virgin. I bank with Virgin, use Virgin gyms. I like it because it's not a stuffy brand, it's warm and friendly."



### Name

Chloe Lord

### Job title

Customer Experience  
Programme Manager

### Company

Tesco

### Twitter

@Tesco

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# CHLOE EXPLAINS HOW TESCO USED ITS 'MAKE MOMENTS MATTER' PROGRAMME TO BUILD CUSTOMER LOYALTY

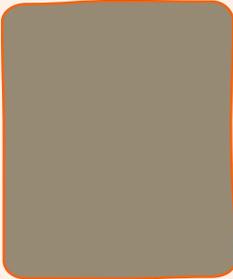
When we think about how to build customer loyalty, a main priority is getting the hygiene factors in place. These are elements such as not having long queues. We then started to think about when people come into the store and how we bring that alive and make that an enjoyable experience. Even if people shop online, they still have someone deliver the groceries to their door. We did it through a campaign called 'Making Moments Matter', which was all about reinforcing the importance of the customer. Historically staff have had a good operational standard and in our recruitment we used to see how people delivered on the shop floor. Now it's much more about putting people in a room and seeing how they get along with each other. We're looking for a level of emotional intelligence and those can engage with people one-to-one. An example of Making Moments Matter is with young mums – simply acknowledging their children at the checkout. It's an awareness.





# LOYALTY TIPS

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**Name**

Michelle Bradley

**Job title**

Customer Relationship  
Manager

**Company**

Homebase

**Website**

[www.homebase.co.uk](http://www.homebase.co.uk)

**Twitter**

@Homebase\_uk

## *I'm loyal to...*

“Debenhams because I can shop online or in store. They have many different brands I can shop into, dependent on the occasion and I often order online then pick it up from store which is very convenient as its close to where I work.”

# HOW TO RETAIN THE LOYALTY OF INFREQUENT CUSTOMERS

We know we have a range of different customers that visit but we don't have the luxury of highly regular shops. We therefore use segmentation and predictive tools to ensure our messages are relevant to each of our audiences. By selecting segments of customers, it means we can tailor our messaging to them to make it relevant to them. Our customers love to collect Nectar points so we use our Nectar scheme to increase reward and recognition.

Those customers who are infrequent shoppers, we utilise the data we have available to understand their behaviour patterns. We talk to these customers around our inspirational design tools and when a customer looks like they are beginning/engaged in a current project/activity we send them communications on the great range of brands we have available or the options we have on ordering and delivery to help complete the job.



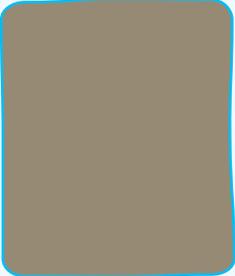


# CASE STUDY

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## *I'm loyal to...*

"I'm really loyal to the John Lewis Partnership. It's such a great place to work and great to work for such an amazing brand."



### **Name**

Anna Revell

### **Job title**

Associate CRM Manager

### **Company**

John Lewis

### **Website**

[www.johnlewis.com](http://www.johnlewis.com)

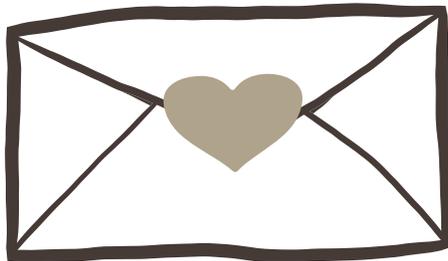
### **Twitter**

[@johnlewisretail](https://twitter.com/johnlewisretail)

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# HOW TO BUILD A CRM PROGRAMME AROUND YOUR CORE VALUES

John Lewis has service at the heart of its customer strategy. One of the ways it has successfully incorporated the service ethos into its CRM activity is through the My John Lewis Nursery scheme. It's a programme for pregnant women and young families. Once the retailer is given the mother's due date, all communications are tailored towards the stage of pregnancy the customer is currently at. Rather than simply promoting products, the email communications are designed to give helpful advice such as things expectant mothers need to know and consider as well as offers and news about events. The emails are designed around three different areas: the mother, the home and the baby. "We make sure we provide service over sales," said Anna. "It means customers don't feel they are being talked at." She added that the messages have different elements such as congratulating the mother-to-be and helping her to the next stage of pregnancy. Messages about good customer service underpin all the retailers' communications.





# LOYALTY TIPS

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**Name**

Samir El-Alami

**Job title**

Online Marketing Director

**Company**

Lovestruck.com

**Website**

[www.lovestruck.com](http://www.lovestruck.com)

**Twitter**

@SamirElAlami

*I'm loyal to...*

"My family is number one."

# HOW TO BALANCE ONLINE ACQUISITION AND RETENTION

According to Samir, a company should divide its time equally between retention and acquisition – once it has stability in both areas. Here are his tips for what each area should include.

## Acquisition

- 1 PPC and SEO content. “With PPC you can measure your ROI, user generated content (UGC) is the best you can get,” said Samir.
- 2 Affiliate marketing. Samir says if done properly it can be effective.
- 3 E-mail marketing. “Still one of the most personal ways you can affect somebody.”
- 4 Public relations. “This is an excellent acquisition tool.”
- 5 Social Media. “The more you engage with your customers the more they will engage with you.”

## Retention

- 1 Excellent customer service. Via telephone, email, social media or events. “Make sure you email back within 24 hours. Nobody wants to use social media as a way to deal with problems so get in touch with the customer directly,” said Samir.
- 2 Email. “Everyone’s afraid of sending too many emails, don’t be afraid. Make sure every email is of use, then it’s not spam.”
- 3 Product. “If it doesn’t work they will stop using it.”

When it comes to winning back the customer, Samir said exit surveys are a great way to find out why and email offers can win them back.



# CASE STUDY

---



*I'm loyal to...*

"My family."

**Name**

Milon Veasey

**Job title**

Director – Global Cash  
Management

**Company**

Barclays Bank

**Website**

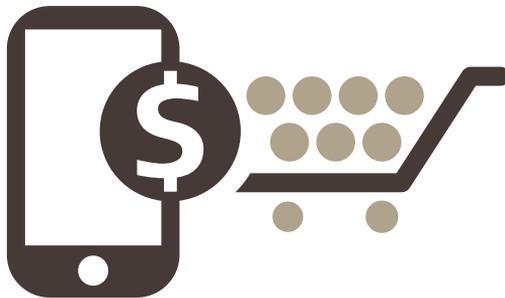
[www.barclays.co.uk](http://www.barclays.co.uk)

**Twitter**

@Barclays

# MOBILE PAYMENT FOR THE OMNICHANNEL CUSTOMER – BARCLAYS' PINGIT

Barclays launched its Pingit mobile payment solution in February this year. The context of the product is that it is the first mobile payment app of its kind in Europe. Barclays saw that mobile as a retail channel was expected to grow by more than 55% by 2016. It also saw that people increasingly wanted immediate account settlement – last year there was more online spending via debit card than credit card for the first time. “We could see people are three times more likely to access their account through our mobile app than they were online. Six time more likely to visit the app rather than go into a retail branch,” said Milon. Looking at these trends, Barclays wanted to be a leader in mobile payments and started to develop Pingit. “These trends led us to look at the retail and merchant world in a different way and try to understand the dynamics around that,” said Milon. A key element of Pingit was ease of use, trying to overcome the historically high drop out rates at checkout. The two most recent developments are ‘buy it’ where customers can buy scanning a QR code and ‘mobile checkout’ where users can buy from a mobile app or web page more quickly. There have already been 1.8 million downloads of the Pingit app and 2.3 payments made so far.





# LOYALTY TIPS

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**Name**

James Gibb

**Job title**

Director – Loyalty  
Marketing & Capabilities

**Company**

American Express

**Website**

[www.americanexpress.com](http://www.americanexpress.com)

**Twitter**

@AmericanExpress

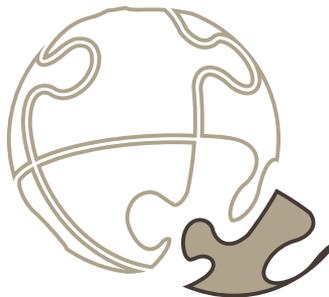
## *I'm loyal to...*

“As a customer I’m loyal to the Saddleback Leather Co. I bought a satchel from there and it is guaranteed for 100 years. I rang them about the purchase and they were really helpful. On top of that, part of the profits go to charity.”

# HOW TO BUILD CUSTOMER LOYALTY ON A GLOBAL BASIS

How can a company build customer loyalty when its clients are worldwide. James Gibb from American Express offers three key ways he overcomes the problem:

- 1** Adapt to the local market. While the UK market may be around credit cards, in a market such as Kenya money is spent in the form of a mobile currency network called M-pesa. “What’s exciting for us at the moment is looking at the unbanked sector,” said James.
- 2** Adapt as the markets change. When American Express started moving into the Russian market, it had the highest number of millionaires per capita of anywhere in the world. That’s now changing.
- 3** Keep the loyalty truths: “Whichever market you operate in you have to be relevant, have a strong brand and trust from your customers that you’ll do business the right way. Our merchants like the American Express brand and the customers they bring, so they want to work with us to get American Express customers through their doors,” said James.
- 4** Drive awareness. American Express drives cardholders’ awareness of who accepts the cards through initiatives such as merchant offers on the cardholder’s bill.





# LOYALTY TIPS



**Name**

Ben Hart

**Job title**

Director of Marketing and  
E-commerce

**Company**

Evans Cycles

**Website**

[www.evanscycles.com](http://www.evanscycles.com)

**Twitter**

@EvansCycles

## *I'm loyal to...*

"I'm loyal to my passion for cycling. It's my escape, my me-time."

# HOW TO INCORPORATE USER GENERATED CONTENT INTO YOUR RETAIL STRATEGY

Evans Cycles has used user generated content (UGC) to engage customers and build its following. Here are some of the ways it has done it:

- 1 Tap into passion.** “Sharing our passion is our core brand value. The passion we have with our customers gives us a bit of a mandate to have a bit of fun, connect with our customers a bit differently. UGC and social content are very strong vehicles for us,” said Ben. For example, when the line of bikes with Sir Chris Hoy was launched, customers posted a photo of themselves riding the bike on Twitter with #ijustrodeahoy. It was also a great way of getting across Evans’ USP that customers could test ride bikes.
- 2 Have a conversation.** “Traditional UGC was static, curated, but things have moved on. It gives us an opportunity to have much more of a conversation with customers,” said Ben. Instead of talking about discounts to build up the retailer’s sale, it introduced a Twitter competition under #waitingforsale where followers could post a photo of their old, worn-out bike gear and the best win a prize.
- 3 Get the most content you can.** “Really encourage your customers to contribute. Ask all customers to review products they buy. Ask in-store as well – we get more reviews from store customers than online. This way you can start to build up connections and online relationships,” said Ben. It also is a great way to get feedback on products for the buying team and also use feedback to improve in-house products.
- 4 Syndicate across channels.** Evans Cycles, for examples, includes customer reviews on in-store price points.





# LOYALTY TIPS

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**Name**

Helen Hunter

**Job title**

Head of Loyalty

**Company**

Sainsbury's

**Website**

[www.sainsburys.co.uk](http://www.sainsburys.co.uk)

**Twitter**

@sainsburys

## *I'm loyal to...*

“When I talk to customers I ask them is what loyalty means to them. The definition is centered in a deeper relationship, they're talking about love.”

# HOW TO BETTER UNDERSTAND AND ENGAGE WITH LOYAL CUSTOMERS

Sainsbury's has a number of techniques it uses to better understand and engage with loyal customers. Here are some of them:

- 1** Really understand what customers want. "We have an application that sits on a buyers' desktop that gives them real time information about how shoppers are spending, so they understand how an older lady buys carrots compared to a mum in a family of four," said Helen.
- 2** Make it easy for customers to be rewarded. "About half of our customers are collecting Nectar points and will do things such as save money for their big Christmas shop." Helen cites the ease of the system and the fact that customers can control how they redeem the rewards as part of its success.
- 3** Target customers. Sainsbury's has just sent its loyal customers vouchers for goods that they buy. "Supermarket vouchers have just got personal. Our new vouchers are our first attempt to deliver personal content at scale."
- 4** Use the loyalty scheme as a sweetener. Sainsbury's uses the loyalty scheme to drive custom to its other businesses such as banking. "We use Nectar as an introductory sweetener to that proposition."





# LOYALTY TIPS

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**Name**

Harper Reed

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## *I'm loyal to...*

“My family, but I have a lot of brands that I’m loyal to and I’m a very loyal customer. I have pretty much bought the same clothes and worn the same stuff for 15 years. Filson make really great bags, Diesel Jeans and I’m really excited about a Swedish brand called Our Legacy.”

# HOW TO USE SOCIAL MEDIA TO ENGAGE THE MASSES

Harper Reed was Chief Technology Officer for the Obama For America 2012 campaign. He used the power of big data and social media to engage the masses. Here's what he did and how it worked.

- 1 Use the data to answer questions. Don't focus on how you're going to store big data, think about what you'll do with it. "Focus on data not big," said Harper.
- 2 Micro-targeting. The campaign used the vast resource of data to work out who they could ask to donate, who they could ask to vote and who could influence in the campaign's favour. The way the campaign would use data would mean that they could electronically ask a supporter to ask their friend to vote. They knew the two were friends because they were Facebook friends and had tagged each other in a photo. "We raised \$250 million doing this," said Harper referring to it's quick donate technology. "We found influencers in small networks of friends," he added.
- 3 Remember to micro-listen. By listening to supporters, the campaign was able to even more effectively target its communications and ensure it was knocking on the right doors. For example a voter might tell the campaign they are interested in healthcare and the campaign would then send them healthcare related communications.
- 4 Focus on user experience. "It's one of the most important things," said Harper. "The idea is that if you interact with really good design you don't even know it."
- 5 When it came to technology, focus on doing it rather than getting it right. "We had no time to think about whether something was the right way," he said.





# LOYALTY TIPS

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**Name**

Eben Sermon

**Job title**

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Ebay

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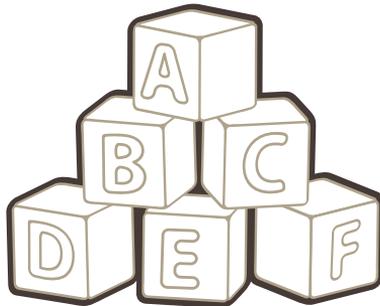
## *I'm loyal to...*

"I'm loyal to an idea, the idea of having the greatest impact I can."

# HOW TO BUILD LOYALTY

Eben Sermon at Ebay has four main ideas for building loyalty. These are:

- 1** Brand promise driving consideration – Ebay partners with brands such as Karen Millen, Superdry and French Connection. By 2013 66% of the world's population is estimated to be online. "It's mostly coming from emerging markets and we're now competing globally. Our view is that we will see more and more people spending that time shopping." Eben argues that brands that are successful in the online space will be useful, informative and provide compelling content. "We ask what would you do, would you share?"
- 2** Range, value, compelling experience. Not only does this mean a great experience through mobile and tablet, but content tailored to the user. For example ebay will make suggestions on a members' homepage based on their previous site activity. "We're starting to combine the science of research with the inspiration of brand," said Eben. That could see this page moving away from purely shopping to elements such as people, interests and places.
- 3** Incentives and rewards. Ebay now works with Nectar. "This is going incredibly well, we have about three million users collecting points."
- 4** Strong fulfillment and customer support. According to Eben around 50% of online purchases are abandoned because of inadequate delivery options. "These are critically important areas," he said.





Little Book Of

# LOYALTY



## GOT A GREAT STORY OR TIPS TO SHARE?

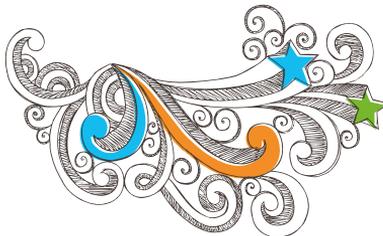
We are looking for more case studies & tips for the next edition of “The Little Book of Loyalty”.

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

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