

Best Practices Series

Oracle

CREATE ENDURING
CUSTOMER RELATIONSHIPS



Enterprise
MARKETING
MANAGEMENT



Create Enduring Customer Relationships

In today's economy of reduced spending and increased competition, it's more important than ever to develop profitable, long-term relationships with your customers.

Retaining existing customers is far less expensive than acquiring new ones. Therefore, more and more companies are seeing formal Loyalty programs as core to their customer strategy initiatives. Loyalty programs are designed to track information about member purchases via points, store them in a loyalty engine, categorize members into tiers based on value, and enable members to redeem points for products or services.

A successful loyalty program is a key way to increase customer affinity and share of wallet, and improve overall profitability. However, many loyalty programs today are fraught with challenges and suffer from a lack of differentiation. Across industries, loyalty programs appear too similar in the way they reward and recognize members, the benefits they offer, and the partners they recruit. As a result, loyalty programs often have a low perceived value. In addition, technology infrastructure hinders the effectiveness of many loyalty programs. For example, fragmented data, "siloes" point solutions, and inflexible legacy systems make it difficult to gain an accurate view of key customers or bring differentiated incentives to market.

Loyalty programs can help maximize the value and duration of your most profitable customers and increase the value of less profitable ones. However, in order to be effective they need to deliver highly personalized promotions and rewards, drive a superior member experience across multiple channels, and enable you to address service issues in real time. Focusing on the following three areas can help ensure

your loyalty program fosters valuable, enduring customer relationships.

DELIVER PERSONALIZED PROMOTIONS AND REWARDS

Loyalty programs can stand out from the competition with promotions that are highly personalized and tailored to individual member tastes. Instead of offering every customer the same incentive such as a store discount, you can offer flexible incentives and empower customers to choose the reward they value the most. By incorporating partners into your loyalty program, you can go beyond traditional points and miles to offer a range of lifestyle and experiential rewards that appeal to members' unique interests. A differentiated loyalty program increases the likelihood of a member choosing its product or service over the competition.

A SUCCESSFUL LOYALTY PROGRAM IS A KEY WAY TO INCREASE CUSTOMER AFFINITY AND SHARE OF WALLET, AND IMPROVE OVERALL PROFITABILITY.

DRIVE A SUPERIOR MEMBER EXPERIENCE

In order to drive a superior membership experience, loyalty programs must be able to recognize and reward customers in real time across multiple channels. Customers have come to expect differentiated treatment in return for their loyalty. When you fail to recognize them in real time, you risk alienating the customer. An integrated loyalty and CRM system with a unified customer view ensures that every interaction customers have with your organization is

positive regardless of channel — be it online, over the phone, in person, or through a kiosk. And given that every customer touchpoint provides an extension of your company's brand, i.e., how your customers *perceive* your product or service, it is critical that all interactions be consistent across these channels.

ADDRESS SERVICE ISSUES IN REAL TIME

While most loyalty programs focus on rewarding customers for repeat purchases, one of the best ways to create enduring relationships is to recognize when a valued customer has experienced poor service and proactively resolve the issue. For example, an airline that knows its premium-level passengers have been delayed can compensate them with bonus miles or a day-pass to the airport lounge. Taking real-time action to minimize the impact of disservice on customers fosters greater loyalty and deepens the relationship with the customer.

CONCLUSION

In today's environment, customers are spending less yet competition is more intense than ever. Loyalty initiatives must evolve beyond traditional reward programs to become a strategic part of the company's customer vision. Investing in a new loyalty solution or improving your existing one will enable you to truly differentiate your business around the customer experience and drive lasting relationships. ■

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