

# CLIENT: COLLINSON

## Profitability Campaign

### Reports

**COLLINSON** Unlock the true value of loyalty

## Loyalty that really counts

### Why incrementality is everything

What really counts in loyalty? Incrementality. It's everything and here's why... Loyalty programmes are - of course - designed to make members more loyal to an organisation and joining a programme is a sure sign of engagement. The ideal onward journey sees members spending more, transacting frequently and staying loyal to the organisation for longer than would have been the case without membership.

To begin measuring what matters, key questions include:

- Can the loyalty team prove to senior stakeholders that the company is investing in behaviour that it wouldn't otherwise have enjoyed?
- Is the organisation able to identify which members are generating a return on the investment in the loyalty programme?
- Can the company identify which member groups can be influenced to generate additional revenue without investing in the whole membership base?

### Measuring the incremental impact of a loyalty programme

To understand the incremental value generated by a programme, we first have to understand what would have happened without the loyalty programme. This entails tracking customer behaviour pre and post joining the programme.

eCommerce makes measuring incrementality relatively easy. Customers transact with an organisation, then they join a loyalty programme. Customer behaviour pre and post loyalty programme registration can be measured. The difference between the two is the incremental profit generated by the loyalty programme. This methodology is possible in many industries such as airline businesses or in retail banking. It can potentially even be applied to bricks and mortar businesses where customer behaviour is tracked pre and post loyalty programme registration via their payment methods.

It's true that measurement can be more challenging without eCommerce but there are still several methodologies to help measure what matters and get a handle on true incrementality. In the event that behaviour pre and post membership cannot be tracked for the same customers, there are alternative ways to establish a baseline.

Most of these are concerned with identifying a representative control group for the programme, including:

- Establishing geographical control groups as a baseline where the loyalty programme is operational in one geography and not in another. A simple example of this methodology is a store test for a retailer where a loyalty programme is implemented in stores A, B and C but not in similar stores D, E and F. It's important here to ensure that the geographies share similar demographics or are considered 'nationally representative' if later scale-up is envisaged.
- Implementing a 'hold-back' control cell of new members - excluding them from all programme communications. Normally, an organisation would hold back between 2% and 7% of new members from communications to ensure a statistically robust control cell. On low overall volumes, a control group higher than 2% is recommended to ensure results can be relied upon. It can be tempting to include every member in communications due to tactical commercial pressures - but without a control, it's impossible to prove what worked in order to refine and repeat activity later.
- Creating a loyalty score or engagement score based on the frequency and type of member engagement and tracking the behaviour of low scoring members stratified against a similarly spending cohort of high scoring members.

### Incrementality in loyalty is everything and measurement matters

To conclude, incrementality is what really counts in loyalty and proving it matters. Measurement methodologies require careful consideration and development but once in place, provide the visibility and certainty both loyalty operators and senior stakeholders need to support schemes and their continued success.

**The bottom line?**  
If your scheme needs to identify and prove incrementality, contact Collinson - ask about our ROI calculator and better bespoke measurement for your business.

### Social banners

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## We take a closer look at loyalty to find you extra revenue

Make sure you're not one of the 62% of loyalty operators that don't track incremental profit details.

Unlock the true value of loyalty

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## Could your loyalty programme be giving you 10% more?

It's surprising how many businesses are letting loyalty revenue go to waste.

Unlock the true value of loyalty

### Landing Page

## Loyalty Value Vault

### Driving value from your loyalty programme

In challenging economic times, making every programme count is crucial. Discover insights, strategies, and tools that help leading companies optimise loyalty for profitability.

#### Reports and Insights

Our reports and articles provide the insights to power programme profitability. Find out how to unlock potential profit, drive up margins, measure true incrementality, create profit rather than cost centres, make the case for investment and leverage long-term success from loyalty.

#### Unlocking the profit potential in loyalty programmes

Loyalty programmes can absolutely foster customer retention, drive revenue growth and generate incremental profit. However, many fail to realise their full potential.

Measuring accurately, evaluating areas of under-performance and taking action means businesses can drive all-gain margins by at least 50%. Here we share the essential challenges loyalty programmes present, looking to Collinson's research to identify some of the profit 'unfair' and the opportunities for unlocking it.

[Download full report](#)

Unlocking the profit potential in loyalty programmes

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Incrementality in loyalty - measuring what matters

To understand the incremental value generated by a programme, we first have to understand what would have happened without the loyalty programme. This entails tracking customer behaviour pre and post joining the programme.

[Download full report](#)

Incrementality and the C-suite

Senior stakeholders need to support schemes and their continued success. Measurement methodologies require careful consideration and development but once in place, provide the visibility and certainty both loyalty operators and senior stakeholders need to support schemes and their continued success.

[Download full report](#)

**COLLINSON** Unlock the true value of loyalty

## Measuring loyalty: Are you missing the mark?

Loyalty really can create value - that's widely appreciated in a global marketplace worth billions. However, exactly how loyalty operators measure value is critical for loyalty scheme continuance, investment and ongoing success. After all, senior stakeholders are unlikely to commit funds to programmes if payback and profitability are uncertain.

### Defining loyalty is key - what does your company value?

Loyalty programmes are designed to make members more loyal to an organisation - that's stating the obvious. However, when we start to break down what form loyalty can take in terms of customer behaviour, we begin to test out both loyalty objectives and measurement against them.

Once acquired into a loyalty programme, the ideal journey sees members spending more, transacting frequently and staying loyal to the organisation for longer than would have been the case without membership. In a nutshell revenue, frequency and tenure combined are means from heaven for loyalty operators, creating regular, recurring revenue over extended periods.

The benefits don't stop there either. There are myriad ways in which members can demonstrate their loyalty and be recognised or rewarded in return. For example, they can evangelise on behalf of the organisation via ratings, reviews and testimonials or behave in ways that reduce costs for the company, such as using self-serve channels. Or it can mean acting in a way that generates additional revenue for the organisation - perhaps volunteering data or purchasing ancillaries from third-party partners.

It is a foundational requirement for loyalty operators to identify and define what ideal loyalty means for the organisation to motivate specific desired behaviours and to develop disciplined measurement methodologies to track performance.

**62%** of companies reveal they can't properly track incremental profit.

### What matters most?

What matters most is the engagement an organisation enjoys which would NOT have occurred without the loyalty programme - in other words, incrementality.

Many companies simply measure various aspects of member engagement and transactional behaviour. And a surprising 62% reveal they can't properly track incremental profit!

This is problematic for senior stakeholders looking to back those who can measure incremental behaviour delivering benefits which would not otherwise exist.

**To begin measuring what matters, key questions include:**

- Can your loyalty team prove to senior stakeholders that the company is investing in behaviour that it wouldn't otherwise have enjoyed?
- Is your organisation able to identify which members are generating a return on the investment in the loyalty programme?
- Can your company identify which member groups can be influenced to generate additional revenue without investing in the whole membership base?

**The bottom line?**  
To answer these questions and start measuring what matters, contact Collinson.

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## Your loyalty scheme should be a moneymaker not a time-taker

# 3 out of 4

businesses are letting loyalty value go to waste.

Unlock the true value of loyalty

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## Take a more finance focused approach to loyalty

We look beyond customer benefits to make bigger impact on your balance sheet.

Unlock the true value of loyalty

## Unlocking the profit potential in loyalty programmes

### Unlock the true value of loyalty

Loyalty programmes can absolutely foster customer retention, drive revenue growth and generate incremental profit. However, many fail to realise their full potential.

Measuring accurately, evaluating areas of under-performance and taking action means businesses can drive all-gain margins by at least 50%. Here we share the essential challenges loyalty programmes present, looking to Collinson's research to identify some of the profit 'unfair' and the opportunities for unlocking it.

#### The story of missing metrics and money

Readings reveal 62% of companies can't accurately measure incremental profit. Collinson's research shows that it's more than just the cost of a loyalty programme that can be 'cutback' - how can a scheme operator justify its contribution to their bottom line without making the critical operational information?

Our research shows that the challenge for loyalty operators and senior stakeholders is not only how to track incremental profit but also how to communicate that value. When it comes to this, the picture is stark. 62% of companies can't properly measure incremental profit from loyalty.

So what if all companies don't know the value of their programmes (and/or revenue) and how to measure it? How can they get the economic right more loyalty?

We believe we have some answers. Senior stakeholders should look to the data and the insights that Collinson's research provides. The data shows a clear picture of the challenges loyalty operators face and the potential for incremental profit. It's not just about the cost of the programme but also about the value it can generate. We can help you to understand the value of your loyalty programme and how to measure it. We can help you to understand the value of your loyalty programme and how to measure it.

**62%** of companies can't properly measure incremental profit from loyalty.

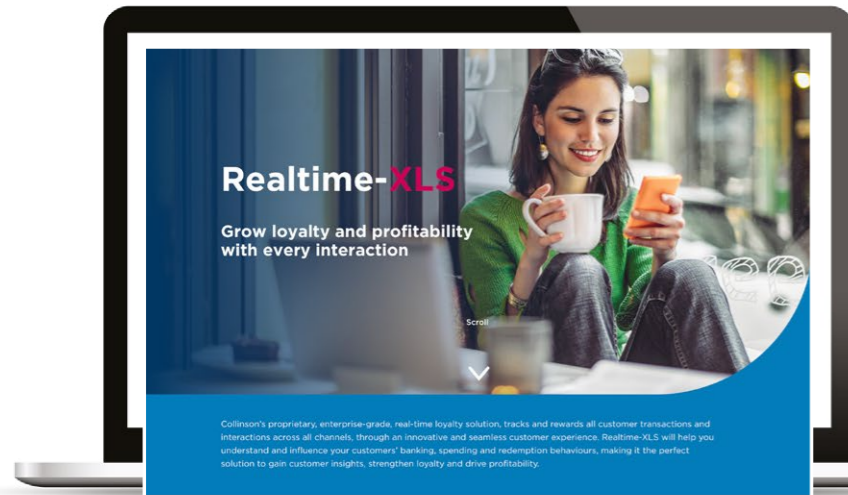
**When revenue dilution is a foregone conclusion**

Why drive profits down?

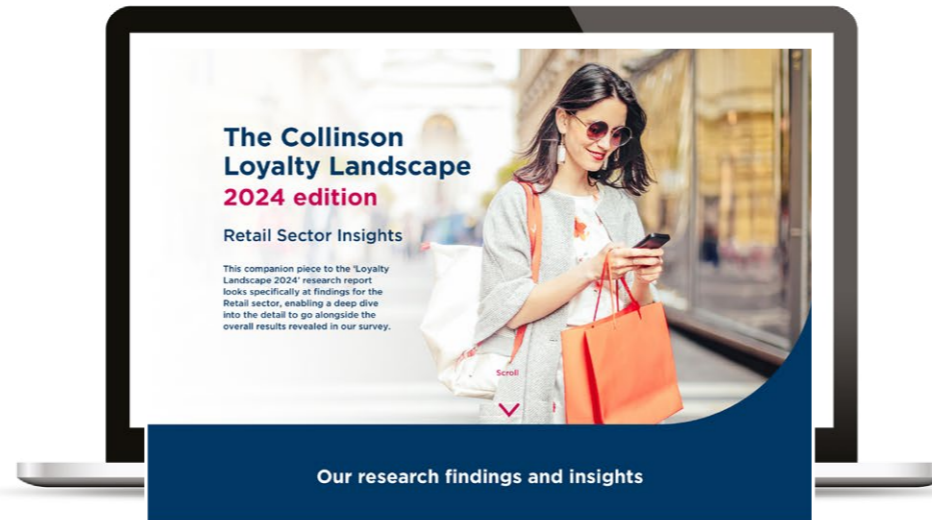
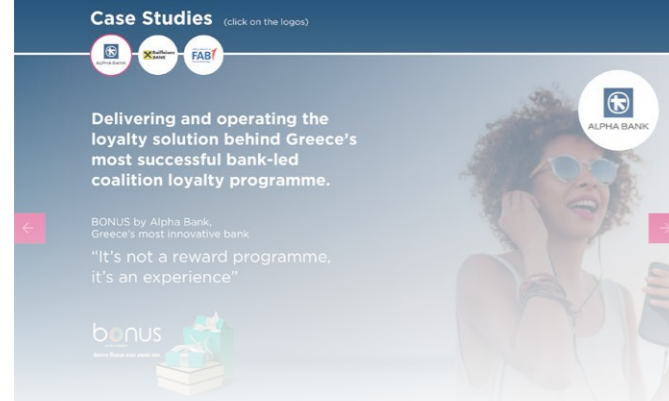
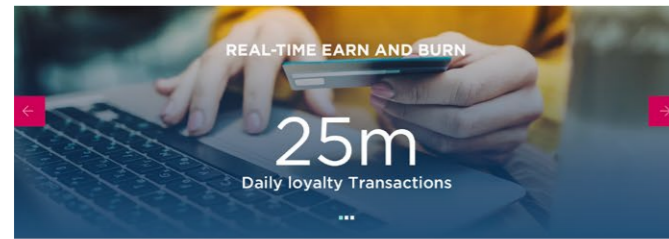


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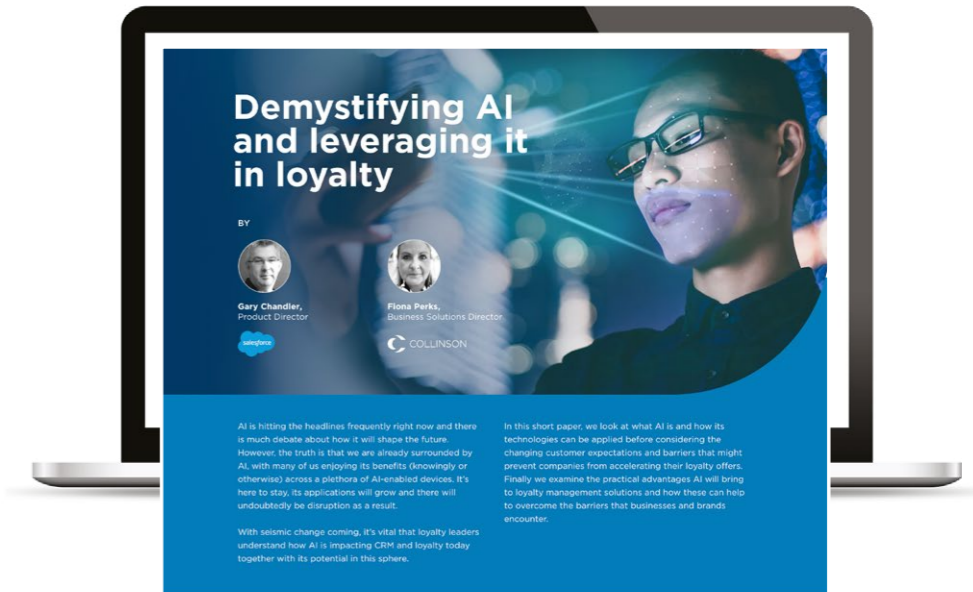
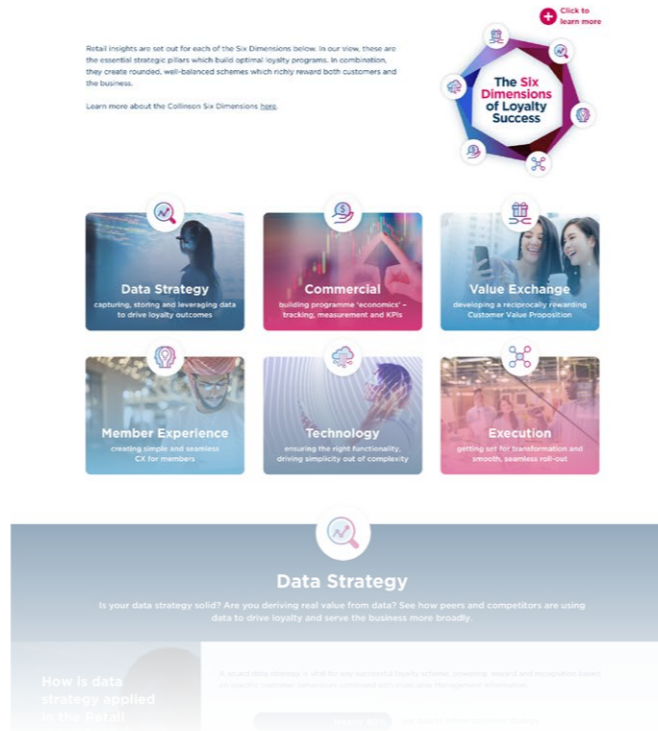
## Landing pages



**Realtime-XLS: Award nominated loyalty engine for FS**  
Secure and scalable



Our research findings and insights



**A basic understanding of Artificial Intelligence (AI)**

The AI digital age is here and is permeating our daily lives at speed! Kids are learning how to use Chat GPT to better understand subjects at school, from asking how Shakespeare addresses themes such as poverty or race to understanding how electrons work and even using it to generate computer program code.

We can see that customers are also looking at this technology and starting to seek ways to capitalise on the opportunity in front of us. In fact 56%<sup>1</sup> of them have already started, which also means that just under half are already losing ground.

### The four waves of AI

Before considering how AI can be applied to the future of loyalty, we take a look at the AI patterns developed in four key waves:

#### Wave 1 - Predictive

Informs - Makes predictions based on what it has seen on existing data.

**Example:** NBA (Next best action) engines.

A more detailed understanding of the first three waves and the technology patterns/models and how they apply are detailed in Appendices 1, 2 and 3 of this document. These models can be applied to your CRM/loyalty solution how to generate information and/or activity as appropriate.

Leveraging AI on your CRM / Loyalty Platform requires connection of data sources with the relevant AI model and configuration of defined inputs and outputs from the model.

For example:

- 1. Predictions from the 'Next Best Action'
- 2. Customer segmentation for marketing

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## Loyalty Event

### Event stands



T-shirt



Bag




Postcard





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## Banner Campaign - Loyalty Maturity Assessment



Loyalty  
**MATURITY  
ASSESSMENT**

Is Your Loyalty Programme  
Maximising Customer Engagement?

Start Assessment

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Loyalty  
**MATURITY  
ASSESSMENT**

Is Your Loyalty Programme  
Delivering Results?

Evaluate Now


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Loyalty  
**MATURITY  
ASSESSMENT**

Where Does Your Loyalty  
Programme Stand?

Find Out Now

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Loyalty  
**MATURITY  
ASSESSMENT**

How Profitable is Your  
Loyalty Programme?

Start Your Evaluation


 COLLINSON



Loyalty  
**MATURITY  
ASSESSMENT**

Is Your Loyalty Programme  
Maximising Customer Engagement?

Start Assessment

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Loyalty  
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