

Loyalty: Looking for a balanced program that doesn't have rising cost?

Is it possible for a company to create and effectively maintain a loyalty program that aligns their customers (internal and/or external) corporate objectives and program goals equally while at the same time protecting themselves from rising financial cost?

The answer quite simply is “yes” and it can be accomplished without having to skimp on the overall program and benefits.

But first, it's critical to understand how, even in today's economy, forward-thinking companies can bring about successful behavioral change and create significant barriers to exit in a short amount of time *without* resorting to cutting corners.

Whether adding to an existing program or launching a new one – in the past, fiscal constraints equaled cutting corners and it usually meant companies had to sacrifice something within their programs to keep costs from ballooning out of control. It meant having to either:

1. Limit programs to a select group
2. Limit how rewards can be earned, or
3. Limit the reward value at redemption

While no option is ideal and each could alienate one or more customer segments, maximizing loyalty can be expensive. Does that mean businesses should be forced to settle for less than an optimal program?

Of course not...cutting corners is never a good idea. Just as you wouldn't want your brakes somewhat fixed, you can't go halfway on a loyalty initiative. Regardless of where in the loyalty cycle you attempt to make cuts, there are obvious and numerous pitfalls and each can irreparably impact a program and in the end everybody loses.

Recently, a Getaway Points client sought to tighten its corporate travel policy and increase compliance as a means of reducing its travel spend. At the same time, it sought to engage travelers in the new policies and communicate effectively for buy-in and changed behavior. The client challenged Getaway Points with helping to accomplish both goals with rigor and cost savings – simultaneously.

While it makes sense to target your most profitable (best) customers for loyalty, it leaves the majority of your customers outside looking in – never giving them reason to move up the profitability ladder, nothing nudging them to go from a good to a great or a great to a best customer.

Restricting how rewards can be earned can cause a similar effect. If you make it difficult, or award too few units for a desired behavior, you undoubtedly end up with customer noise about how the program falls short of living up to expectations. Not only do you risk failing to engage your good and great customers but you run the risk of alienating your best as well.

Lastly, devaluing points has arguably become the *de facto* solution for managing loyalty program costs. On a subconscious level, it may appear to pose the least risk – since it is after the fact, (post-enrollment). And while it typically reduces liability quickly as participants scramble to redeem, the attrition rate skews higher because once people burn their rewards, they're more apt to leave, quite often for good.

So how can a company avoid cutting corners when launching a loyalty program that provides enough stickiness (i.e. making the program open to all and loading it with earn and reward options) without it being too costly? The answer is surprisingly simple – supplier funded rewards.

Connexions Loyalty Travel Solutions created Getaway Points with that objective in mind. Getaway Points is an innovative turn-key, cost-effective loyalty and rewards program with mass appeal minus the usual investment of time, resource and accrued liability.

Getaway Points leverages Connexions' deep discounts and comprehensive travel network along with a robust merchandise catalog. Essentially, we provide the “carrot” rather than the “stick” to engage participants to personally invest in the choices they make and feel good about following the rules.

Connexions' innovative loyalty solution creates awareness and drives desired behaviors right out of the gate by inspiring participants to make the right choices – and rewarding those who do with attractive discounts on leisure travel and merchandise.

As for our example client above, Getaway Points not only drove a massive 17% increase in online booking adoption moving from 68% to 85% - (a significant increase when already at such a high rate) but it helped drive a 24% increase in in-program hotel bookings as well.

As a whole, Getaway Points has as a 93% customer satisfaction rating by offering meaningful and obtainable rewards.



Is the largest U.S. based provider of travel solutions for loyalty programs; we have strong support from travel industry suppliers, large economies of scale, and a focus on quality service delivery. As part of a \$7 billion travel sales organization, we leverage the knowledge, supply, and technologies developed for multiple verticals. COPC certified and supported by six sigma process management to create market leading solutions for our clients.

Solutions include unique travel products, creative redemption solutions, multi-point bank connectivity. From Graham Leach Bliley to PCI, we manage your security needs at our contact centers, and market leading online travel redemption solutions.

Getaway Points Feedback

"The site was extremely easy to navigate, as a first time user I didn't really believe I'd get the flights on the dates I wanted, I did! I will definitely continue to earn Getaway Points so I can redeem for more travel. Thank you."

"Getaway Points are extremely helpful and a great way to save money, I love the site."

"The customer service representative was very helpful in assisting me with my travel reservation. Many thanks to her and the travel team, from a very satisfied customer."

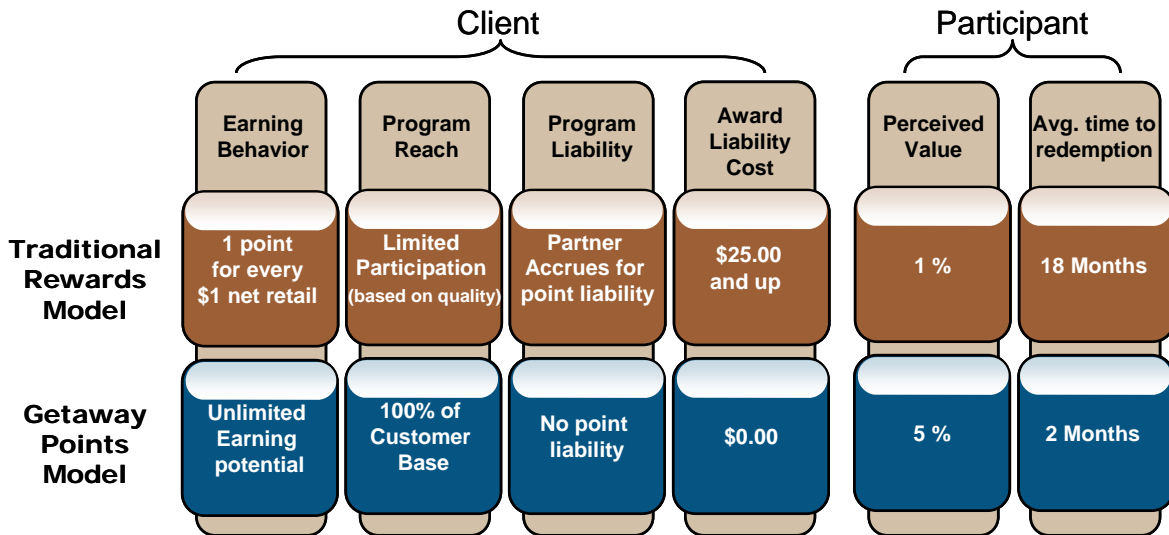
"I am very satisfied with this program and will definitely share my experience with my co-workers."

"My redemption was done with speed and knowledge. With great rewards like travel and merchandise, I'm happy to comply with policy."

As chart 1 indicates, Getaway Points provides an exciting, innovative new model that allows clients to enhance their existing traditional model and/or create a great new loyalty program where traditional programs are not feasible. Getaway Points means you can target and reward customers ranging from low to high value without committing high dollars to drive behavior.

Now you can incentivize new channels, expand an existing program or make them more compelling with the most sought after travel and merchandise awards – all without ever having to warehouse it, ship it or take it back.

Chart 1



There is no catch. Getaway Points clients do not carry any accrued liability. It's a unique way of looking at loyalty – the liability is held by the rewards suppliers at the time of redemption, and it means you don't have to cut corners.

When redeemed, Getaway Points act as a point of sale discount. This is a true points plus cash program in which participants are required to supplement their point redemption

with cash. This keeps engagement high; as it doesn't take months of earning before a reward can be redeemed and if used as a component of a credit/debit program, it can drive additional spend on the card for the cash component. And Getaway Points provides significant savings of up to 55% on travel and up to 60% on merchandise to make this program one of the "stickiest" low-cost programs available.

Now you can influence desired behavior of all types – and at all levels – for far less than a traditional program. With Getaway Points there is a small set up fee and a manageable per member, per month fee with reasonable tier breaks.

You control what behaviors to award as well as the number of points earned per behavior. Rules can be configured to award one-time and bonus points as well. Getaway Points can score and store profile and transactional data and provide a co-brand web site that handles authentication and authorization – ensuring external systems are restricted to client-specific services and data.

Participants then apply their points toward a variety of leisure travel options, including vacation packages with air, hotel, car, over 5,500 events and activities, in addition to cruise vacations. The program also offers over 1,000 merchandise items including electronics, sporting goods, kitchen, home, toys, and more.

Getaway Points Rewards Mix	
Travel:	Savings range 5% - 55%
	• Dynamic Packaging – Worldwide vacation destinations
	• Hotels – Access to over 80,000 properties worldwide
	• Rental Cars – Four major domestic companies and international
	• Cruise – Great rates on all cruise lines, any sailing
	• Activities – More than 5,500 in 450 worldwide destinations
Merchandise:	Savings range 10% - 60%
	• Over 1,000 items – across ten popular categories
	• More than 250 top brands in every major category
	• Online catalog makes for quick and simple shopping/redemption
	• Industry-leading fulfillment center
	• Continually updated and refreshed award mix

Our redemption sites allow for flexible valuation of currency by redemption type. Getaway Points can also support client products and/or services in the award mix and make them available for redemption.

Once enrolled, participants can log-on and watch their points accumulate...and become even more engaged as they think about how they'll spend them. They can view their account, make status changes and shop for travel and merchandise.

Getaway Points provides a standard communications package that introduces your program, builds excitement and drives adoption. From pre-launch introduction 'teaser' emails to weekly newsletters and quarterly statements, Getaway Points is kept top-of-mind with travel and merchandise specials. Our templates are designed to send the message to participants that they are important to you and that you want to keep them as customers and/or employees.

The Getaway Points management system includes a robust menu of management options, as well as real-time reporting. Our functionality is fully automated and customizable to individual needs; additionally, we can create custom reporting if needed or required.

As part of Connexions' daily process, Getaway Points monitors your online site activity and can provide reporting on a myriad of activities, such as: log-ins, click-throughs, frequency, time spent on the site and actual redemptions. We also take great pride in ensuring total budget management by tracking attritions, negotiated savings, and all awards sent and redeemed.

To find out how Getaway Points can help your organization accomplish its goals while rewarding your customers in a new low-cost and exciting way, please contact John Miller Director of Business Development at Connexions Loyalty Travel Solutions at (952) 914-6539 or visit us at www.cltsloyalty.com.

Bio



John Miller

As Director of New Business Development for Connexions Loyalty Travel Solutions (CLTS), John Miller is responsible for growing the division's client base across multiple closed-channel segments. Focusing on large member based affinity programs, including credit card reward and other individual incentive based programs Miller has been a key figure helping grow the division to its current position. He reports to Eric Burdon, President of CLTS.

Miller has a strong background in account management and sales within the leisure travel industry and has been with Carlson Leisure Travel Services since 1998. He has over 20 years of travel industry experience holding industry relations and sales positions with top wholesale travel companies. Prior to joining CLTS his experience included positions with MLT Vacations, TransGlobal Vacations and Global Holidays. He has also served a variety of roles within CLTS including Account Manager, Sales Manager and Senior Sales Manager. Most recently as Senior Sales Manager he developed an expertise within the financial services industry, specifically within credit card loyalty programs.