


NEW REVENUE STREAMS

TO FEE OR NOT TO FEE?

Marti Beller, President



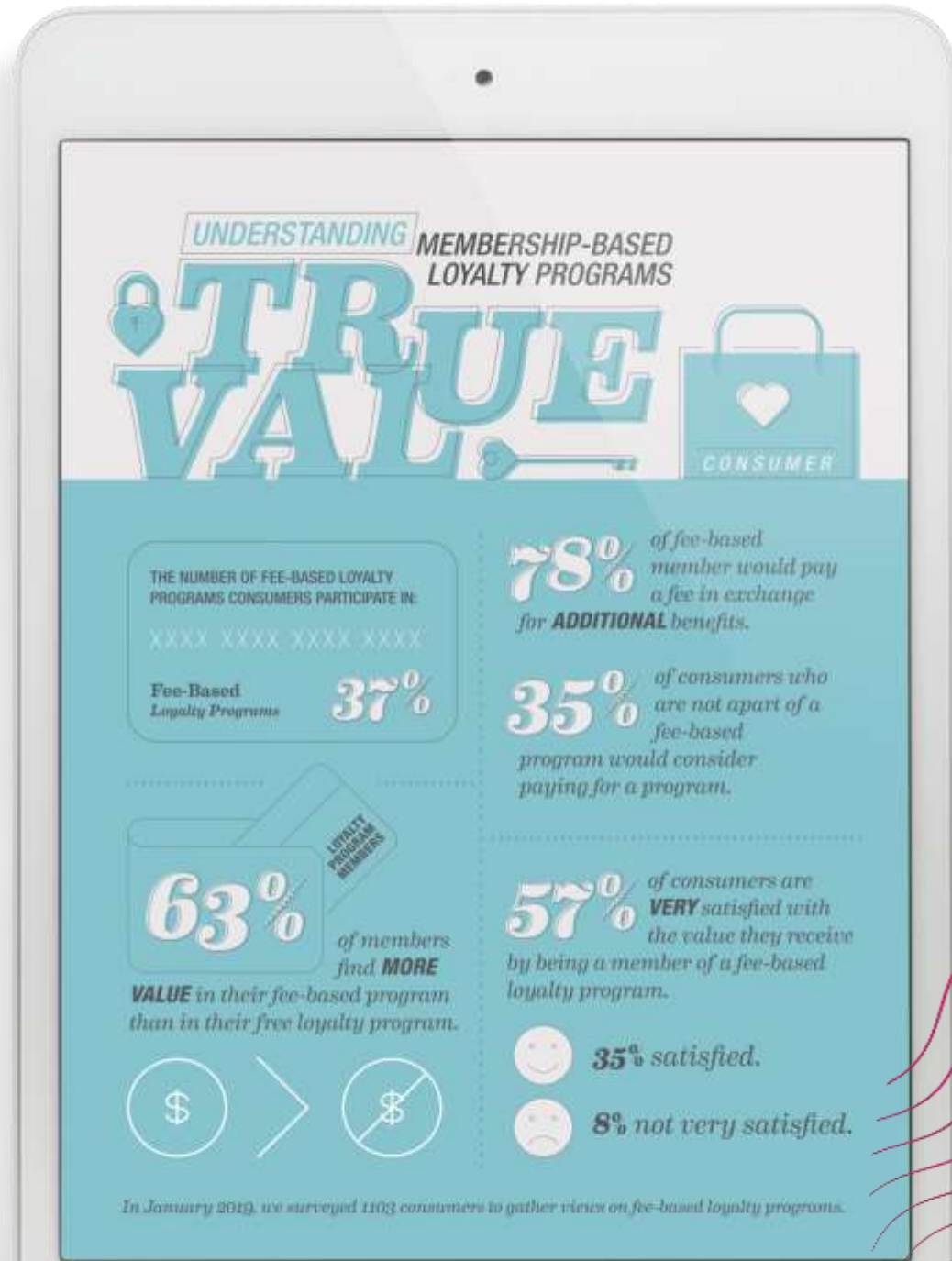
LOYALTY \neq REWARDS



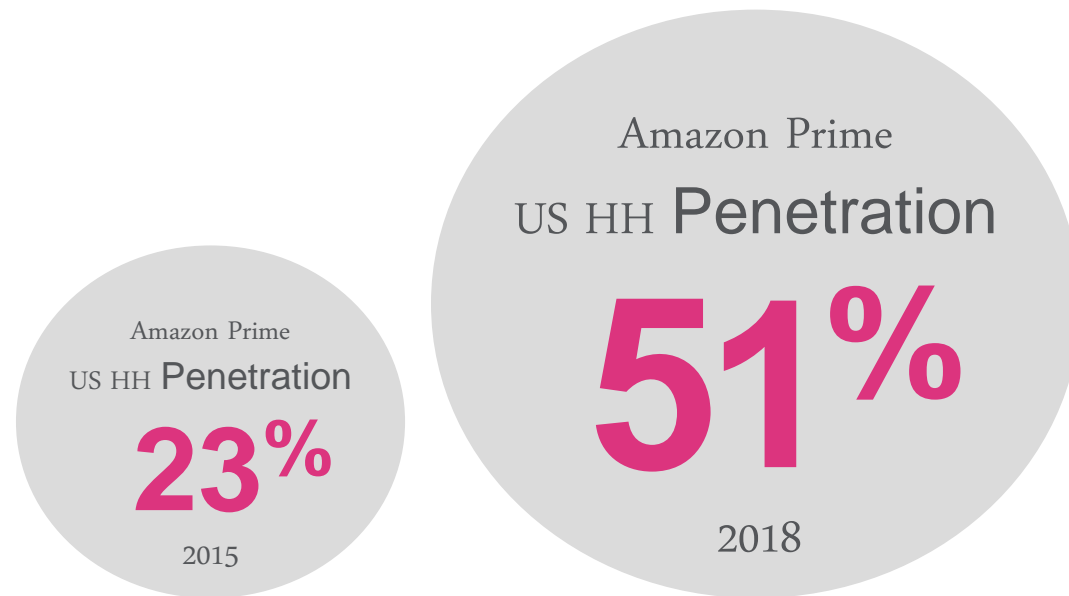
LOYALTY > REWARDS

WHY FEE-BASED LOYALTY?

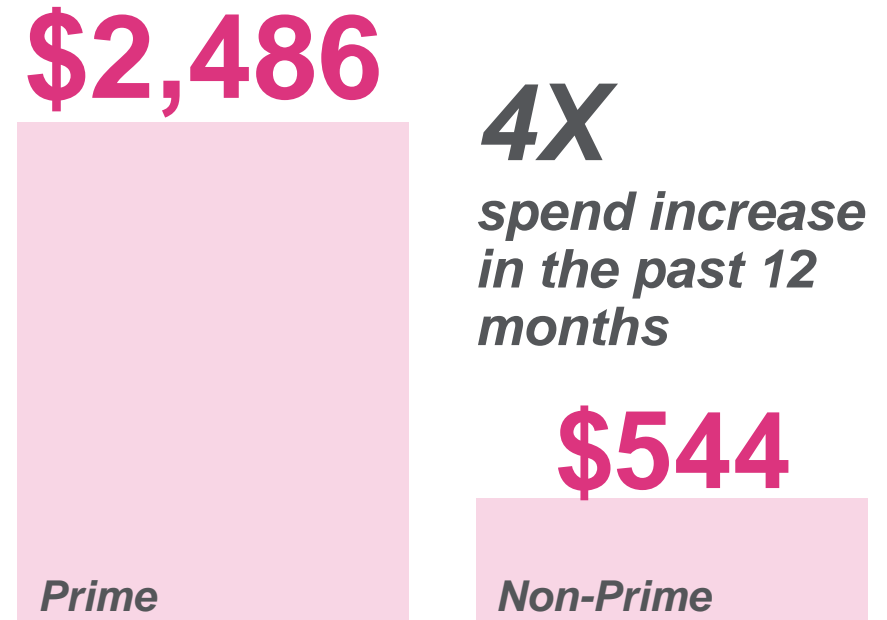
Growth over the years of fee-based loyalty and the reaction of consumers.



AMAZON SET THE BAR FOR PAID LOYALTY



Morgan Stanley



ALPHAWISE

...and most importantly \$11B in Revenue

MAIN BUSINESS DRIVERS FOR PAID LOYALTY:

1. Set a market value for your services/benefits
2. Connect differentially with true MVPs
3. Deliver a reliable new recurring revenue stream



MEMBERSHIP VS. SUBSCRIPTION?

MEMBERSHIP DEFINITION

(n) mem·ber·ship: the notion of belonging. A relational concept.

- Membership **is not about cost or price**...though most memberships end up having a cost to them
- Membership taps into the “insider” and “outsider” notion. Many memberships are exclusive
- Memberships focus on delivering special benefits



SUBSCRIPTION DEFINITION

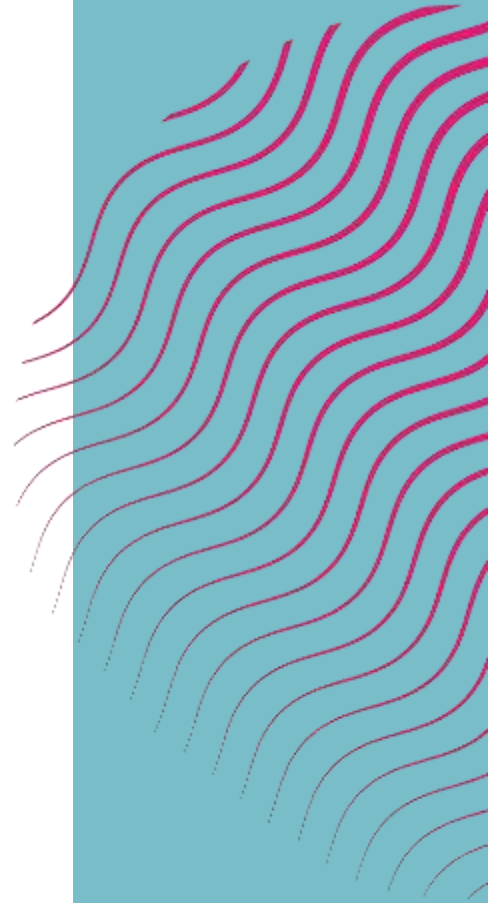
(n) sub·scrip·tion: A subscription is a revenue agreement. It's a financial concept.

- Subscriptions says **nothing about the benefits of belonging**...but it's rare that a person would pay without benefits
- Subscriptions are financial in nature
- Subscriptions are typically monthly, quarterly or annually, and are heavily reliant on renewals

PAID or FEE-BASED LOYALTY

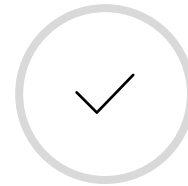
Key Attributes:

- *Typically an annual fee is charged*
- *Collection of soft benefits as an extension of the brand's value proposition*
- *Positioned in mass media more as a product*
- *Often deepens the relationship with the consumer*
- *Recurring revenue stream*

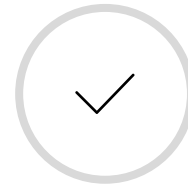




LOYALTY PROGRAM MODELS:



FEE LOYALTY PROGRAMS



FREE LOYALTY PROGRAMS



FREEMIUM (Fee + Free)

FEE-BASED PROGRAM PROLIFERATION

The variety of fee-based member or loyalty programs continues to grow and evolve





FACTORS WHEN CONSIDERING FEE-BASED LOYALTY

PRIMARY MARKET CONSIDERATIONS

UNDERSTAND WHAT YOU'RE SOLVING FOR

Strong position in your industry



Customer gets instant gratification

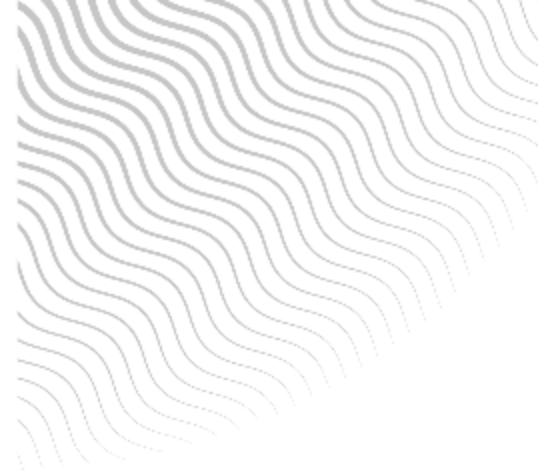


Fee can be 'recouped' in a short timeframe



THE RISKS OF CHARGING A FEE

1. What is your competition charging?
2. What is your breakeven (number of members) to create a program?
3. Is there a segment of members that will respond to a stretch goal?
4. Will customers understand the WOW benefit to drive renewal?
5. Do your members have a need to renew?



MARKETPLACE EXAMPLES

SEPHORA BEAUTY INSIDER

“Our aim is to continuously adapt and grow our Beauty Insider program as clients’ needs and wants evolve. We are on a multi-year journey focused on raising the bar on client excitement and engagement in a prestige beauty loyalty program.”

-Allegra Stanley, VP of Loyalty

		INSIDER	VIB	ROUGE
Spend per calendar year		FREE	\$350	\$1000
	Points per \$1 ▶	1 point	1.25 points	1.5 points
	Birthday gift ▶	2 choices	4 choices	4 choices
	Seasonal savings ▶	\$	\$ \$	\$ \$ \$
	Tier celebration gift ▶		3 choices	3 choices
	Free standard shipping ▶			●
	Early access to products ▶			●
	Exclusive events ▶			●
	Rewards Bazaar* ▶	●	●	●
NEW!	\$100 Rouge Reward			●
NEW!	Full-size products		●	●
	Trial-size products and sets	●	●	●

RH MEMBERS PROGRAM

"We can confidently declare our move from a promotional to membership model a success. Membership has enhanced our brand, streamlined our operations and vastly improved the customer experience."

- CEO, Gary Friedman

RH
the
MEMBERS PROGRAM

WHAT YOU WANT,
WHEN YOU WANT,
ALWAYS AT 25% SAVINGS
ON EVERYTHING RH.
EVERY DAY.

FOR A \$100 ANNUAL FEE, MEMBER BENEFITS INCLUDE:

- 25% Savings On RH, RH Modern, RH Baby & Child, RH Teen And RH Contemporary Art
- 10% Savings On All Sale
- Complimentary Interior Design Services
- Concierge Service To Manage Your Orders
- Preferred Financing Plans On The RH Credit Card Available, Subject To Approval
- Early Access To Clearance Events

JOIN THE RH MEMBERS PROGRAM ▶

CVS CarePass

“In an age when millions are addicted to Amazon Prime membership and its perks, initiating reward and membership privileges helps foster greater loyalty and customer value.”

– Johnathan Cherki, CEO of ContentSquare



The advertisement features a light blue background with a white wavy pattern on the right side. At the top left, a white circle contains the text "Join today!". To its right, a large red circle contains the text "and get a \$10 promo reward every month". In the top right corner, the "carepass" logo is displayed with a red heart icon, and below it, the text "The membership for your non-stop life." is written. The central section is titled "Enjoy these member benefits" and lists three benefits with corresponding icons: "FREE delivery on Rx and more" (a truck with a heart), "24/7 Pharmacist Helpline" (a smartphone with a heart), and "20% off CVS Health® brand products" (a price tag with a dollar sign). At the bottom right, a red circle contains the text "only \$5 a month". Below this, the text "Sign up in store or online at CVS.com" is displayed. At the very bottom, there is a small line of fine print regarding membership terms and conditions.

Join today!

and get a **\$10** promo reward every month

carepass
The membership for your non-stop life.

Enjoy these member benefits

- FREE delivery on Rx and more
- 24/7 Pharmacist Helpline
- 20% off CVS Health® brand products

only **\$5** a month

Sign up in store or online at **CVS.com**

Membership is limited or unavailable in some states. Membership is personal, non-transferable and limited to one CarePass™ membership per individual. Must have a valid ExtraCare® card to enroll. Fees exclude applicable taxes. CarePass memberships automatically renew unless cancelled by member or CVS. To enable certain digital, shipping and pharmacy delivery benefits, you must have an account at CVS.com® and complete your digital profile online. CVS reserves the right to terminate the CarePass program, or any benefits under the CarePass program, at any time, for any reason. Other restrictions apply. For full terms and conditions visit www.cvs.com/content/carepassa-terms or ask an associate for details.

BURGER KING: BK CAFE

“The only catch is that the subscription appears to only be available via the app. As far as inconveniences go, this one seems pretty minor.”

- Thrillist

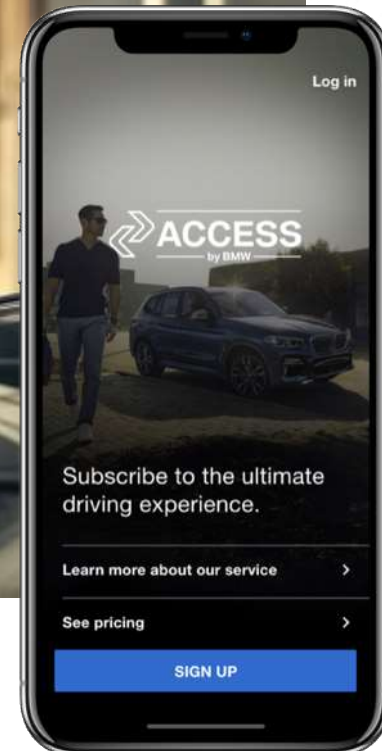


ACCESS by BMW



*“Not only is it flexible,
but it’s also a lifestyle.
Match your vehicle
needs to the weather,
your travel schedule or
your business and
social calendar that
week.”*

- Loren Johnson, City Director



AMC STUBS

“...our new A-List VIP... is nothing short of a runaway success...we had 388,000 enrolled members by quarter-end...not even 6 weeks later, we will cross 500,000 members. That translates to \$120 million of annual recurring revenue...thanks to our intelligent stewardship and management of these programs, we find ourselves in the sweet spot of both offering great value to our guests and running a program that is heavily incremental...”

- Adam Aron, CEO

	A•LIST	PREMIERE	INSIDER
Points Per \$1 Spent	100	100	20
Up to 3 Movies Every Week Included in Dolby Cinema, IMAX®, RealD® 3D & More with FREE Online Reservations	●		
FREE Size Upgrades on Popcorn & Fountain Drinks	●	●	
Priority Lanes at Box Office & Concessions	●	●	
Waived Online Ticketing Fees	Every Time	Every Time	For 4+ Tickets
Discount Tuesdays	●	●	●
FREE Large Popcorn Refill	●	●	●
\$5 Reward for Every 5,000 Points**	●	●	●
Birthday Gift	Large Popcorn & Large Fountain Drink	Large Popcorn & Large Fountain Drink	Large Popcorn
Exclusive Offers, Screenings & More	●	●	●

A-LIST
 Monthly Movie Membership

PREMIERE
 Yearly Membership

INSIDER
 FREE to Join

BEST PRACTICES FOR FEE-BASED LOYALTY



IT'S MORE THAN BENEFITS

ALIGNMENT BETWEEN PROGRAM AND CONSUMER GOALS

THINK OF CUSTOMERS AS MEMBERS, VOC AND CO-CREATION

CUSTOMIZATION AND PERSONALIZATION



THANK YOU!

Marti Beller, President

ON POINT

Q&A