



Intelligent Customer Engagement — The Key to Driving Deeper, More Profitable Customer Relationships

Intelligent customer engagement is an innovative, technology-based marketing approach that helps retailers drive higher acquisition, retention and profitability from their customers. Regardless of how valuable any one customer is to a company today, they have “behavior gaps” which, if closed, can increase the profitability of that company’s business tomorrow.

Exchange Solutions’ intelligent customer engagement programs identify and value these key customer behavior gaps, then lever targeted incentives to drive the behavior change necessary to close those gaps, one customer at a time. Customers are offered choices of incentives to create true one-to-one engagement. Intelligent Rules ensure that this is done in an economically-rational way to drive profitability and positive ROI.

Addressing the Needs of Retail Businesses

An intelligent customer engagement program from Exchange Solutions addresses key pain points by helping retailers:

- Reduce the cost of customer acquisition
- Increase average customer spend (e.g., increase basket size, drive frequency of purchase, incent the purchase of higher margin product or services)
- Drive spend across product and service categories
- Reduce customer attrition
- Reduce the cost of service delivery (e.g., drive customers to switch communication or transactional channels from offline to online)
- Deepen customer engagement (e.g., creation of online profiles)

The challenges retailers face are often compounded by the number of channels used by customers to interact and transact with their company of choice. Customers want to be treated uniquely and expect a seamless and cohesive customer experience across all their preferred channels. That’s why our solution is designed to optimize every customer interaction, to do so in real-time, and across all channels.

How it Works

Our cloud-based, managed services platform and supporting processes / analytics enable retailers to drive true one-to-one engagement with their customers, delivering quicker results, better ROI, and deeper customer engagement than traditional engagement or loyalty programs. This is achieved through a 3-step process:



Step 1: IDENTIFY Customer Behavior Gaps

First, customer data is collected (either in real-time online via a Web Beacon, in-store from the POS, and / or via past customer records) and analyzed to uncover each customer's "behavior gaps." Understanding these gaps provides insight into the customer's profit potential and allows the Retailer to prioritize specific behaviors.

Step 2: TARGET Using Intelligent Rules

Based on a customer's behavior gaps (and associated revenue opportunity), Intelligent Rules are created to ensure each customer is presented with the right targeted incentives, with the right value, to drive the right incremental behavior (i.e., doesn't incent for behaviors that would have been performed anyway). The incentives available to drive each behavior are always economically rational, ensuring profitability to the Retailer. Incentives can be in the form of cash, points, merchandise, free shipping etc.

Step 3: ENGAGE In Real-Time & Multi-Channel to Close Gaps

Customers are engaged, one at a time, in real-time, at any point of interaction (e.g., online, mobile, email etc.) with a choice of targeted incentives in exchange for performing their "gap" behaviors. Once the customer completes their incremental behavior(s), the incentive is automatically awarded and the customer's behavior gap standing and Intelligent Rules are updated for future interactions.

The program is continuously optimized and adapted based on in-market results and program economics in order to maximize the ROI.

In-Market Example

An implementation of the Exchange Solutions capability by a large international business was piloted in 2013 with the objective of increasing engagement and profitability across 4 key behaviors for the business: Renew Membership, Buy Products / Services, Refer Friends, Write Reviews.

Pilot results were a 10% increase in the customer behaviors, leading to a full roll-out of the program to its 2MM+ customers. Today Exchange Solutions' intelligent customer engagement program is driving 10%+ more activities at a 25% lower cost per activity than the client's business-as-usual marketing. On an annualized fully-scaled basis, the solution is creating \$25MM+ more enterprise value per year. Continuous learning and improvement have enhanced the results for each behavior and have opened the door for additional customer behaviors to be added to the program over time.

Implementation Process

Exchange Solutions intelligent customer engagement programs are deployed via our cloud-based platform as a “managed service,” allowing clients to launch in less than three months and avoid a large technology burden and development lead-time. What’s more, Exchange Solutions can operate under commercial terms which are Performance Based, being paid for incremental actions performed by our clients’ customers. By structuring agreements with a performance-based component, Exchange Solutions shows it’s willing to “put its money where its mouth is.”

About Exchange Solutions

Exchange Solutions designs, builds and operates intelligent customer engagement programs that improve customer acquisition, retention and profitability by identifying and closing high-value “behavior gaps”. Intelligent Rules target each customer with a choice of economically rational incentives to drive that incremental behavior change.

Exchange Solutions’ cloud-based platform permits rapid implementation in all channels, customized to each client’s needs. Its proprietary approach and in-market experience deliver quicker results, better ROI, and deeper customer engagement than traditional engagement or loyalty programs.

From their offices in Boston and Toronto, Exchange Solutions has been helping leading retailers, financial institutions and online businesses create sustainable and profitable communities of engaged customers for 18 years.

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