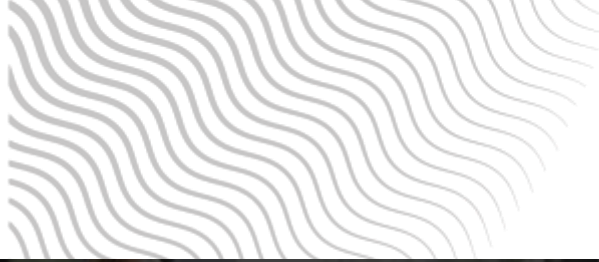


MEANINGFUL VALUE

KOBIE ONPOINT 2019



TECHNOLOGY



MANAGEMENT



ADVISORY

WE GROW ENTERPRISE VALUE THROUGH LOYALTY

DIVE DEEP – BE PERSONAL – SHOW VALUE

BACK TO BUSINESS ...

***WHY IS IT HARDER TO
RETAIN RESULTS?***

MARKETING DYNAMICS CHANGED.



Marketing has become less effective at connecting with customers:

- Consumers have become very familiar with program schemes and constructs. They have baseline expectations that cross industries
- Email, as a primary channel for offers, is becoming a junk drawer
- Customers no longer have a linear path to purchase

...PLUS, WE'VE MADE THINGS HARD FOR OURSELVES.



HYPER-PERSONALIZATION:

Chasing ever decreasing increments of return



AI, MACHINE LEARNING, BLOCKCHAIN

“help” us beyond our ability to understand – amazing technology, but it’s often misplaced. The big promise is elusive.




REGULATIONS CONTINUE

to tighten around what we can do with personal and transactional information





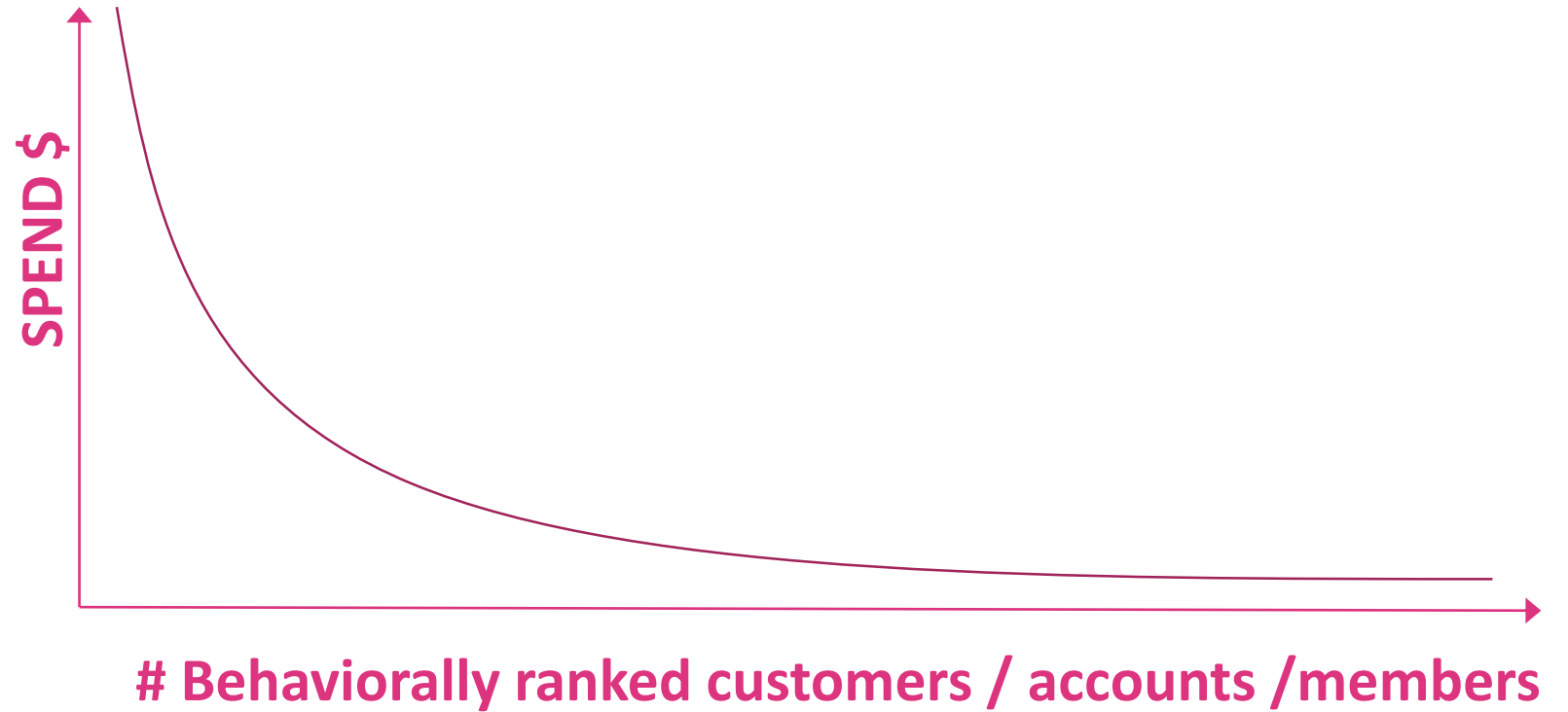
FROM MECHANICAL TO MEANINGFUL



Drivers of meaningful value:

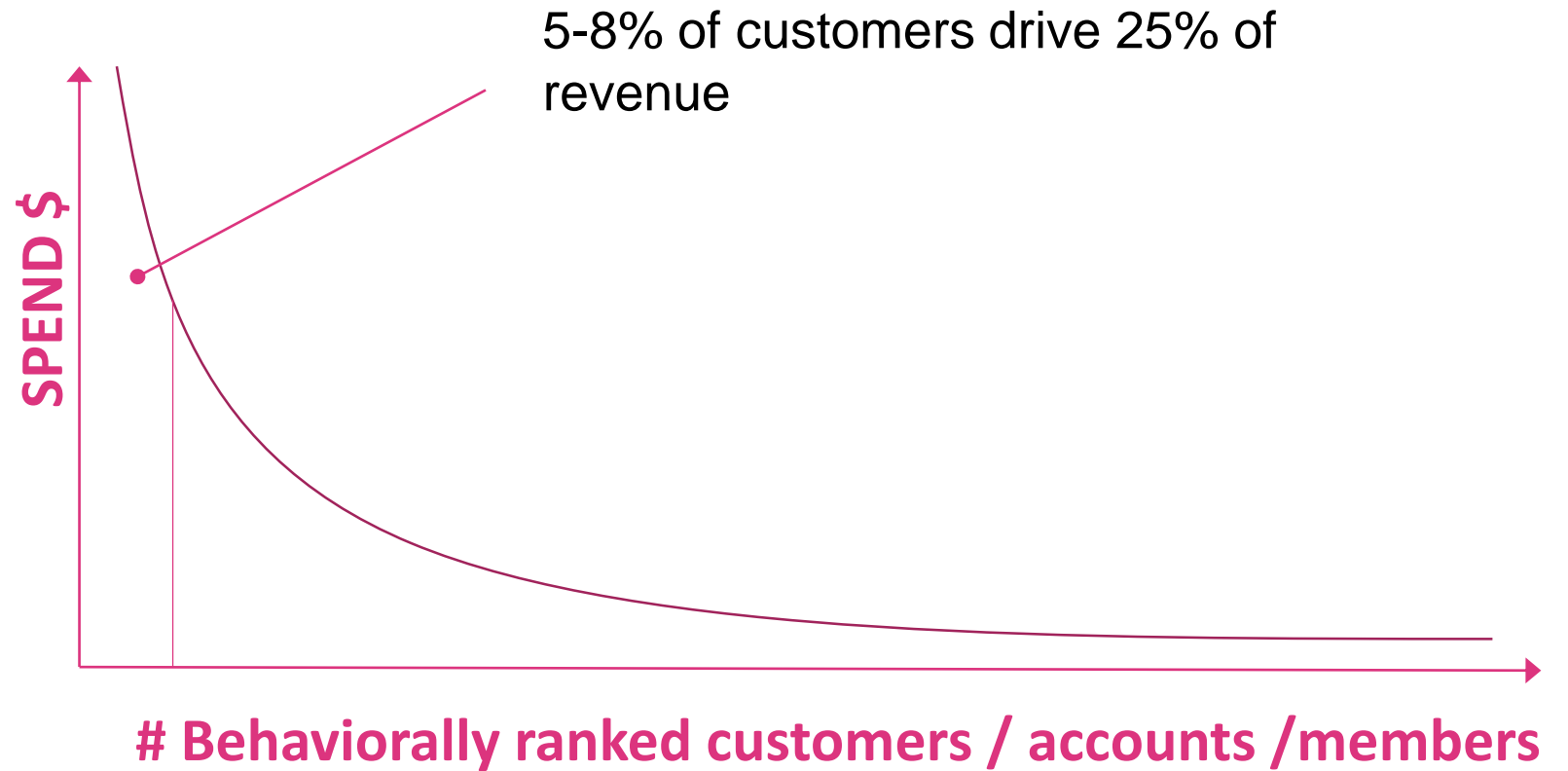
- A reciprocal exchange of *Value*
- Promotions with lasting effects
- Understand and engender emotional loyalty
- Unleash the muted value from experiences

*Exchange of value at the **business** level*



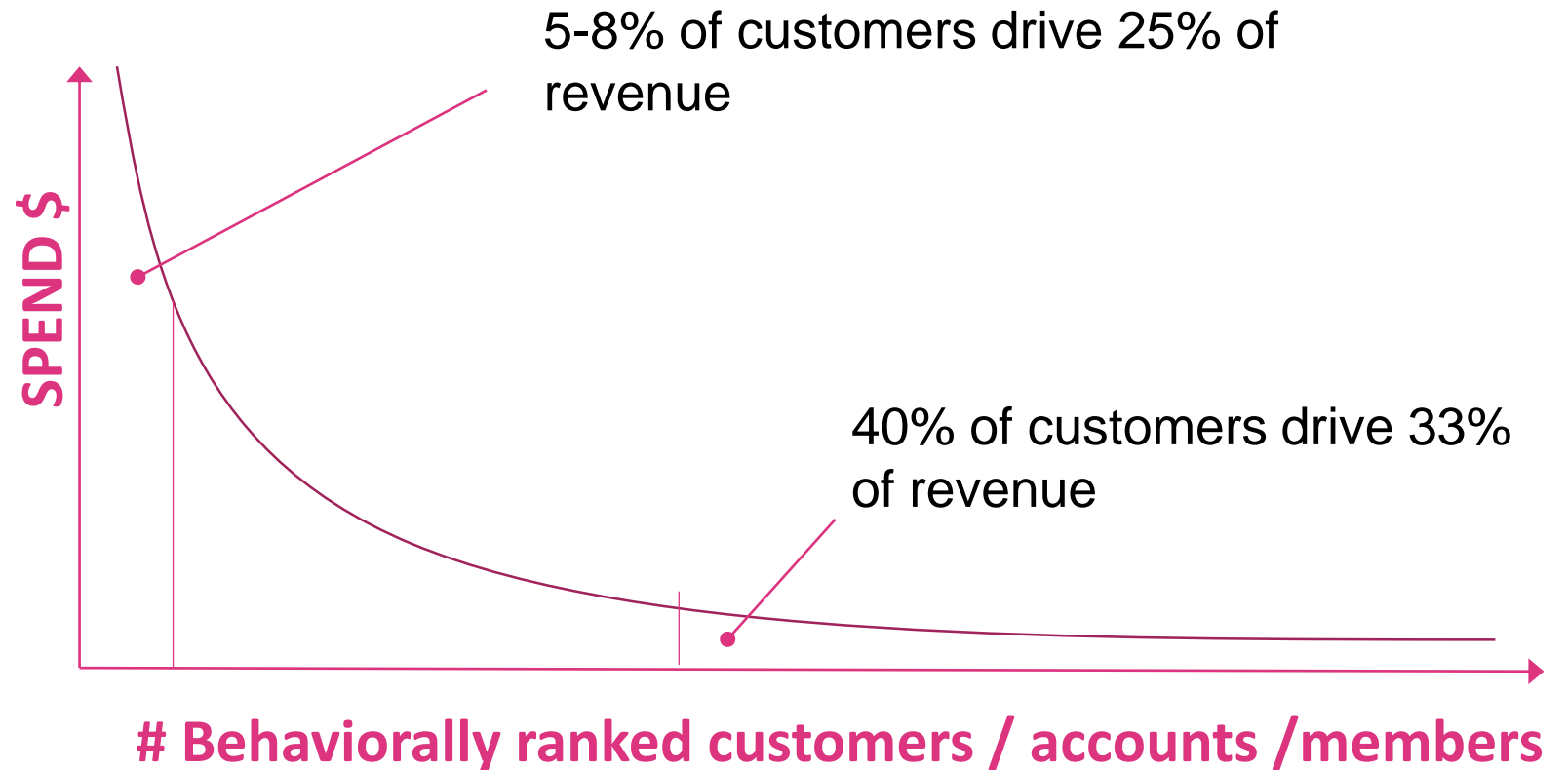
Exchange of value at the business level

- Top spenders each drive a huge amount of revenue



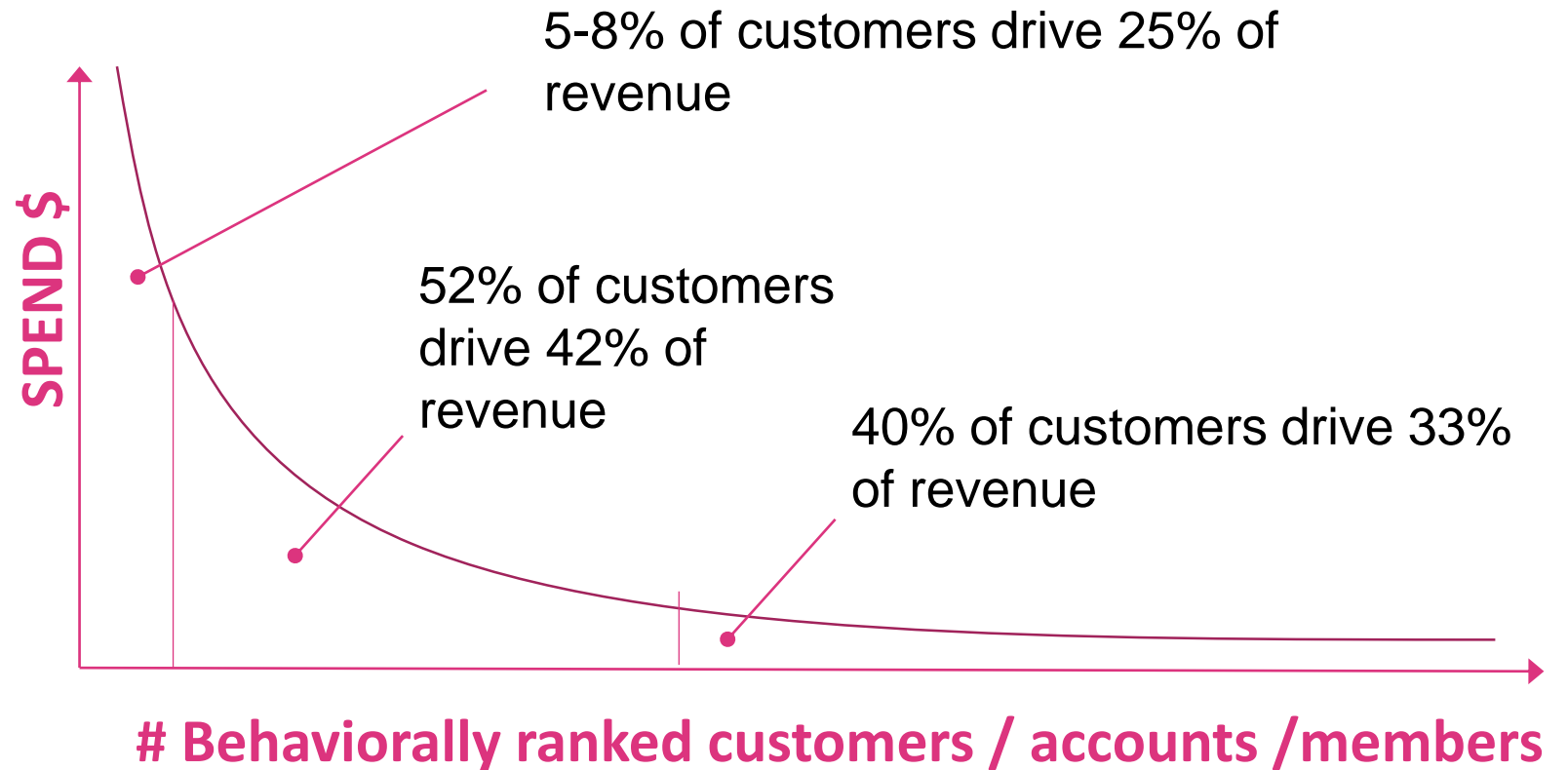
Exchange of value at the *business level*

- Top spenders each drive a huge amount of revenue
- Lowest spenders each drive a small amount of revenue, but collectively drive 1/3 of sales



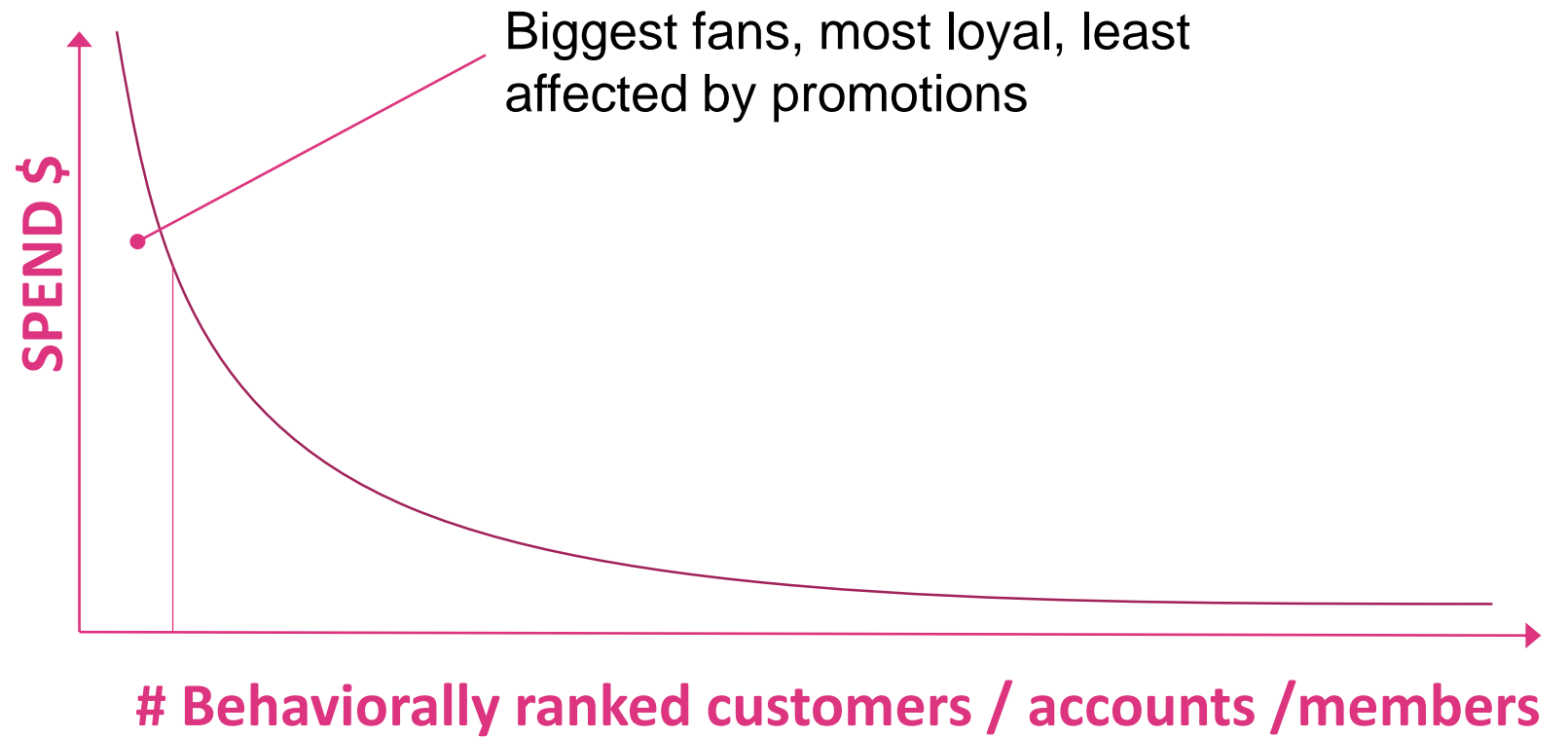
Exchange of value at the *business level*

- Top spenders each drive a huge amount of revenue
- Lowest spenders each drive a small amount of revenue, but collectively drive 1/3 of sales
- Remaining 52% of customers are driving 42% of sales but get the least amount of focus



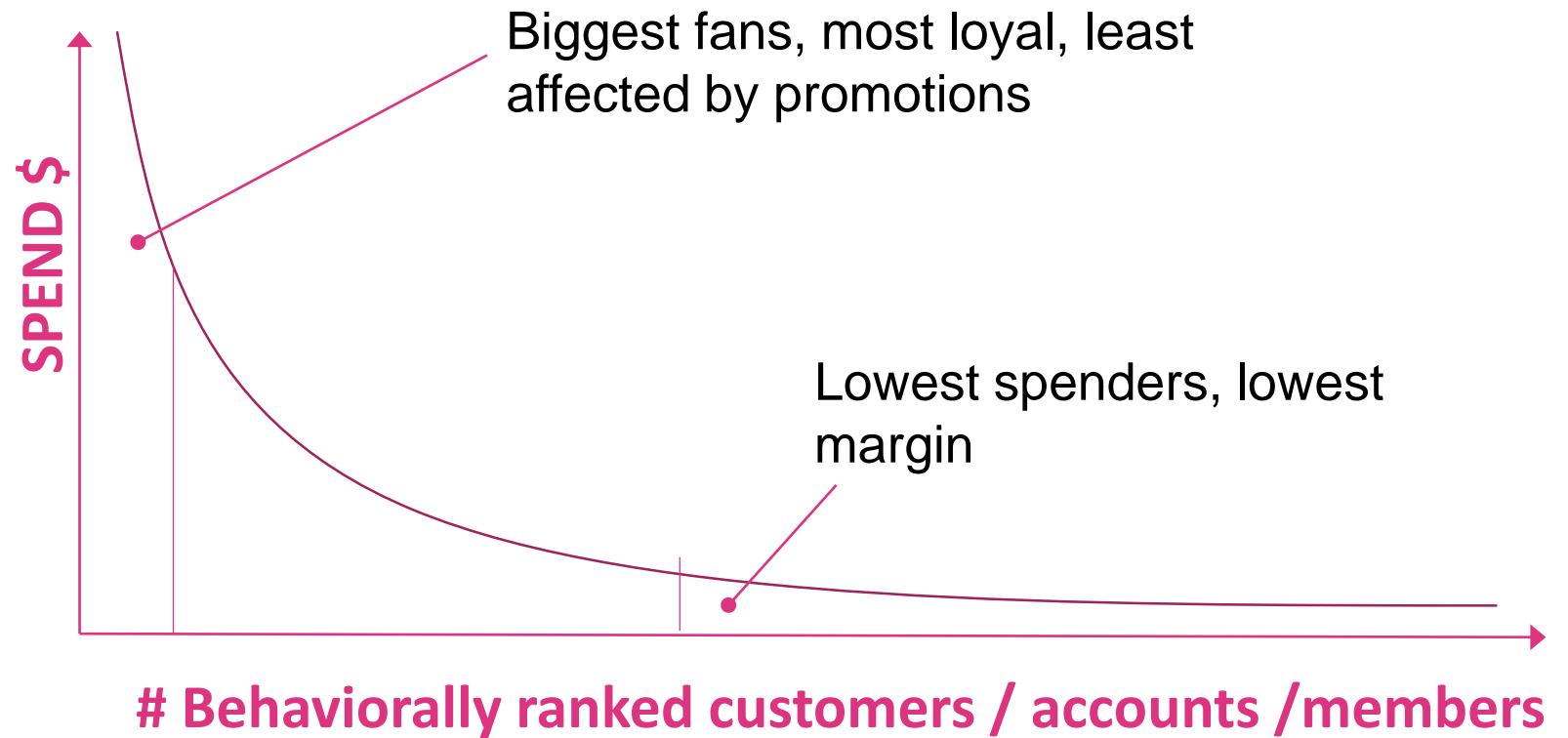
Exchange of value at the *customer level*

- Influence retention through experience - subsidize less



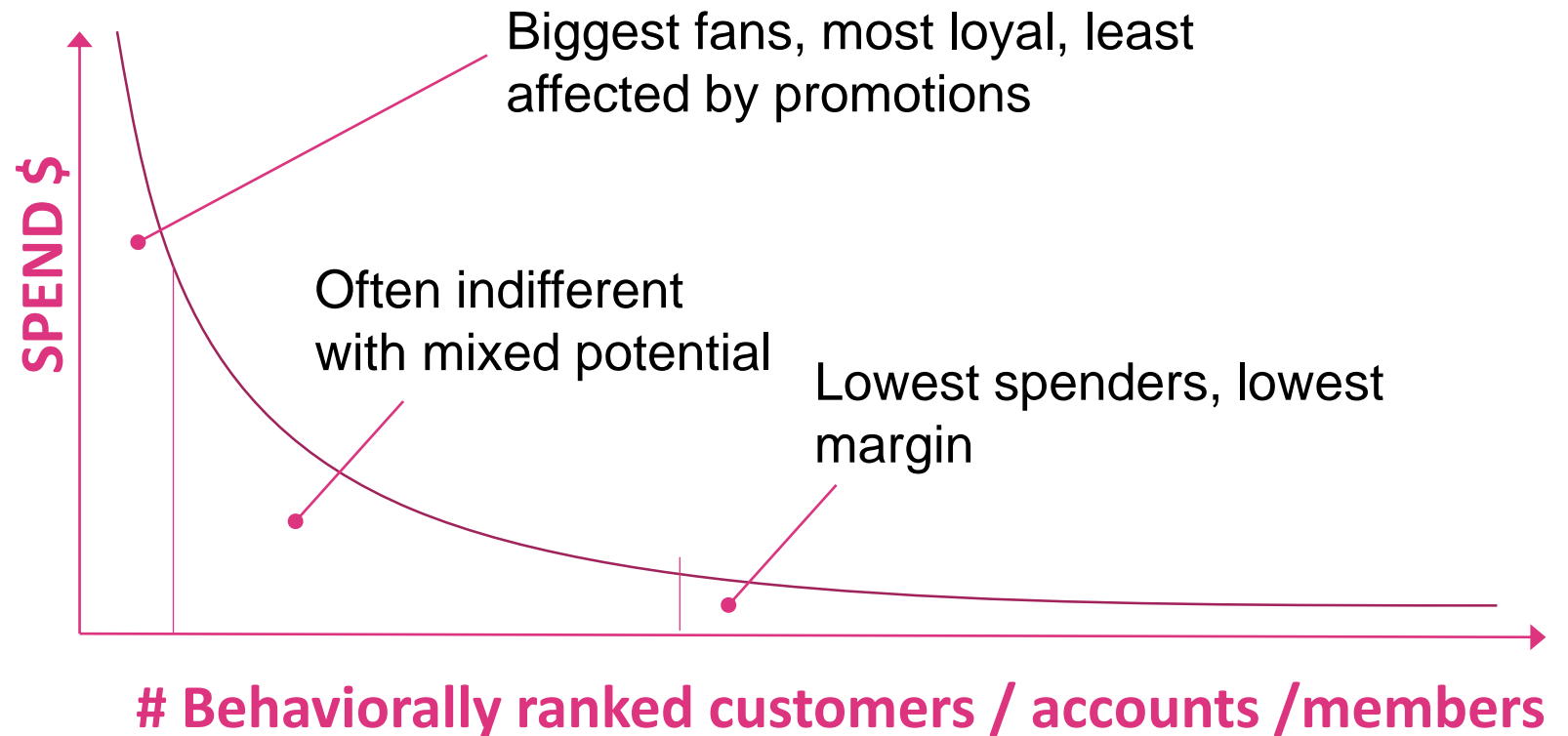
Exchange of value at the *customer level*

- Influence retention through experience - subsidize less
- Award less – use incentives to promote incrementality



Exchange of value at the *customer level*

- Influence retention through experience - subsidize less
- Award less – use incentives to promote incrementality
- Provide a path to loyalty through a targeted series of experiences and offers



A meaningful value exchange:

- Subsidize our best spenders less... reward them with strong **emotional experiences**, options, and flexibility
- Stop giving away precious margin to the lowest spenders – up the reward and **drive incrementality**
- Provide a **path to loyalty** for the indifferent, focus **promotional efforts** on the forgotten 50%

PROGRAM CONSTRUCT – EXPERIENCE DESIGN – PROMOTIONS – COMMUNICATIONS - ALIGNMENT



VALUE PRINCIPLE 1

***INVESTIGATE,
EXPLORE,
UNDERSTAND,
THE **VALUE**
EXCHANGE***

EMOTION MATTERS

Emotional loyalty is when your members can say,

“I feel an emotional connection to Brand X. Sometimes I buy from them even when they don’t have the lowest price.”







VALUE PRINCIPLE 2

***VALUE IS
RELATIVE TO
THE EXPERIENCE***

WHAT DOES MEMBERSHIP REALLY MEAN?



A commitment to a group with shared values.

MOST LOYALTY PROGRAMS ARE BEHAVIORAL.

- *Points-based systems*
- *Tier accelerators*
- *Cashback*
- *Rewards*
- *Discounts*



THE 3 TYPES OF EMOTIONAL LOYALTY.

Kobie's Emotional Loyalty Scoring™ (ELS) tells you what kind of emotional loyalty motivates your customers – **STATUS**, **HABIT** and/or **RECIPROCITY**.

Emotional Loyalty Scoring (ELS) is patent pending.

STATUS



*Driver: I feel **better about myself** among other customers, my community, or in my own personal journey*

HABIT



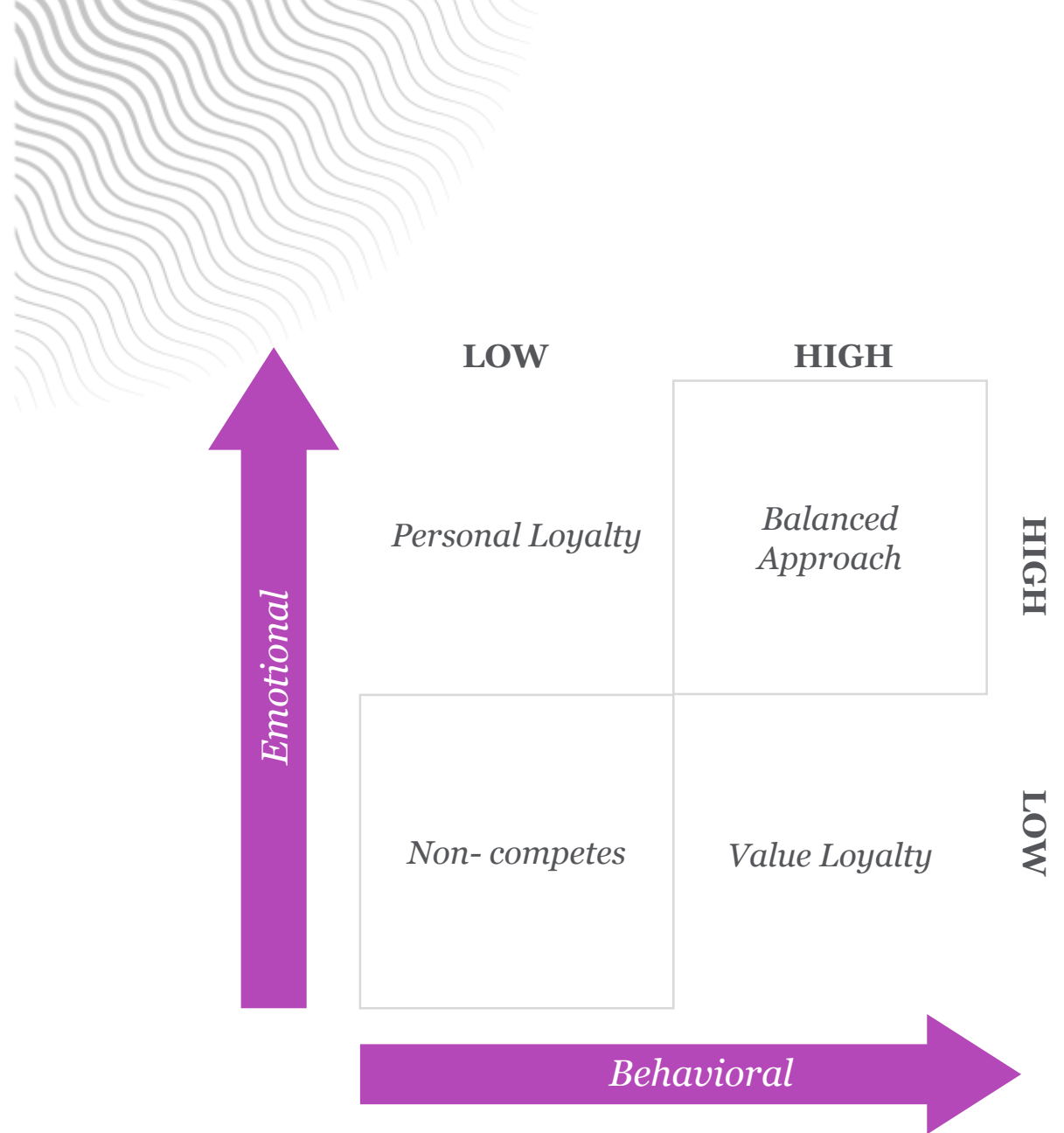
*Driver: I often find myself **on autopilot** buying what I've bought before.*

RECIPROCITY

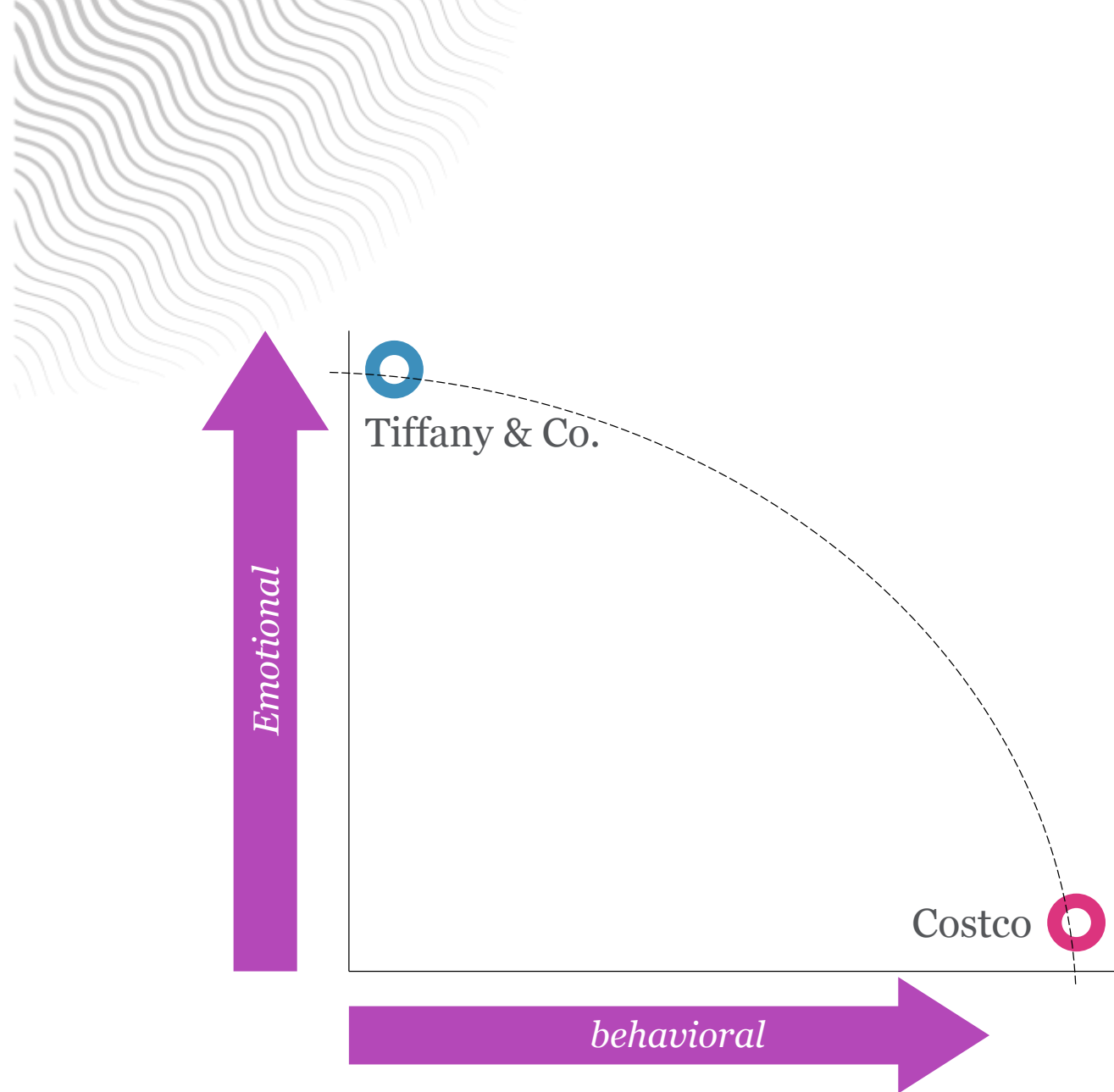


*Driver: I **feel grateful** for treatment I've received from this company.*

Loyalty is both Behavioral and Emotional



Brands can use this framework to optimize their efforts.



EMOTIONAL LOYALTY SCORING™ (ELS)

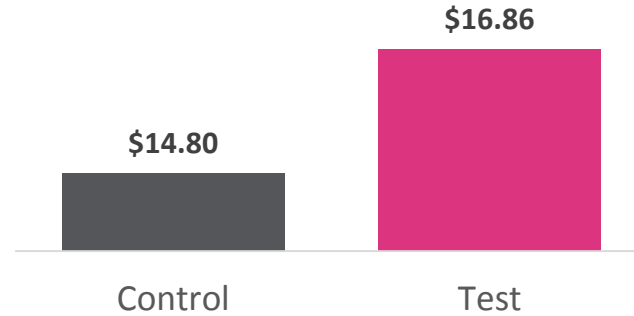
You may not have to match your competition's price incentives to win the loyalty of high value customers

Emotional Behavioral Scoring



LIFT FROM TARGETING BY EMOTIONAL LOYALTY.

Spend Per VIP Up \$2.06



Status-Motivated

VIPs only (retail store)

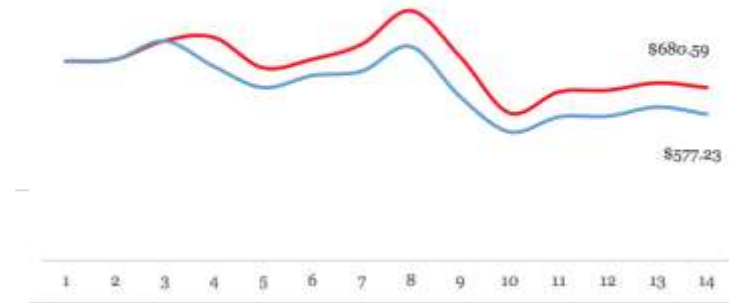
Goal: Recognize & drive brand identification

Free mug with discounted refills

10% lift during promo

14% lift after

Monthly Per Member Up \$103.36



Habit-Motivated

Bank cardholders

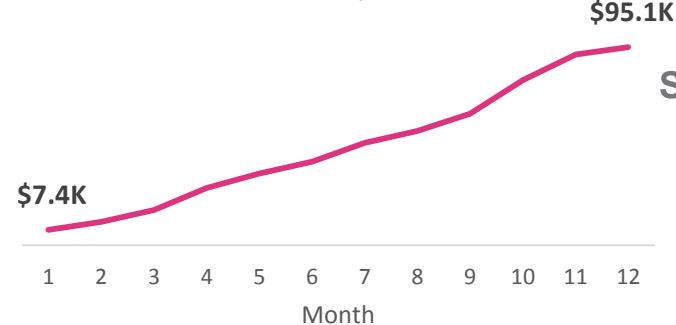
Goal: Make card the top-of-wallet choice

Stretch goals for common categories

20-40% on-going lift

from building habitual card use

Cumulative \$ Donated



Reciprocity-Motivated

Subset of subscription-based loyalty members

Goal: Increase redemption

Redemptions to fund hurricane Irma relief

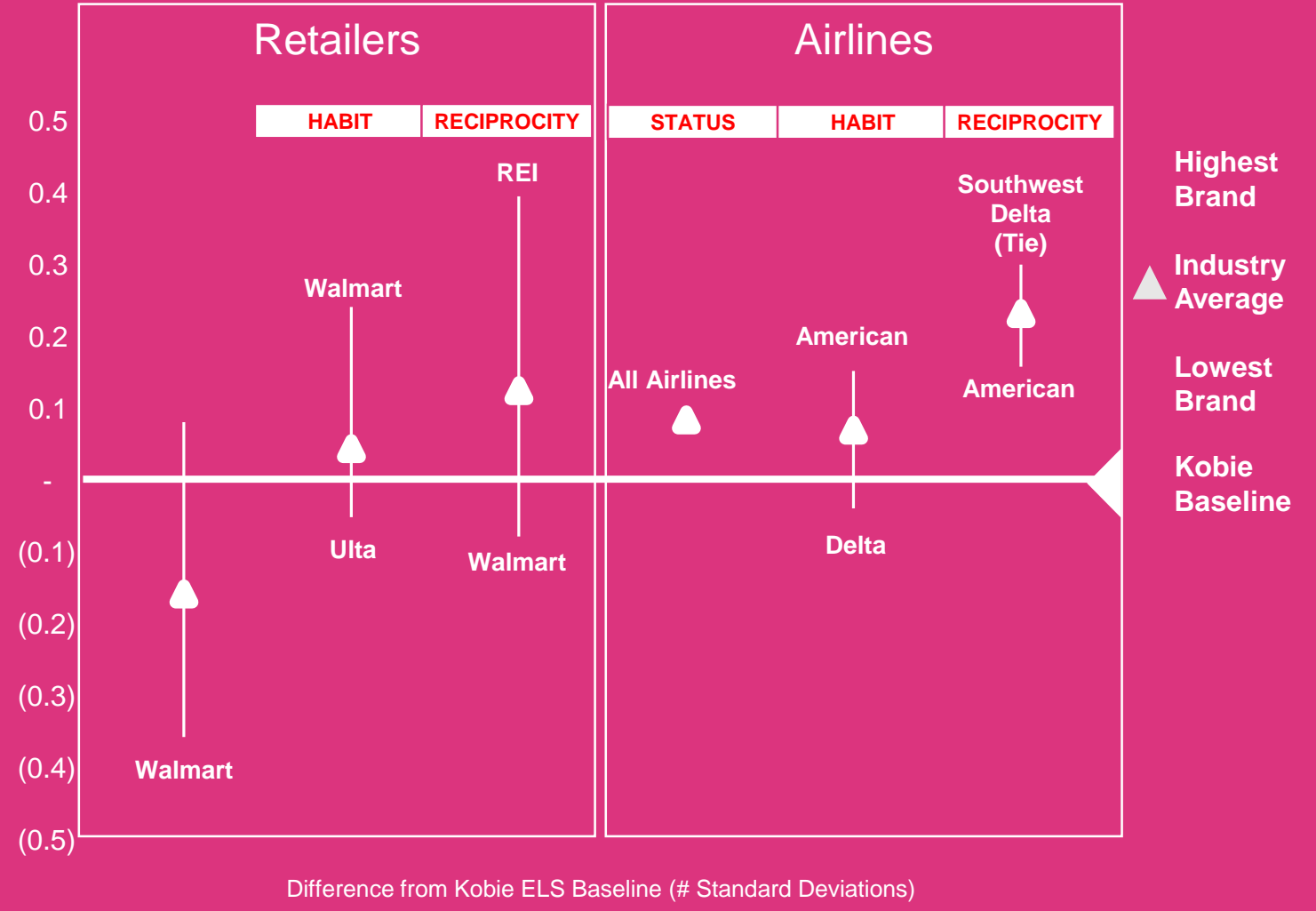
\$100K burn

Emotional loyalty by industry

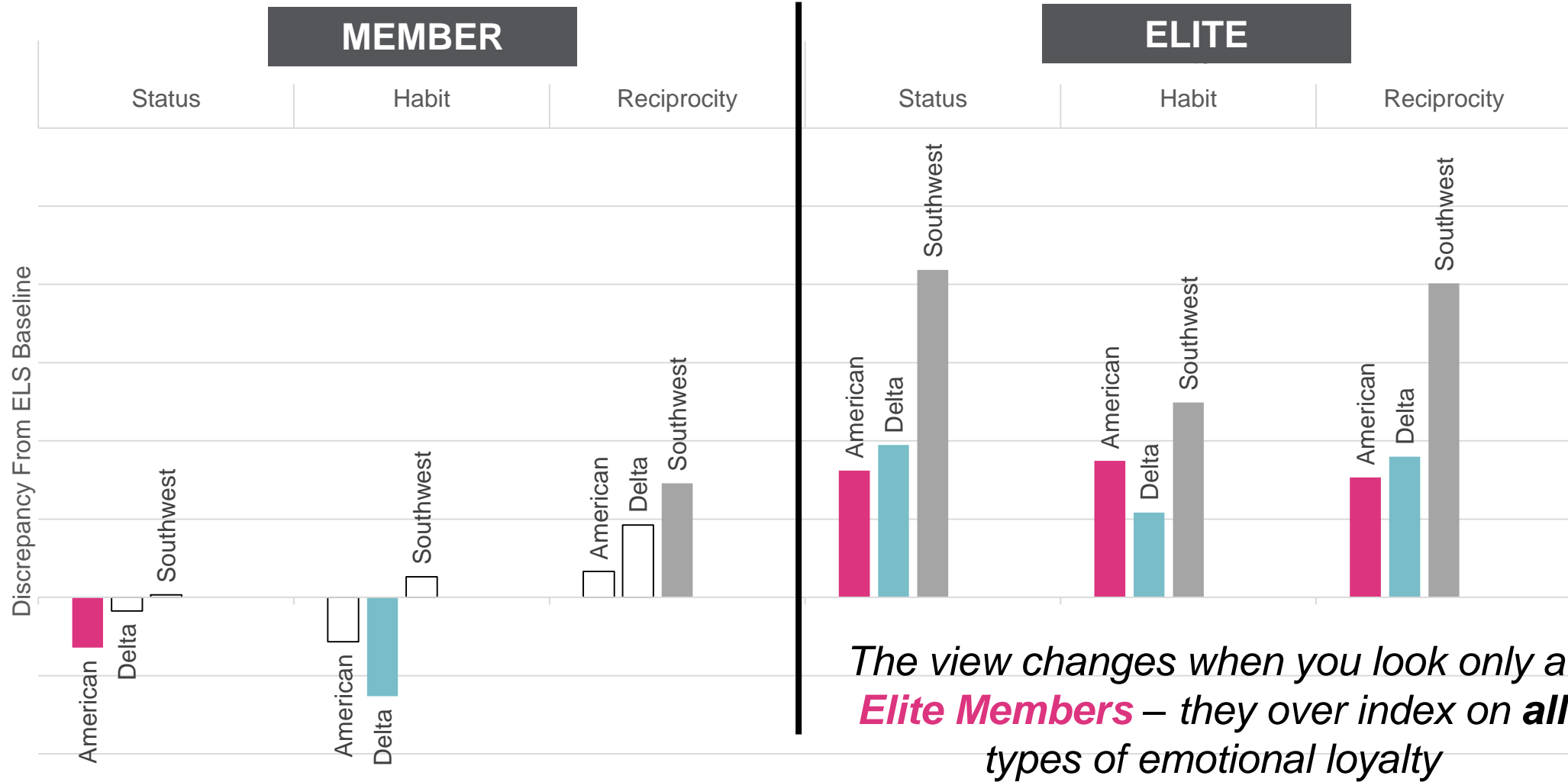
- Retailers more differentiated on emotional loyalty appeal by brand, especially for specialty brands
- Airlines less differentiated even on Habit where there is the most divergence

Challenge for airlines: building a unique identity

RANGE OF ELS™ SCORES BY INDUSTRY



ELITES CONNECT WITH EMOTIONAL LOYALTY.





VALUE PRINCIPLE 3

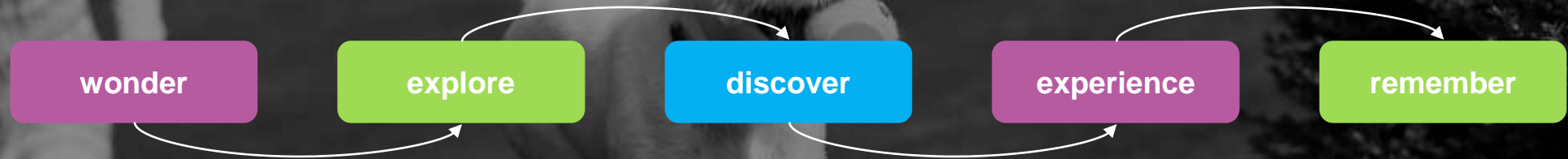
***MEASUREMENT OF
EMOTIONAL VALUE
IS VITAL***

APPLICATIONS OF THE *EMOTIONAL* *LOYALTY SCORING™* MARKETING FRAMEWORK

Program design
Partner selection and management
Communications
Campaign management
Customer journeys and service recovery
Co-brand value propositions
Merchant funded activities
Loyalty retargeting
Real-time response algorithms
Portfolio analysis
Organizational alignment

***EXPERIENCING VALUE THROUGH
THE CUSTOMER JOURNEY.***

HUMAN EXPERIENCE MAPPING: THE EMOTIONS BEHIND THE TOUCHPOINTS



BEFORE

DURING

AFTER

CUSTOMER NEED

CONSIDERATION

BRAND
DIFFERENTIATION

DECISION

EN ROUTE

POS

POST-PURCHASE

EMOTIONAL
ENGAGEMENT

ADVOCACY



Brand awareness

Competitive analysis

Pain-point alleviation

Initial engagement

Between brand selection and purchase or Digital purchase, Physical reception

Data-driven personalization

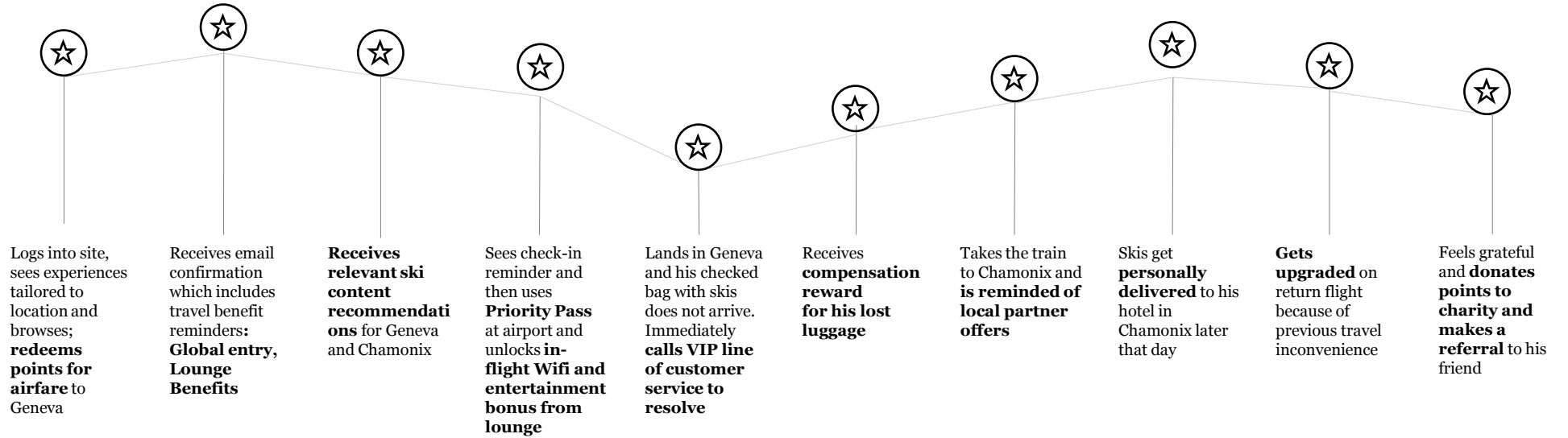
Appreciation

Recognition and relevance

Word of mouth and influencer marketing



FRANCIS
STATUS
HABIT
RECIPROCITY



CHANNEL



OPPORTUNITY

Tailor recommendations based on destination

Benefit reminders

Call center optimization for retention

Build reciprocity through unique service

Increased redemptions and referrals

ROI

Spend associated with data integration to execute personalization, expected conversion rate and ROI.

SPEND OPTIMIZATION

Prioritized recommendations and tests for maximum impact. Identify overspending and determine thresholds of investment based on segments. Adjust marketing investment to achieve growth.



VALUE PRINCIPLE 4

***VALUE CAN BE
DISRUPTED OR
ENHANCED
THROUGH
TECHNOLOGY***

Loyalty Value *Principles*

- Understand the value exchange
- Price is relative to experience
- Emotional measurement is vital
- Value is affected by technology
- Getting past no from a technologist POV
- Moving from loyalty programs to strategy
- Technology and human connections
- Measuring program value
- Rising role of paid loyalty
- Global loyalty
- Our view on where programs are doing it well
- The phygital experience
- Where Kobie is heading

EDUCATE
MOTIVATE
INSPIRE