

# Examining the new landscape of Outsourced Loyalty Management

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# Strategy



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## FFPs are a strategic decision

- Define your unique customer proposition
- FFPs enable customer-centricity
- FFPs support an alliance strategy
- Problems with your core product or brand won't be fixed by an FFP
- What does the FFP need to achieve?



## Setting KPI's for the FFP

- What are the business model variables that delivers the ROI?
- What other member metrics can be impacted by the FFP?
- What are the core capabilities of the airline the FFP can use?
- What other non-core airline deliverables are required?



## Setting KPI's for the FFP

Member acquisition, retention, cross-selling, promotions distribution, yield increase, ancillary revenue

Customer satisfaction, reduced complaints, brand awareness and preference, self service

Route network advantages, home market coverage, dominant airport relationships, operational efficiencies

Programme design, member communications, bespoke FFP systems, data analytics, member services



## Example 1

- ***Airline brief to creative agencies as part of a major Direct and Digital pitch***
- ***'Also can you tell us what to do with our FFP.....'***



## Example 2

- ***Request for Proposal from an airline***
- ***'We have a problem with our CSI and brand tracking – what should we do with the FFP to improve this.....'***



# Engaging vendors



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## Matching client to agency

- How open to team working are your people?
- Is the strategy to be owned in-house or developed with your partner
- Which critical deliverables do you need to control via your agency
- What support resources can you rely on internally
- What is the coverage expectation, hours worked and key geographies



## Selling internally

- Create a Champions Team
- Finance, marketing, sales, operations, IT
- Use the enthusiasm of supporters contributing to the programme
- Take rocks away from detractors by soliciting their involvement
- Scope the corporate enthusiasm and perception for a partner
- Create a 'strawman' ideal agency model



## Writing an engagement brief

- RFP the core requirements
- Clearly define the baseline deliverables
- Provide scope for added-value
- Weight priorities according to strategy
- Understand and agree all fixed, variable and 'hidden costs'
- Document communication and control procedures and the costs of variation



## Example 3

- ***After the 5<sup>th</sup> and final version of a comms brief the agency spent an afternoon 'all hands' planning the response***
- ***Two hours after that meeting the client sent a 6<sup>th</sup> version 'final' brief – eventually settling for the 7<sup>th</sup>***
- ***The client was surprised to receive a bill for £1300 for a meeting.....***

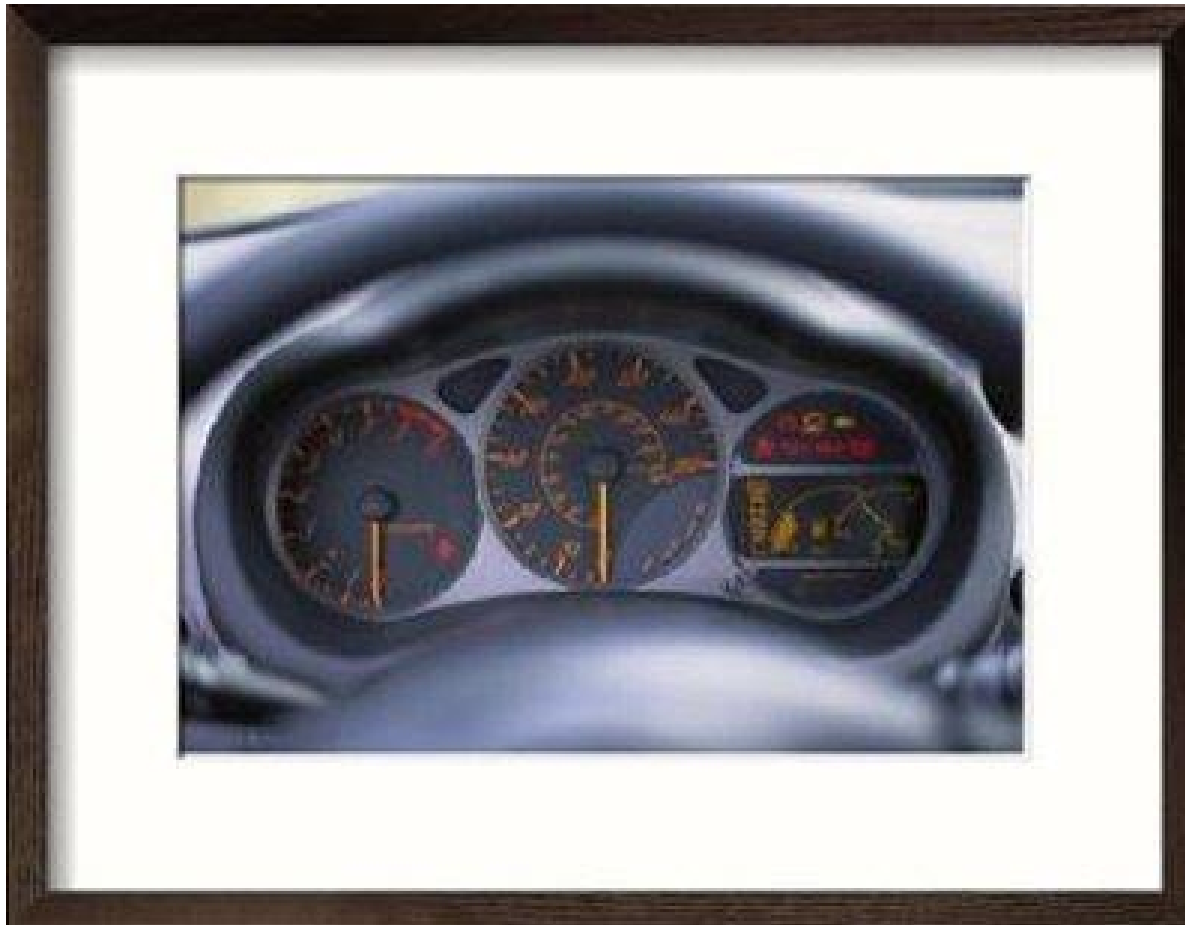


## Example 4

- ***From an airline to a retained loyalty agency***
- ***'We want you to recruit an airline partner billing specialist because we don't want to have that role internally.....'***



# Measurement



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## Assessing partner performance

- Measure what your partner is responsible for;
- ✓ Cost effective member communications
- ✓ Service delivery to members via SLA's
- ✓ Technical infrastructure provision to a specification, timeline and cost
- ✓ Creating the forum for joint planning and proactive ideas generation
- ✓ Measure the agency on these reported metrics via regular meetings



## Assessing joint performance

- Track what you achieve together;
- Customer impact of programme across defined KPI's
- Soft measure improvements like CSI, reduction in complaints
- ROI and cost reductions through process improvements
- Measure your joint achievements against this dashboard for programme performance

The agency team can only perform as well as  
their client partner lets them



## Example 5

- ***An agency pitched and was appointed to drive e-CRM through a number of ROI based revenue generation ideas***
- ***After appointment the airline stated that these ideas could not be implemented due to internal policies but still expected to measure ROI.....***



# Creating agency partnerships



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## Tips for partnering

- Understand the partner business model, where how and when to they make money
- Understand their reinvestment strategy to grow your business –and target it where it will help
- Agencies are motivated by profit, but their people are inspired by your involvement
- Industry awards are not necessarily a good target or performance measure
- But agencies as well as clients like winning them!



Thank you – any questions?

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