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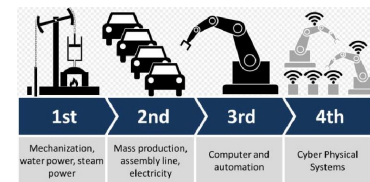
LoyaltyFactory
Customer First

A technology revolution is driving a customer revolution - loyalty is challenged

New Loyalty drivers:
- Personalization
- Service&Proactivity
- Sustainability
- Simplicity-seamless customer journeys

Service & Brand more important than Product&Price

71% expect companies to deliver personalized customer experiences and 76% get frustrated when personalization efforts are lacking — or go wrong. McKinsey
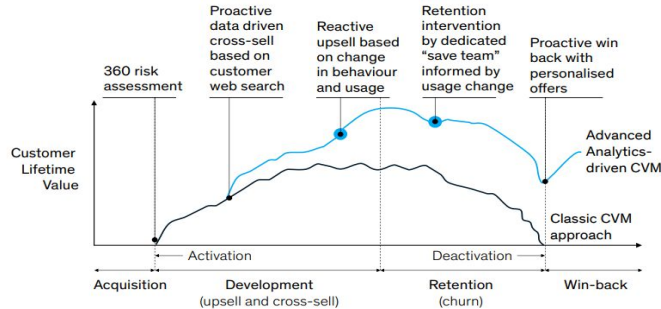
Customer Value management & experience-led growth strategies - unlocking the value of personalization at scale

Exhibit 1

By using analytics to create highly personalized experiences, operators can overhaul their approach to customer value management (CVM): the process of maximizing value at every stage of the customer life cycle.
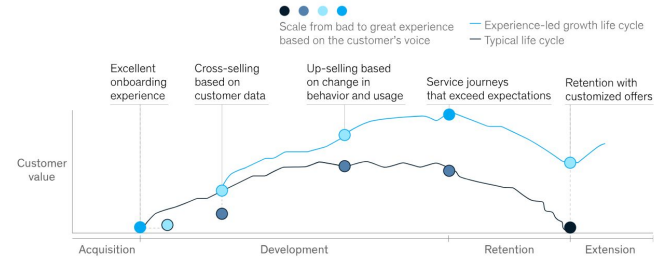
Best-in-class telecom operators engage customers at key points

360 risk assessment

Proactive data driven cross-sell based on customer web search

Reactive upsell based on change in behaviour and usage

Retention intervention by dedicated "save team" informed by usage change

Proactive win back with personalised offers

Advanced Analytics-driven CVM

Customer Lifetime Value

Classic CVM approach

Activation — Deactivation

Acquisition | Development (upsell and cross-sell) | Retention (churn) | Win-back

¹Based on recent client examples

Experience-led growth strategies boost customer engagement, satisfaction, and retention.

Value creation along the customer life cycle (illustrative)

Scale from bad to great experience based on the customer's voice

— Experience-led growth life cycle
— Typical life cycle

Excellent onboarding experience

Cross-selling based on customer data

Up-selling based on change in behavior and usage

Service journeys that exceed expectations

Retention with customized offers

Customer value

Acquisition | Development | Retention | Extension

Typical impact

15–25%	5–10%	20–30%
Typical increase in cross-selling	Higher wallet share	Higher satisfaction and engagement

McKinsey & Company

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Customer Loyalty as Growth strategy
-why loyal customers are more profitable

Retention,
CLV

NP
S

Annual Customer Profit

- Price premium
- Referrals
- Cost savings
- Revenue growth
- Base profit
- Acquisition cost

0 1 2 3 4 5 6 7   Year
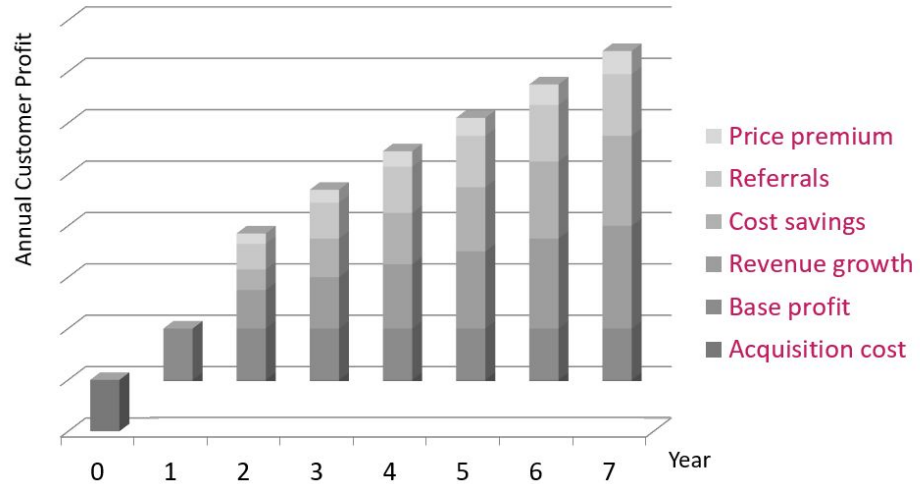
Source: Fred Reichheld, The Loyalty
Effect

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Best in class Customer Experience and Loyalty –
they are "customer obsessed", often digital natives, many grow 2.5 times average industry

There is a definite link between being data driven and providing an excellent customer experience!

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How does your company work with personalisation and what are the challenges?
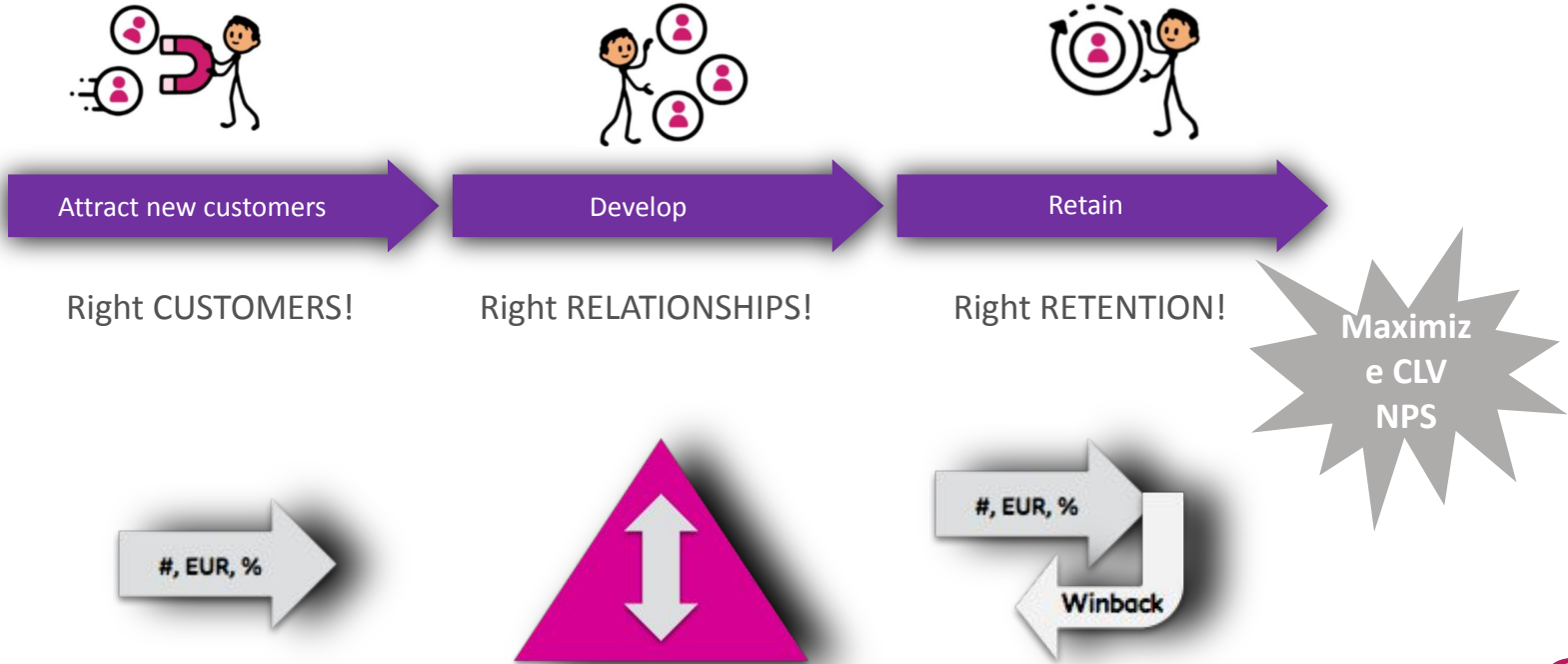
The LoyaltyFactory Model
TM

A framework for CRM & Loyalty / Customer Value management

Customer Value Management
Strategic advantage by targeting the right customers

Attract new customers	Develop	Retain

Right CUSTOMERS!   Right RELATIONSHIPS!   Right RETENTION!

Maximize CLV NPS

#, EUR, %

#, EUR, %

Winback

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Four pillars to master (strategy & tech)–
Today's focus: Customer lifecycle & Customer journeys

Value Segmentation
Customer Strategy

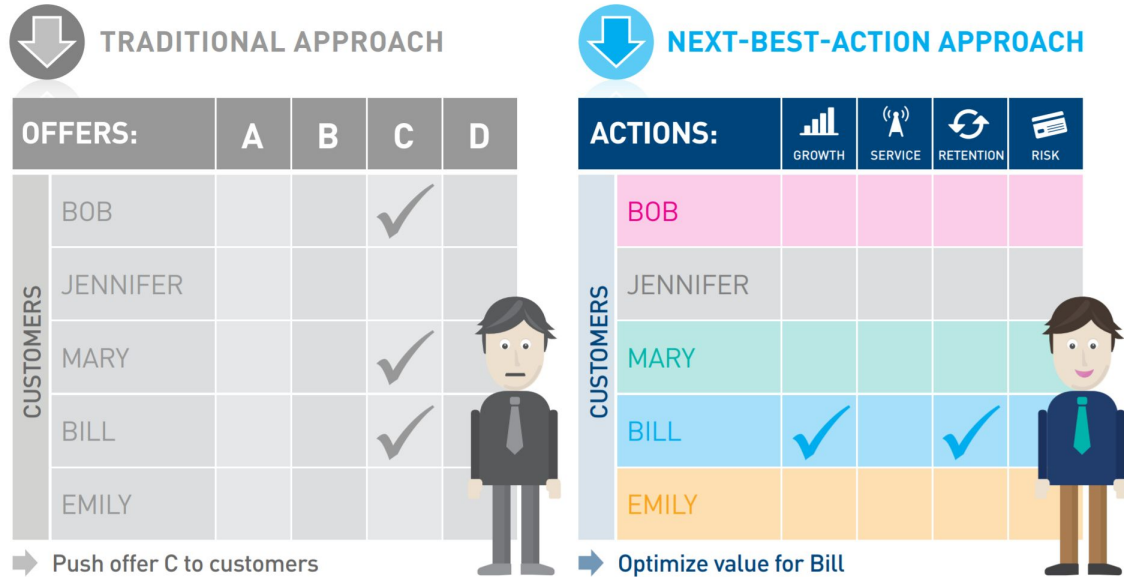CUSTOMER

Advanced &
Predictive Analytics

Win back   New
End   Care
Save   Develop
Antichurn

Customer Lifecycle &
Customer Journeys

Reseller
Store   Contact center
eDM   Single view of the customer Next Best Activity   Invoice
DM   TM
Web

Omnichannel Marketing automation
Next best action

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Next best action starts from the customer
- what message will maximize CLV

TRADITIONAL APPROACH

OFFERS:	A	B	C	D
BOB			✓	
JENNIFER				
MARY			✓	
BILL			✓	
EMILY				

CUSTOMERS

➡ Push offer C to customers

NEXT-BEST-ACTION APPROACH

ACTIONS:	GROWTH	SERVICE	RETENTION	RISK
BOB				
JENNIFER				
MARY				
BILL	✓		✓	
EMILY				

CUSTOMERS

➡ Optimize value for Bill
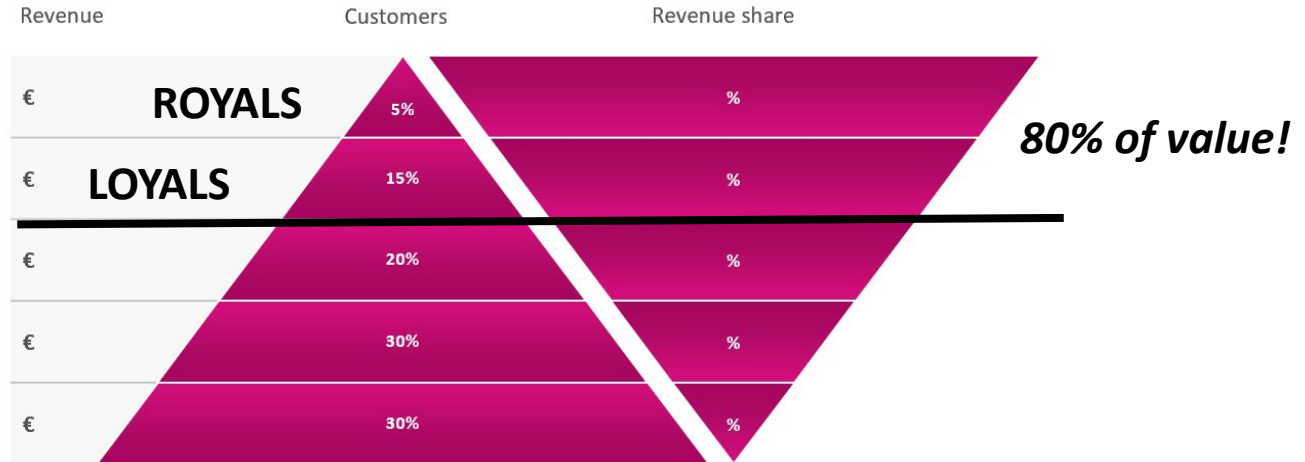
PRODUCT FIRST ➡ CUSTOMER FIRST

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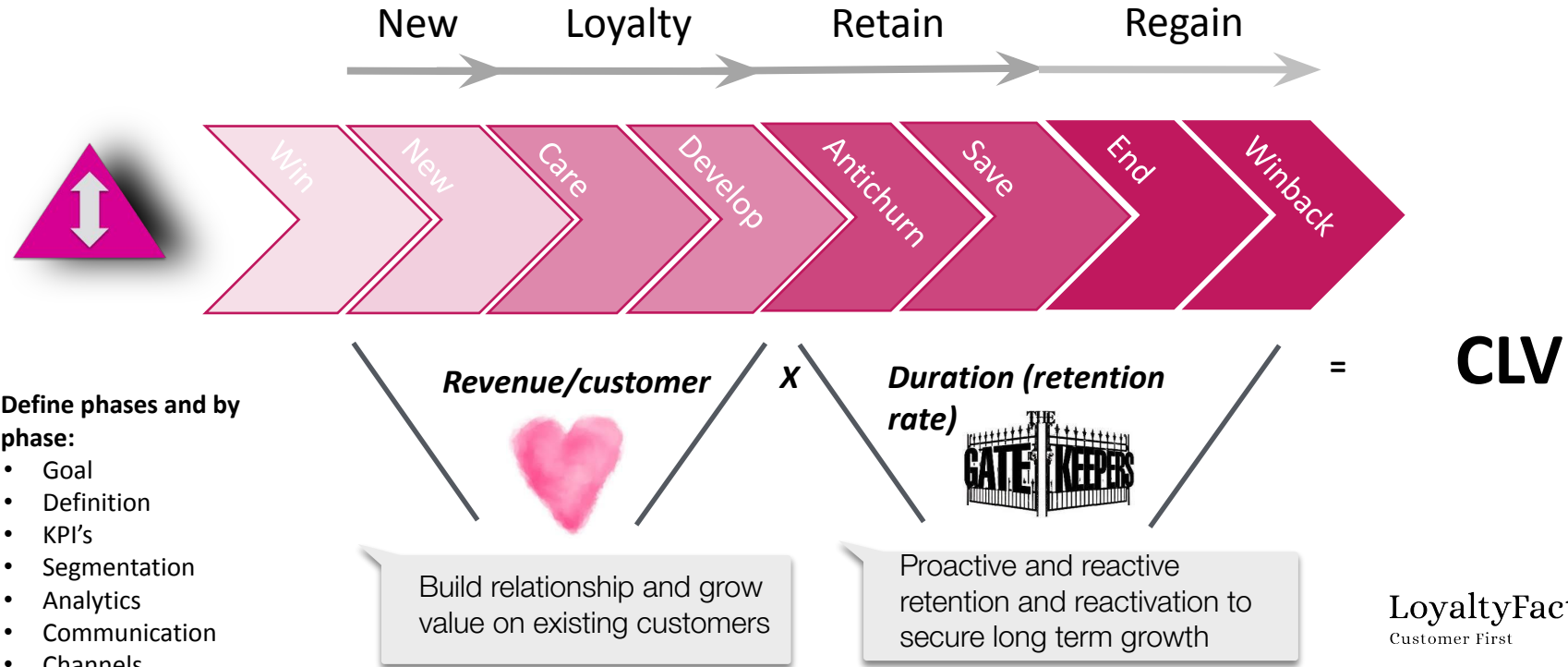
Customer value segmentation & strategy
Focus your CX investment on your Royals and Loyals- operationalize the 80/20 rule

- Know your best customers!
- Differentiated value proposition
- Measure KPIs per tier
- Invest in CX and Loyalty marketing with top segment!
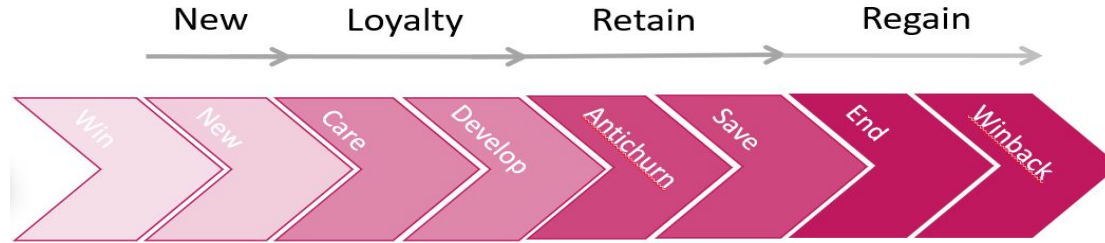- Public or "hidden" loyalty program

Revenue		Customers	Revenue share
€	**ROYALS**	5%	%
€	LOYALS	15%	%
€		20%	%
€		30%	%
€		30%	%

80% of value!

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Customer lifecycle and customer journeys
drive value and improve customer experience by a journey approach

New   Loyalty   Retain   Regain

Win   New   Care   Develop   Antichurn   Save   End   Winback

Define phases and by phase:
- Goal
- Definition
- KPI's
- Segmentation
- Analytics
- Communication
- Channels
- Data

Revenue/customer   X   *Duration (retention rate)*   =   **CLV**

THE GATE KEEPERS

Build relationship and grow value on existing customers

Proactive and reactive retention and reactivation to secure long term growth

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Customer lifecycle – where is your potential?

New   Loyalty   Retain   Regain

Win   New   Care   Develop   Antichurn   Save   End   Winback

First 100 days   Ongoing   At risk   Nice ending & Winback

Confirm choice, activate   Engage, Service, Cross-up sell   Proactive & Reactive Retention   Root cause churn, nice Ending, winback

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Track and Secure Distribution CLC activities
-tag all activities in marketing automation system

New   Loyalty   Retain   Regain

Win   New   Care   Develop   Antichurn   Save   End   Winback
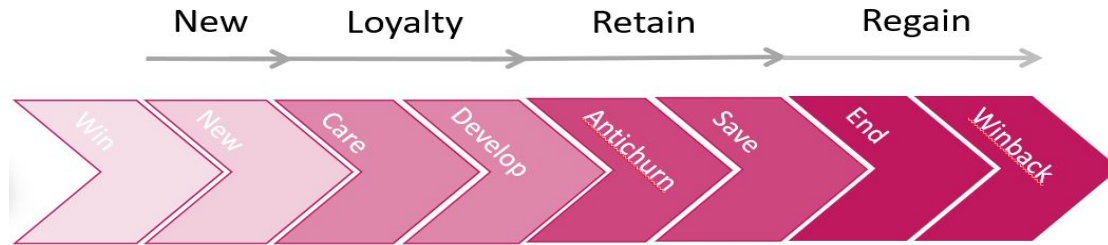
Distribution %
campaigns
Best practice mature
"Subscription" business
At 80% retention

5   60   25   10

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Customer Lifecycle/customer journeys –
and how to organize around the customer journeys

The five parts of the Contact Strategy

Pre Purchase	Purchase	Post Purchase

Onboarding

Engagement | **Conversion** | **Support**

Reactivation
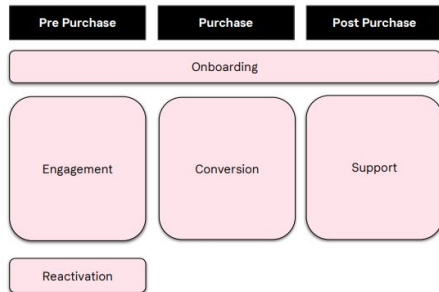
Onboarding
Driva kunden genom den bästa möjliga första upplevelsen med Klarna. Få kunden att testa och upptäcka Klarnas breda portfölj av olika produkter

Engagement
Relevant och inspirerande, med hänsyn till konsumenternas preferenser. Skapa engagemang och starta en ny köpresa

Conversion
Jobba med x-sell och upsell av Klarnas produkter. Se till så våra konsumenter utvecklar sin kundresa med oss

Support
Skapa en upplevelse som följer konsumenternas beteende och skapar stöd för relevanta åtgärder t.ex. Delivery tracking, returer, återbetalningar, avbetalningar

Reactivation
Stimulera till att återupptäcka Klarna produkter och tjänster. Återaktivera konsumenterna och även jobba med anti-churn på lojala konsumenter

- "All sendouts go from ONE Central point"
- One team per phase/journey with clear KPI's
- CRM managers and CRM 1:1 specialists
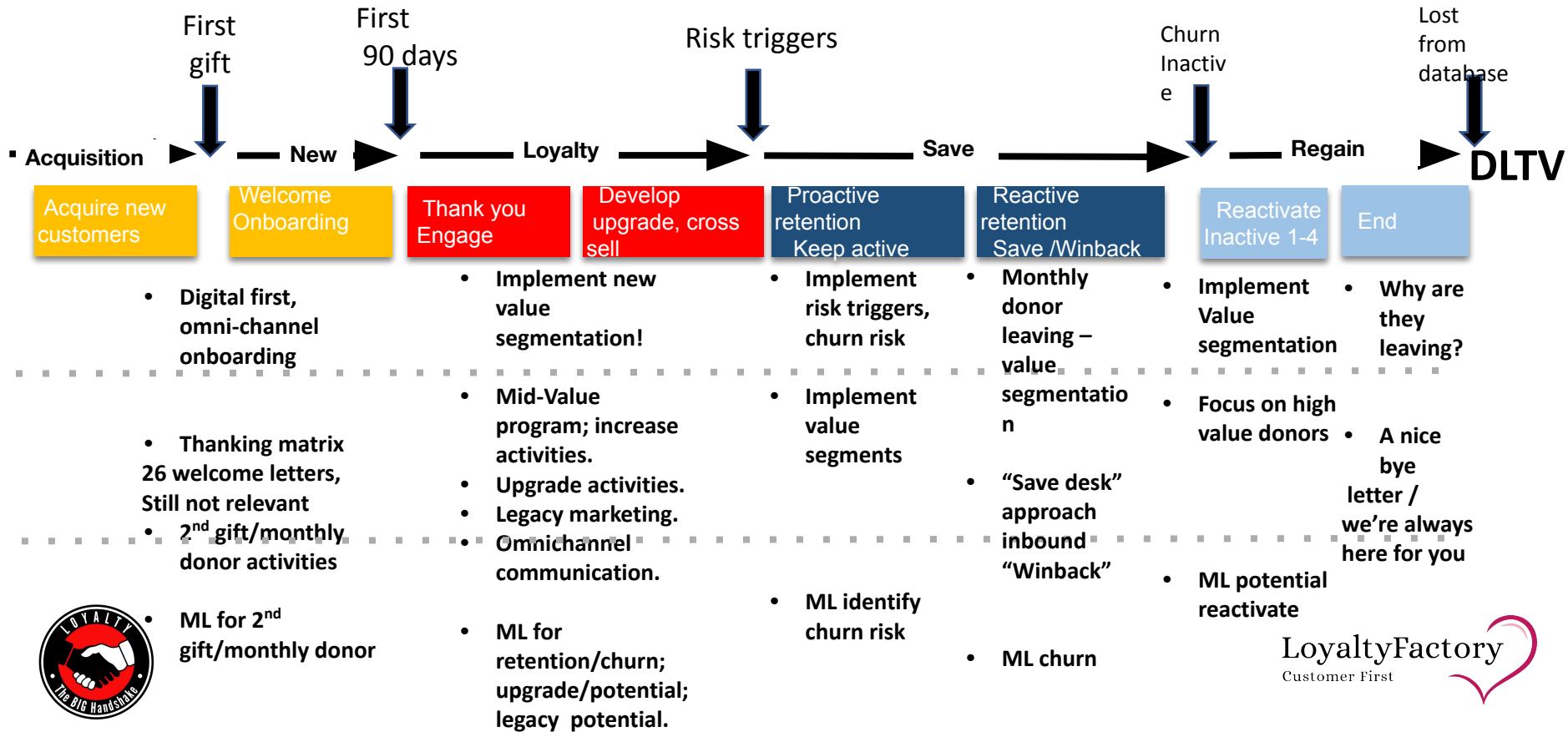- Work globally, scaling quickly

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Steps to implement Customer lifecycle and customer journeys, personalisation

1. **Define your model** - which are your lifecycle phases?
2. Set **Goals, Definitions, KPI's**
3. **Map the customer journey** and map touchpoints and improvements. Use NPS&customer feedback.
4. **Personalized communication** – segmentation, analytics, channels.
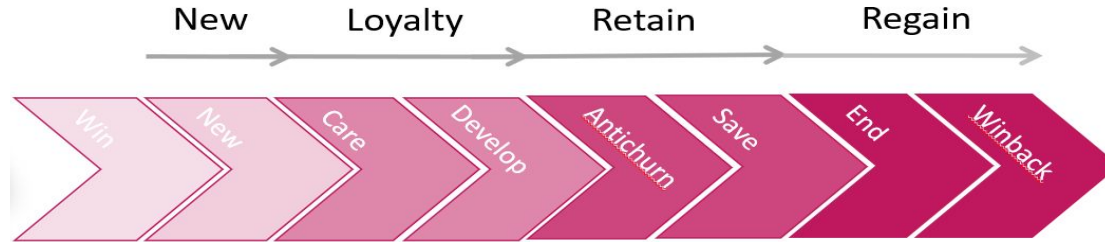5. **Metrics and performance management**

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Lifecycle communication – go from One size fits all
Key improvement to drive value at each phase

First gift

First 90 days

Risk triggers

Churn Inactive

Lost from database

Acquisition → New → Loyalty → Save → Regain → DLTV

Acquire new customers	Welcome Onboarding	Thank you Engage	Develop upgrade, cross sell	Proactive retention Keep active	Reactive retention Save /Winback	Reactivate Inactive 1-4	End

- Digital first, omni-channel onboarding

- Thanking matrix 26 welcome letters, Still not relevant
- 2nd gift/monthly donor activities

- ML for 2nd gift/monthly donor

- Implement new value segmentation!

- Mid-Value program; increase activities.
- Upgrade activities.
- Legacy marketing.
- Omnichannel communication.

- ML for retention/churn; upgrade/potential; legacy potential.

- Implement risk triggers, churn risk

- Implement value segments

- ML identify churn risk

- Monthly donor leaving – value segmentation

- "Save desk" approach inbound "Winback"

- ML churn

- Implement Value segmentation

- Focus on high value donors

- ML potential reactivate

- Why are they leaving?

- A nice bye letter / we're always here for you

LOYALTY The BIG Handshake

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New/Onboarding phase – honey moon
Secure onboarding experience

New   Loyalty   Retain   Regain

Win   New   Care   Develop   Antichurn   Save   End   Winback
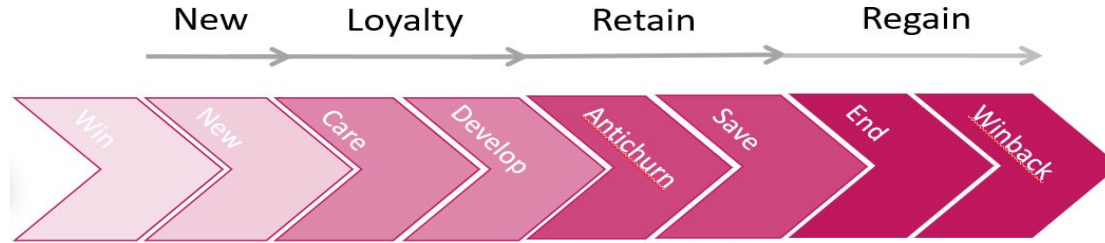
Welcome
Glad you're here!

First 100 days

Confirm choice, activate

- Identify potential high value customers early on
- Measure onboarding NPS/CX, identify pain points for new customers
- Consider first channel, product, churn risk, 2nd purchase
- First newsletter, download app, member loyalty program
- Surprise & delight

LOYALTY
The BIG Handshake

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Loyalty phase – growth phase
-understand potential and cross-up sell

New   Loyalty   Retain   Regain

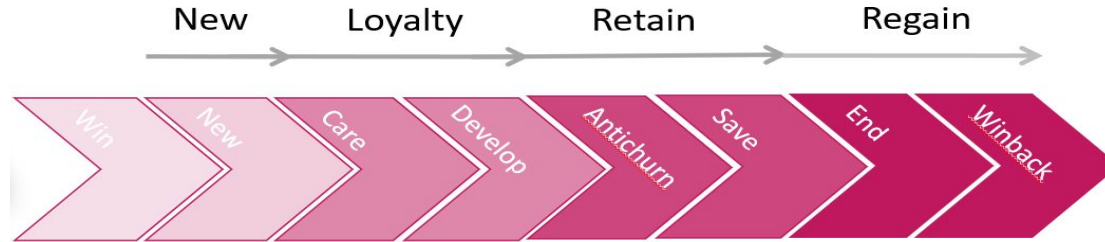Win   New   Care   Develop   Antichurn   Save   End   Winback

Ongoing

Engage, Service, Cross-up sell

- Loyalty program and rewards
- Targeted strategies high value segments
- Identify potential for cross-upsell
- Use NPS/CX (for mid-value to move them up to high value; act on low NPS in high value segments, activate promotors)

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Retention - recognize and act on at risk customer behavior

New   Loyalty   Retain   Regain

Win   New   Care   Develop   Antichurn   Save   End   Winback

- Act on risk/churn triggers, focus high value customers
- Use Predictive analytics
- Example churn triggers: contract renewal, complaints/service
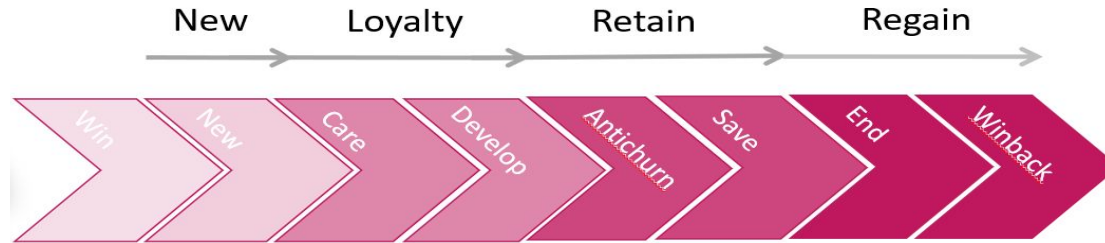- How can we turn customers around?

THE GATE KEEPERS

At risk

Proactive & Reactive Retention

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Regain – don't forget this phase!

New   Loyalty   Retain   Regain

Win | New | Care | Develop | Antichurn | Save | End | Winback

- Secure data on customers leaving: who leaves? Why?
- Low on NPS?
- Can we stay in contact w customer?
- Prepare for Winback - based on reason for leaving
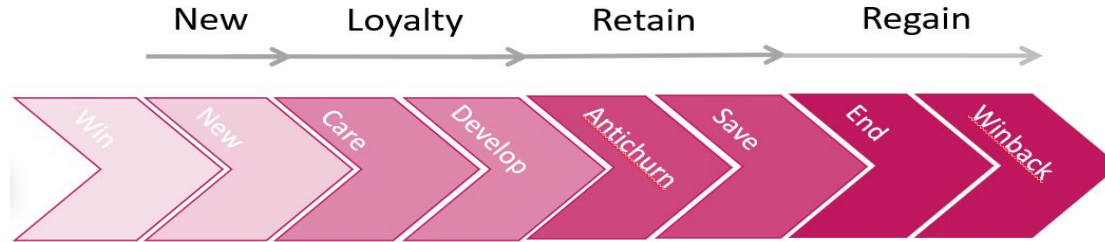- Its less expensive to regain a customer than to acquire a new

Nice ending & Winback

Root cause churn, nice Ending, winback

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Set KPI's and follow customer flows

New   Loyalty   Retain   Regain

CLV

Win · New · Care · Develop · Antichurn · Save · End · Winback

 # New Customes
Value New Customers
Activation rate
Contact information
NPS 100 days

Revenue/customer
No of products
NPS Relational
Engagement score

Renewal rate
Save rate
Churn rate
Retention rate
 # Retained

#Lost customers
Value lost customers
Reason for leaving
Winbacks

Control groups by phase and a "global" control group.

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How to maximize value and customer experience

Value Segmentation and CLV

Differentiated customer experience

Customer lifecycle with specified customer journeys

Optimized, relevant, timely communication

OmniChannel Eco System

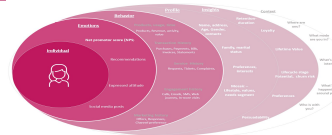Seamless customer experience and a customer memory

Advanced Analytics
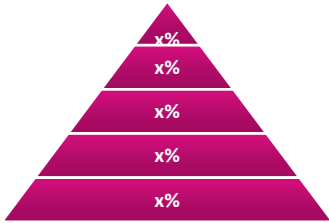
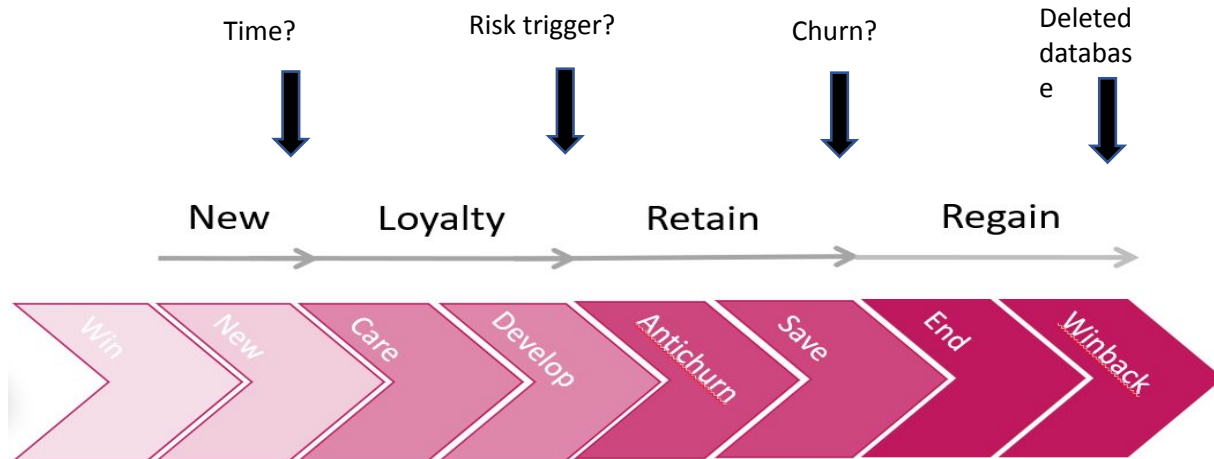Predicting potential, risk, NBA, CLV..

What data is needed?
Unified lens requires emotional, behavioral, profile, insight data in combination.
Key success factor: how the view is designed and applied to your business. CLV data key data point

Exercise – your model?
What activities and segmentation & analytics is used today and how to improve?

Good luck with Customer Loyalty as a growth strategy! Maximize value from existing customers and drive world class customer experiences by being proactive & relevant!
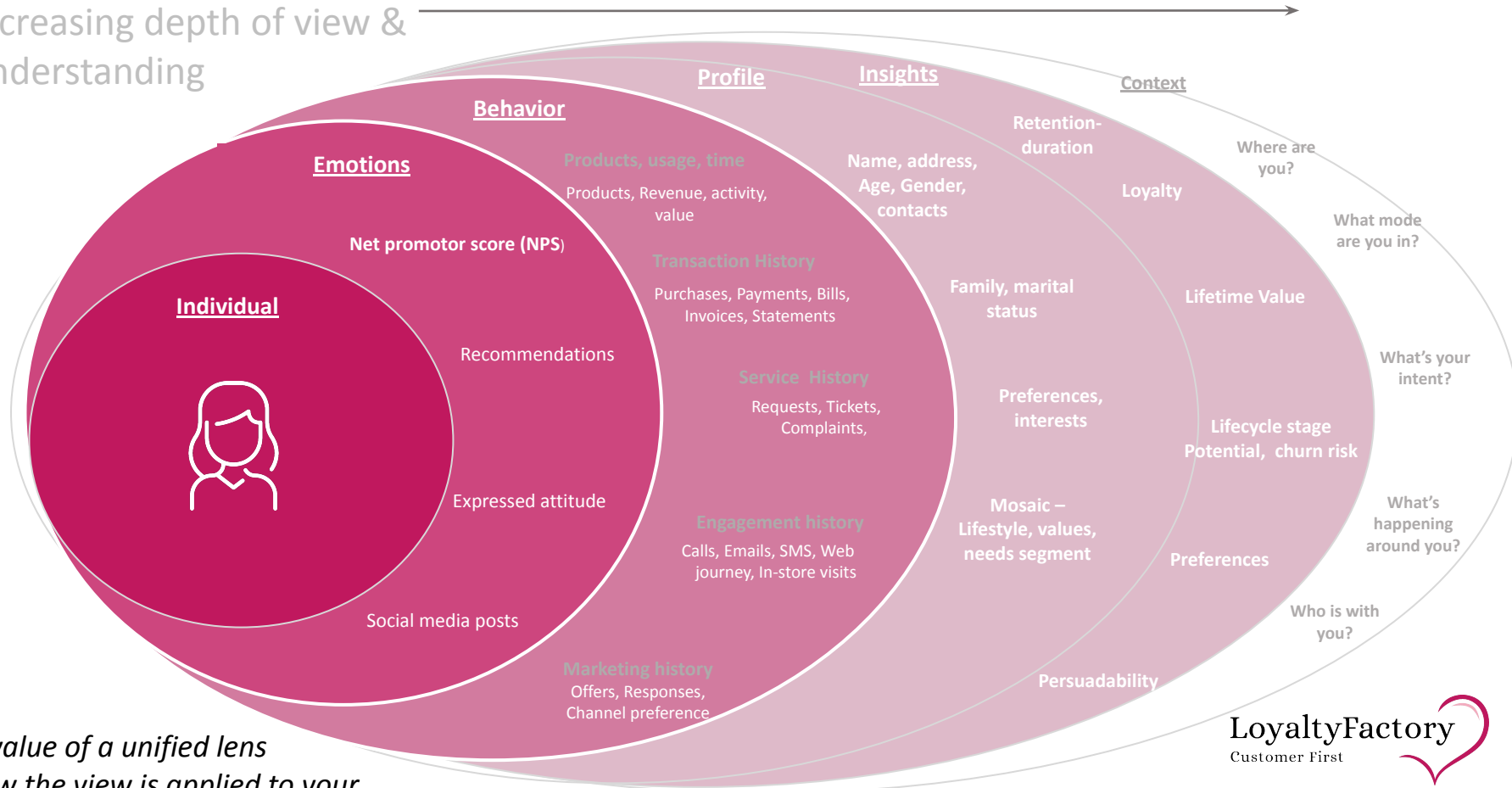
Get in touch! Camilla Cramner, LoyaltyFactory
camilla.cramner@loyaltyfactory.se

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What data is needed?

Increasing depth of view & understanding

Context

Insights

Profile

Behavior

Emotions

Individual

Net promotor score (NPS)

Recommendations

Expressed attitude

Social media posts

Products, usage, time
Products, Revenue, activity, value

Transaction History
Purchases, Payments, Bills, Invoices, Statements

Service History
Requests, Tickets, Complaints,

Engagement history
Calls, Emails, SMS, Web journey, In-store visits

Marketing history
Offers, Responses, Channel preference

Name, address, Age, Gender, contacts

Family, marital status

Preferences, interests

Mosaic – Lifestyle, values, needs segment

Retention-duration

Loyalty

Lifetime Value

Lifecycle stage
Potential, churn risk

Preferences

Persuadability

Where are you?

What mode are you in?

What's your intent?

What's happening around you?

Who is with you?

*The value of a unified lens
Is how the view is applied to your business*

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