

Customer Value Campaigns

Loyalty Fatigue

What do consumers think of your loyalty marketing program? Does it engender loyalty, or is it just a hassle? There are over 2.6 billion loyalty memberships in the United States. But less than half of these memberships are actually used ... with declining usage in retail grocery.¹ These numbers show it has never been more difficult to offer a differentiated loyalty experience. With companies like Amazon, Starbucks, and American Express continually redefining what a loyalty program can offer, it may be time to ask, "could my loyalty marketing strategy be more effective?"

Loyalty Marketing Impact, Uniquely Engaging Every Shopper

The opportunity for loyalty marketers to drive a more personalized experience has never been greater. Consumers are in fact demanding it, with 76 percent ranking expectations of more relevant discounts and offers as the primary benefit seen in sharing their information through loyalty programs.²

The challenge of delivering more relevant offers is that the number of customers you can influence with a given offer is only a small sliver of your customer base, representing a small amount of revenue. What's needed is the ability for retailers to deliver high-value targeted offers to their customers by the hundreds, grouped in bundles, and designed in a way that doesn't subsidize purchases.

Since 2007, Catalina's Customer Value Campaigns have personalized thousands of offers across many retailers at a scale large enough to measurably improve top-line revenue ... ensuring every shopper receives a personalized, relevant experience every week.

Personalized, Profitable, Portable, Proven

Catalina Customer Value Campaigns drive lift and loyalty for your chain, through choreographed discounts that stretch consumers to buy a bit more of what they already buy. Benefits of the solution include:

- **Personalized:** Customers receive offers personalized to their specific needs.
- **Profitable:** You can grow your margins with at least \$5 of incremental spending per \$1 of marketing investment.
- **Portable:** You won't burden your IT, Operations and Marketing resources with self-contained campaign services from start to finish.
- **Proven:** Since 2007, we've driven \$700 million in incremental sales across 57 million households for our retail partners.³

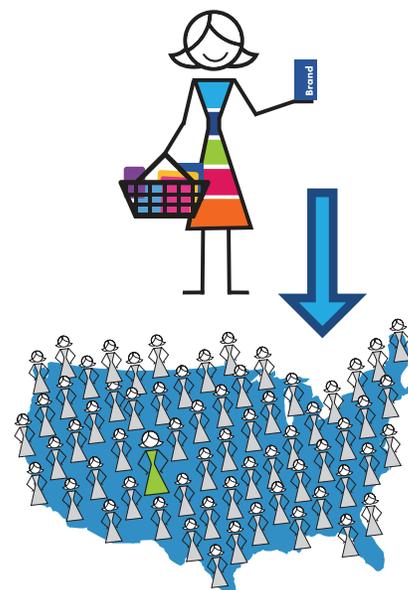
Business Goals

Your Customer Value Campaign will:

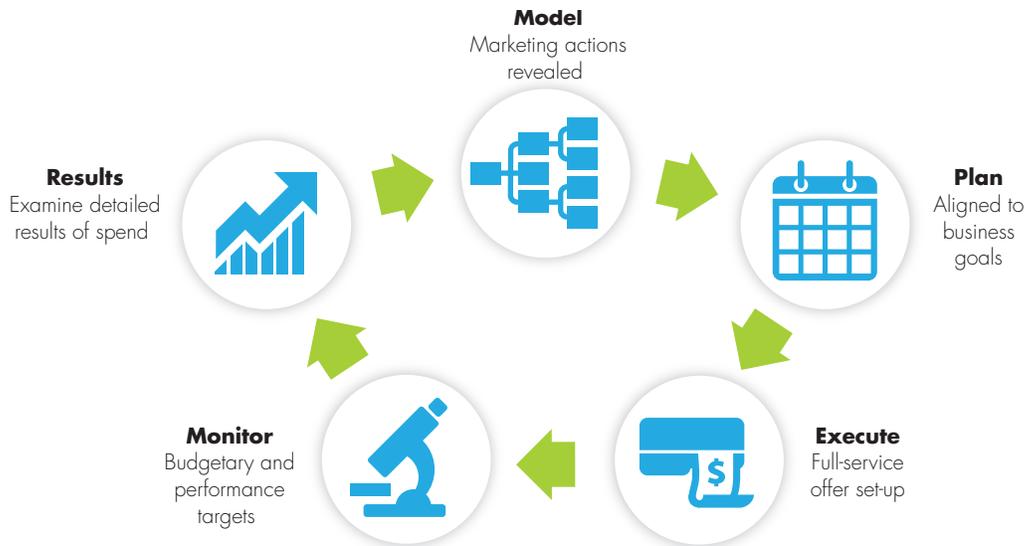
- Begin with clear, quantitative goals managed by Catalina
- Drive sales and/or frequency gains for all customer segments
- Lift sales 1–3 percent
- Return a minimum of 5:1 on your marketing spend

Personalized and Scalable

We ensure your loyalty program stands out by offering a highly personalized experience for every customer in your chain, regardless of spending level or frequency.



How it Works



1. Model

Every customer is modeled into clusters on the basis of spending, frequency, basket size, and consistency to identify the optimal marketing levers for increasing engagement. Additional modeling is done across dozens of product categories to determine realistic stretch goals for planned waves of offers, revealing the marketing actions needed to improve each customer's engagement.

2. Plan

A marketing plan is built from the customer modeling, spanning more than 100 offers, to create a unique mix of offers per household that aligns to cluster-specific business goals. Plan duration can range from as little as 13 weeks to as long as 1 year. Estimated costs and expected returns are calculated with a tight margin of error, on which we collaborate with our retail partners to ensure the optimal cost/benefit mix for each engagement.

3. Execute

We setup each offer ensuring associated print graphics, value, redemption period, and eligible products are accurate. We'll validate that each offer makes it to each intended customer through our In-store Media Hub. And we'll also ensure your customers have a seamless customer experience upon redeeming.

4. Monitor

We monitor the execution of offers and flow of transaction data with each store to ensure success. On a weekly basis, we reconcile the plan against actual results of the In Flight campaign. As such, we can control and adjust incentives based on realized costs and returns, ensuring we hit the budgetary and performance targets in the plan.

5. Results

Proper test and control methodology, data capture of transaction detail, and precise auditing ensures we know which incentive reached which consumer at a precise moment in time. There is no campaign element we can't measure and ultimately, improve upon. Whether it is cost, incremental revenue, segment performance, or return on investment, Catalina's extensive reporting capabilities ensure every dollar of your cost is irrefutably linked to incremental revenue.

About Catalina

Catalina's personalized digital media drives lift and loyalty for the world's leading CPG retailers and brands. Catalina personalizes the consumer's path to purchase through mobile, online, and in-store networks powered by the largest shopper history database in the world. Catalina is based in St. Petersburg, FL, with operations in the United States, Europe, and Japan.

¹ <http://www.colloquy.com/files/2013-COLLOQUY-Census-Talk-White-Paper.pdf>

² <http://www.emarketer.com/Article/Loyalty-Program-Members-Demand-More-Personalized-Experiences/1010567>

³ Based on analysis across more than 120 campaigns run.

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