

Effective marketing promotions through the use of loyalty data



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Agenda

- Understanding promotional activity
- The contribution of loyalty data
- Examples in practice (dunnhumby)
- The conclusive advantage of loyalty data



Back to basics: the marketing mix

- Product



- Place



- Price



- Promotion



- McCarthy (1964)



Back to basics: promotion

- “the various activities the company undertakes to communicate it’s products’ merits

and



- to persuade target customers to buy them.”

- Kotler (1967)



Promotion to loyalty: the twin forces of loyal behaviour

RATIONAL

Product superiority
Service superiority
Price superiority

EMOTIONAL

Self-image 'fit'
Nostalgic association
Aspiration



Harrods research: rational versus emotional



Loyalty data: action versus talk

- Measuring what people do
- Not what they think they do!



Promotion & loyalty

- “the various activities the company undertakes to communicate it’s products’ merits

2. RELEVANT COMMUNICATIONS

and

- to persuade target customers to buy them.”

1. ANALYSIS & INSIGHT

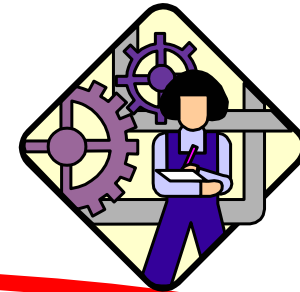
- Kotler (1967)



The conclusive advantage of loyalty schemes



Complexity in the demand process



Pre-purchase

Consumer

Product category: *Fl*
 Purchase frequency:
 Product priority: *pri*
 Search priority: *com*

Customer attraction

Retailer

Channel/store: *out-of-to*
 Product choice (range): *v*
 Product retail price: *pre*
 Product positioning in-store: *goo*
 Customer service: *good*
 Channel/store brand val

Customer Relationship Management

Integrated channels

Role of the brand

Customer service level

Management of risk

Post-purchase

Result

Loyalty
 Not at all loyal

Loyalty
 Loyal to retailer

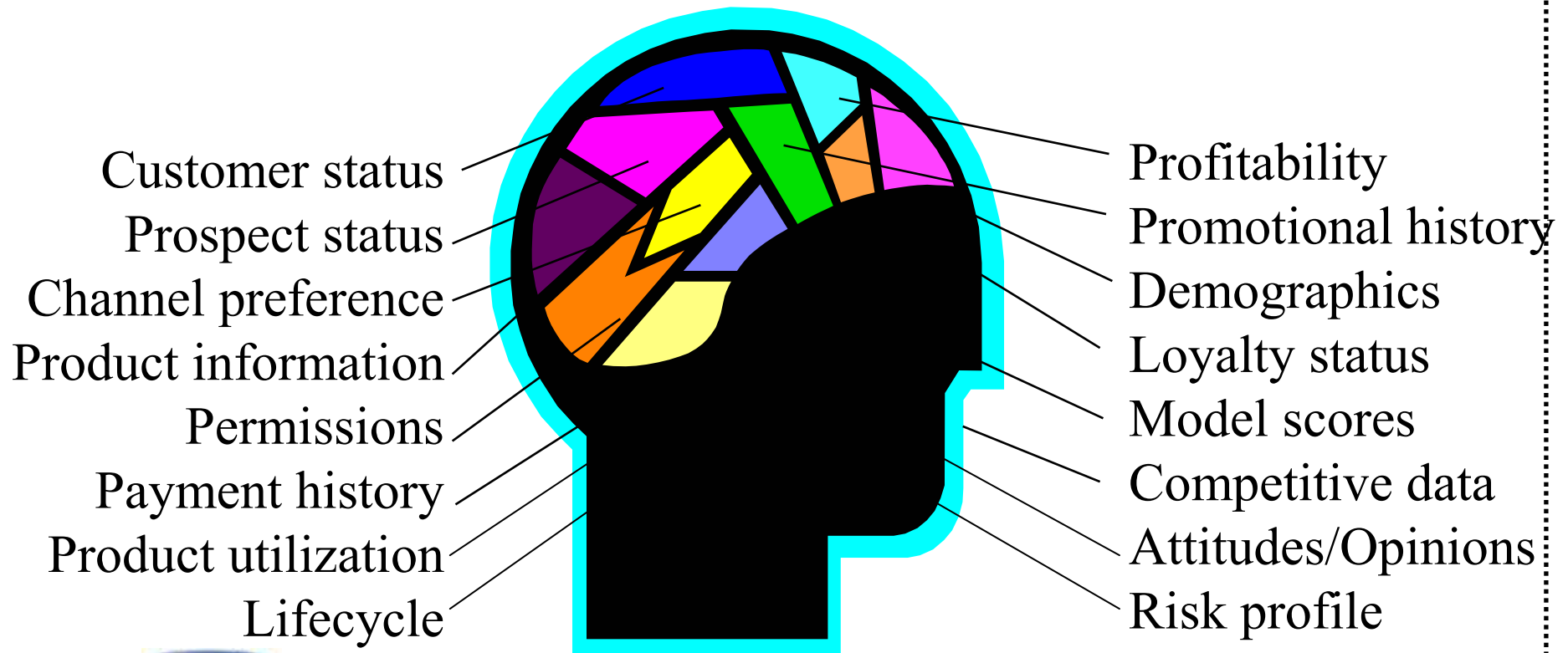
Consumer trust

Loyalty
 Loyal to product



Complexity in the consumer

Customers belong to more than one segment for brands and formats



Source: pgw ltd, 2004

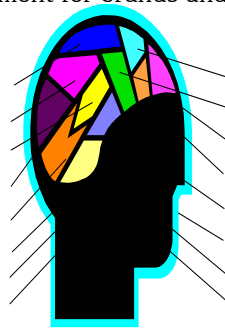
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Loyalty data enables the development and communication of a relevant offer

Complexity in the consumer

Customers belong to more than one segment for brands and formats

- Customer status
- Prospect status
- Channel preference
- Product information
- Permissions
- Payment history
- Product utilization
- Lifecycle



- Profitability
- Promotional
- Demographic
- Loyalty status
- Model scores
- Competitive
- Attitudes/Opi
- Risk profile



Complexity in the demand process

