TURNING CRM/LOYALTY FROM “LIABILITY MANAGEMENT” TO “REVENUE DRIVER”

iCo-op™ Solution helps companies to align their business goals with the CRM/loyalty demands of customers to drive business performance.
# TABLE OF CONTENTS

The business imperative – winning customers' mind-share .......... 3  
Issues confronting companies executing CRM/loyalty strategies .. 4  
The three steps to executing CRM/loyalty strategy ............... 5  
  Step 1: Setting up game plans ........................................ 5  
  Step 2: Deploying game plans ....................................... 7  
  Step 3: Reporting and analyzing performance ................... 8  
Conclusion ........................................................................ 9
The business imperative  
– winning customers’ mind-share

In today’s tough business environment faced with economic uncertainties, the competitions out there in the market are increasingly more aggressive than before. Competitors are hungrier and smarter and customers are more sophisticated and selective. The new economy also imposes new demands on management with changes and paradigm shifts happening at unprecedented speed in response to market dynamics. Amidst all these changes, the perennial business goals remain the same – revenue and profit growth. However, management today faces the challenge of driving revenue and profit growth in a much tougher business environment than ever before. The business imperative is to win customers’ top of mind-share with clear ROI visibility.

To win customers’ top of mind-share with clear ROI visibility demands creative CRM/loyalty strategies that must unify the business goals of the company with the customers’ CRM/loyalty demands. This is an amazing period for creativity. It also demands new software solution that can help management to execute their CRM/loyalty strategies more effectively and efficiently to stay ahead of competitions. Software solution must keep pace with management to deliver the necessary tools, systems and processes to support the execution of the game plans.

1 CRM encompasses the broad set of sales, marketing and customer service solutions associated with serving customers, retaining customers and attracting new ones. Generally, CRM includes Sales Force Automation, Campaign Management and Call Center solutions. iCo-op™ Solution delivers a niche and unique CRM/loyalty application in the CRM domain. It is different and does not compete with existing CRM solutions, not even existing loyalty programs. It is very focused on delivering values that are not addressed by existing CRM solutions as discussed in this white paper. It complements on-going CRM activities and will strengthen them.
Issues confronting companies executing CRM/loyalty strategies

Gratifying customers is not an end by itself but the means to achieving the revenue and profit ends. The ultimate purpose of winning the top of mind-share of customers is to drive revenue and profit growth. To achieve the aim of driving revenue and profit growth by winning the top of mind-share of customers, companies must successfully execute their CRM/loyalty strategies to address the numerous issues listed below:

How to achieve ROI with CRM/loyalty?
Although most companies recognize the importance of CRM/loyalty in customer retention and winning market share, it is unfortunate that CRM/loyalty programs are usually managed as “liability” rather than “revenue driver”. The mind-set of “liability management” is to minimize liability exposure, for example, by hoping that customers do not redeem their rewards. It works against the fundamental tenets of CRM/loyalty. For management to manage CRM/loyalty as “revenue driver”, there must be clear ROI visibility. There must be forecasts (i.e. visibility) and game plans that are planned down to as granular as customer level; tracking of actual customers’ spending; customers must be rewarded according to their actual spending; and a performance measurement system of actual against forecast. Management must be equipped with the correct tools, systems and processes to help them to execute these critical tasks efficiently and effectively.

How to make it compelling?
Most CRM/loyalty programs are reactive in that they reward the customer after the purchasing decision had been made. They gratify the customer but they do not actually drive revenue and profit. The killer CRM/loyalty program must pro-actively influence purchasing decision. It must gratify customers for the purpose of driving revenue and profit. It must be so compelling that customers conscientiously select the company as the preferred choice. Killer CRM/loyalty program must have the following compelling features:

- Simple and convenient to use: the reward program must be a no-brainer to users.
- Pro-active: it must pro-actively capture customers’ top of mind-share to influence their purchasing decisions.
Anytime and anywhere: customers must feel that the CRM/loyalty program is always there when they need it, delivering gratifications instantly.

Hassle-free instant redemption: it must allow customers to redeem their rewards instantly.

Personalized: the customers must be rewarded according to their spending behavior.

How to stay at the cutting edge?
There are too many CRM/loyalty programs and cards out there offering more or less, the same scheme. Obviously, customer will cherry-pick and choose to subscribe to only the programs with outstanding features. Companies must innovate by leveraging on the latest Infocomm technologies (like web-based and wireless technologies), to create innovative reward and redemption processes to enable their CRM/loyalty solution to deliver more value to customers.

How to cut rising fulfillment cost?
The biggest cost component of CRM/loyalty program is the fulfillment cost. Companies can cut their fulfillment cost and, at the same time, make it more convenient to customers by pushing the fulfillment process directly to supplier merchants. By doing this, the company can reduce their redemption inventory and the manpower needed to operate the fulfillment system. Besides cost benefit for the company, customers now can have more locations to redeem their rewards directly with less hassle. For the merchants, it generates more business opportunities for them when customers redeem at the merchants.

The three steps to executing CRM/loyalty strategy

Step 1: Setting up game plans
The first step to executing the business imperative of winning customers’ mind-share with clear ROI visibility is to establish the CRM/loyalty game plans. The game plans must be able to:

- Align the CRM/loyalty demands with business goals
- Execute different CRM/loyalty game plans for different business models
- Motivate customers according to their actual spending behaviour.
To align the CRM/loyalty demands of the customers with the business goals of the company, the CRM/loyalty solution must be able to help management to build business models from captured historical data of the various business units, down to as granular as customer level, to predict future revenues and profits and to help management to determine the impact of the CRM/loyalty program on revenue and profit with “what if scenarios” - reality checks. This will empower management to develop game plans across the whole company that are aligned with the business goals.

Consider an example of a company that has three business units offering different types of products. Each of the business units has different business models and will require different CRM/loyalty game plans. And each customer of the business units will have different spending behavior. The CRM/loyalty game plan must be able to reward customers according to their actual spending behavior to maximize customer value. The CRM/loyalty solution must be able to empower management to do these tasks efficiently and effectively for each business units and for every customer.

Example: for a bank, the CRM/loyalty game plan of the credit card department will be different from the consumer credit and saving accounts departments. And there are different types of credit card holders classified according to spending behaviors: platinum, gold and silver card holders. The platinum card holders must be rewarded more than the silver card holders. Similarly, in a supermarket, the electrical department will have a different game plan from the home furnishing, cosmetics and apparel departments.

How iCo-op™ Solution can help you to set up your CRM/loyalty game plans:
The CRM/loyalty planner module in iCo-op™ solution provides you with the following features:

- It can build new business models and update existing business models quickly using Computer Associates CleverPath Neugent technology. Neugent is the best-in-breed neural network technology that
  - learns from experience
  - detects complex patterns and trends that are not obvious to humans
  - uses knowledge to predict business outcomes
- Single-click capability to do predictive planning across the whole company, from the corporate down to as granular as...
customer level. You specify which are the departments, products/services and customer groups and with a single-click, the CRM/loyalty planner will predict the future revenues and profits of the specified departments, products and customer groups for you.

- It also allows you to set different game plans targeted at different departments, products/services, and customer groups. For example, you can decide if you want to reward customers of a product/service, department or group by points, discounts or rebates and set the rules to tie the level of the reward to actual spending behavior.
- It calculates the bottom line impact of the CRM/loyalty program on the game plan with “what if scenarios”. Management can investigate the best and worst case revenue scenarios, do reality checks and the CRM/loyalty solution will calculate the break-even CRM/loyalty costs to provide the ROI visibility.

Step 2: Deploying game plans

The next step after setting up the CRM/loyalty game plans is the actual deployment of the game plans to enhance customers’ experience and win their top-of mind-share. The key considerations in the deployment of the CRM/loyalty game plans are:

- how to clearly communicate the “carrots” of the CRM/Loyalty program to the market
- how to incentivise customers with personalized rewards
- how to gratify customers with instant redemptions

It is critical that the benefits of the CRM/loyalty program must be clearly communicated in a no-brainer manner, across to customers through the most popular, ubiquitous and personalized communication channel, which undisputedly is the personal mobile phone. The aim is to create a CRM/loyalty environment that customers can effortlessly “log-in” anytime and anywhere and when the customer “logs off”, it is compelling for him/her to “log-in” again – effortlessly.

Customers must be informed of their personal rewards and how they can earn more and better rewards with their spending. SMS is a powerful CRM/loyalty tool when used correctly. It can provide customers with instant personalized reward information at their fingertips. CRM/loyalty solution must be able to track customers’ spending behavior, reward them instantly and send SMS reward information to them immediately.
The CRM/loyalty program must instantly deliver value (i.e. rewards) that customers can use in their repeat relationship with the company. It must be hassle-free. For example, when a customer decides to shop, the redeemable reward must be immediately available in the SMS stored in the mobile handphone. If there is no need for customers to remember to retrieve any cards or vouchers, there will not be any lost business opportunities due to customers forgetting to bring their cards or vouchers. There will not be any disappointed forgetful customers but gratified and loyal customers.

How iCo-op™ Solution can help you to deploy your CRM/loyalty programs:
The CRM/loyalty revenue driver module in iCo-op™ solution provides you with the following features:

- It tracks customer spending behavior and rewards customers according to the CRM/loyalty game plans. The CRM/loyalty program can be dynamic and tied to actual customers’ spending behaviour.
- It supports customer acquisitions using SMS campaign. For example, customers data are captured automatically when customer SMS their application to the CRM/loyalty system.
- It sends SMS rewards to customers using secured and personalized m-vouchers to customers’ mobile phone. The m-vouchers are immediately redeemable.
- It provides the terminals needed to support secured redemption of the m-vouchers. The terminals can be integrated to the payment systems of the supplier merchants.

Step 3: Reporting and analyzing performance
Once the CRM/loyalty game plans are deployed and launched, it is imperative that management must get real-time feedback and analysis of the actual performance. Different departments, products/services and customer groups have different business models, different CRM/loyalty game plans and they will also require different key performance indices (KPI) to measure their performances. The CRM/loyalty solution must be able to deliver unified KPI’s in real-time, to the managers requiring them in actionable views and metrics.

From the reports and analysis of the CRM/loyalty performance, management will be able to feel the pulses of the CRM/loyalty game plans; explore the scope for corrective actions to respond to market dynamics; and re-align the game plans where
necessary to maintain alignment and focus on the business objectives.

**How iCo-op™ Solution can help you to report and analyze your CRM/loyalty performance:**
The CRM/loyalty reporter & analyser module in iCo-op™ solution provides you with the following features:
- Real time KPI's in actionable metrics and views (e.g. bar, column, pie and line charts)
- Dash port views of KPI's
- Comparative rankings of performances of business units, products/services or customers
- SMS service to deliver real-time KPI’s to the mobile phones of managers who are away from their desks.

**Conclusion**

iCo-op™ solution helps the management to execute their CRM/loyalty strategies to win customers’ mind-share to drive revenue and profit growth with clear ROI visibility. It enables CRM/loyalty solution to keep pace with the challenges confronting management to respond quickly to market dynamics to stay ahead of competitions. iCo-op™ solution empowers creativity in CRM/loyalty.