

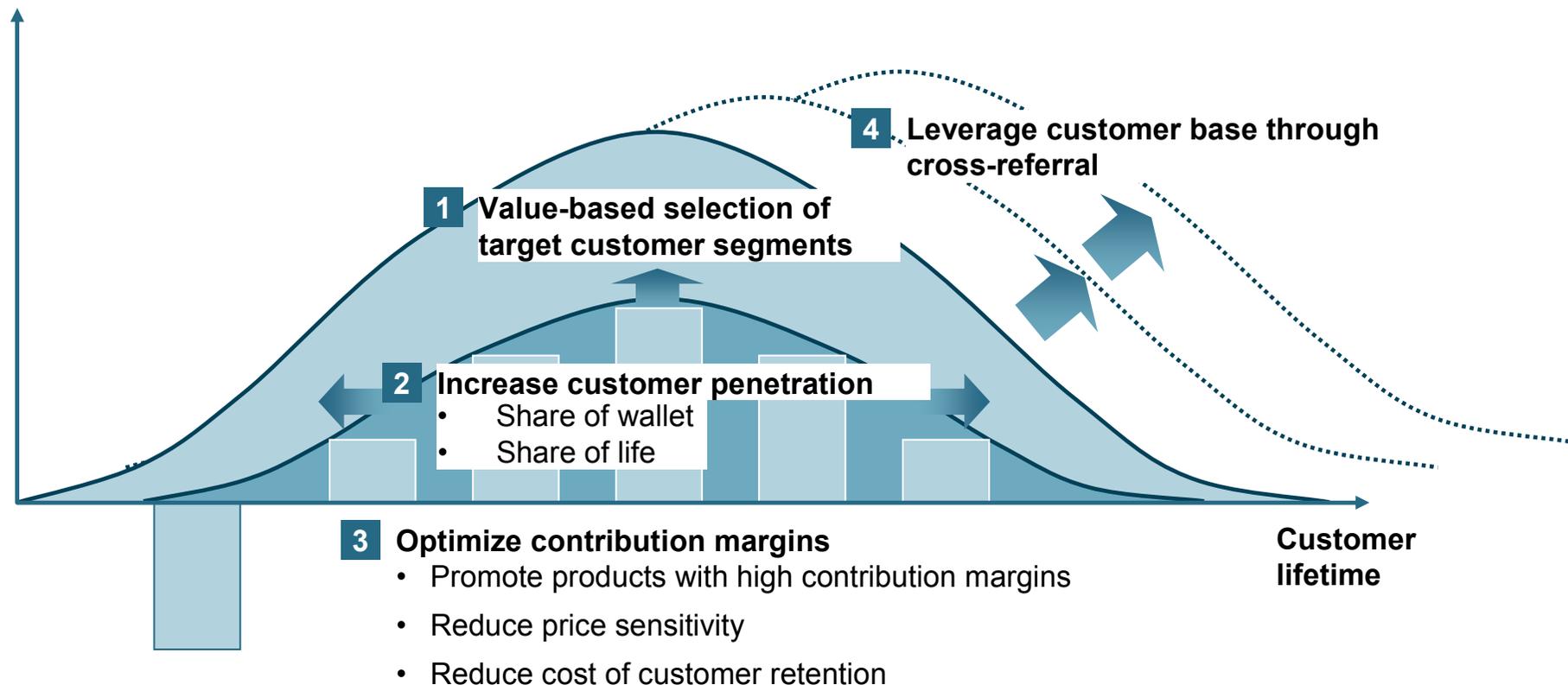
"Customer loyalty 2004"

Roland Berger Strategy Consultants

Munich, September 2004

The goal of customer loyalty management is to better exploit the value of the customer base

Exploitation of customer value



Companies recognize customer loyalty as a key issue, but it is often poorly implemented

Customer loyalty in practice

CURRENT RESEARCH

- **Customer loyalty case studies 2004**
10 case studies based on interviews with CRM experts and desk research
- **Roland Berger customer loyalty study 2003**
82 leading B2C companies

RESULTS

- Customer loyalty is the **key success factor** in marketing
- **Goals** of customer loyalty programs often **not achieved**
- Customer loyalty actions **must be integrated** into the **marketing mix**
- Many complex **approaches** to customer loyalty **exist**, but practical **implementation is often inadequate**
- **Customer data integration** is essential as the basis for segmentation and differentiated customer support concepts

INTERPRETATION

- **Customer loyalty** recognized as a **success factor** – many activities already launched
- **Lack of customer understanding** hinders success
 - Lack of data integration
 - Rudimentary segmentation approaches
- **Success not always or not adequately measured**
- **Complexity** of the concepts **requires pragmatic implementation**

Companies interpret customer loyalty quite differently, which requires tailor-made concepts

Quotes from marketing/CRM managers

"It is hard to verify the link between customer satisfaction and customer loyalty in day-to-day business."

**European telecom-
munications provider**

"Customer loyalty is achieved by targeted adaptation of the marketing mix. Pricing, sales channels and communication are segment-specific."

Large German bank

"Especially in retail, CRM lived out in the form of a premium brand has a decisive influence on how the customer experiences the brand."

German automotive group

"Customer surveys show that even satisfied customers switch to other brands, while dissatisfied customers remain with our brand."

Global automotive group

"Customer loyalty actions cover all activities which actively address and support the customer."

Large German bank

"Customer loyalty aims in particular to achieve customer connection by means of advocacy for a brand."

Global automotive group

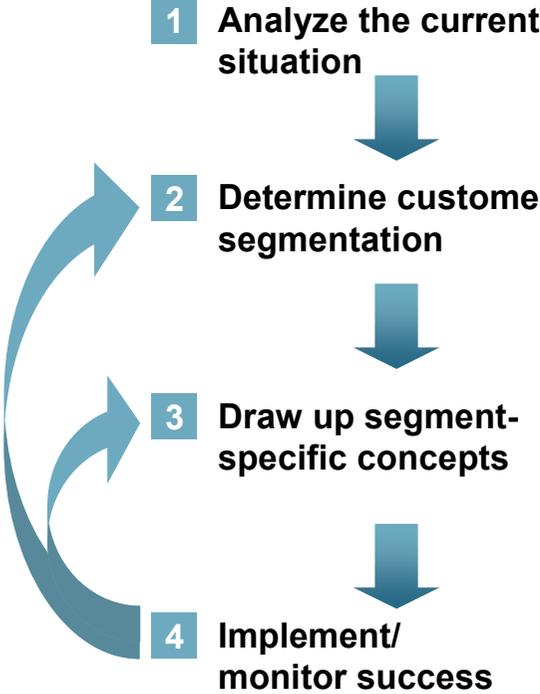
"Customer loyalty is a strategic success factor."

**European mobile telecom-
munications provider**

"To achieve customer loyalty, you need more than just customer satisfaction."
**European mobile telecom-
munications provider**

Customer loyalty campaigns are constantly being refined based on prioritized segments and client status

Logic of the approach

Customer loyalty cycle	Content	Our consulting approach
 <p>1 Analyze the current situation</p>	<p>Determine current segmentation and customer loyalty approaches</p>	<p>Systematic, targeted analysis; comparison with best-practice companies (benchmarking)</p>
<p>2 Determine customer segmentation</p>	<p>Expand and/or realign customer segmentation</p>	<p>Project experience in customer segmentation by value, needs, lifecycle, etc.</p>
<p>3 Draw up segment-specific concepts</p>	<p>Introduce targeted customer loyalty campaigns for prioritized segments</p>	<p>Customer loyalty campaigns including cards/points schemes developed with customers</p>
<p>4 Implement/monitor success</p>	<p>Quickly implement segment-specific campaigns (quick wins)</p>	<p>Activity management, business planning, HELP tool, scenario analysis</p>

The Marketing & Sales CC has extensive skills in conducting and supporting customer loyalty projects

TOOLS

- **Segmentation approaches** by customer value and customer needs
- **HELP** = Holistic evaluation of loyalty programs

MARKET STUDIES AND DATABASES

- **RB customer loyalty study 2003** conducted among 82 leading German companies
- **Case collection** with around 10 examples of loyalty programs in practice

Collective skills in
customer loyalty within
the Marketing & Sales
CC

- **HELP database** with 170 customer loyalty card programs in Europe

- **Several projects** in the following areas
 - Customer segmentation (value, needs, etc.)
 - Evaluating, designing, relaunching and implementing loyalty programs
 - Developing and implementing customer loyalty programs and campaigns

- Issue paper on **customer loyalty management**

- **Dissertations and practical studies** on relevant topics
 - Drivers of customer loyalty
 - Customer lifecycle management
- **Speeches and articles**

PROJECT EXPERIENCE

CONCEPTUAL KNOWLEDGE

Roland Berger's customer management tools can be combined and have been tested in numerous projects

Project references

Issues	Project content
Customer segmentation – based on value/needs/benefits	<ul style="list-style-type: none"> • Combined value-based and needs-based segmentation • Customer lifecycle valuation • Needs-based segmentation with conjoint analysis • Improved commodities marketing through better customer orientation, including needs-based segmentation and pricing • Value-based segmentation as the basis for a pricing strategy • Improvement of customer orientation and pricing model in the commodities business
Setup of CRM and loyalty programs	<ul style="list-style-type: none"> • Development of a multi-partner loyalty program • Development of a points-based customer loyalty program • Business model and detailed financial planning for a loyalty program startup • Development of comprehensive CRM approach • Differentiation of customer processes (touchpoint logic)
Review/strategic repositioning of customer loyalty programs (HELP)	<ul style="list-style-type: none"> • Coaching managers in the strategic realignment of loyalty programs • Model for churn prediction and concept for churn prevention and win-back activities • Improving the efficiency of loyalty program marketing