

HOW IT WORKS: AN OVERVIEW

Every customer has behaviors they can perform to increase their value to a company. At Exchange Solutions, we deliver intelligent customer engagement programs that improve acquisition, retention and profitability by identifying and closing those high-value “behavior gaps”. We do so by engaging each customer with a choice of targeted, economically rational incentives to drive that behavior change.

Intelligent Customer Engagement — Driven by Results

Our intelligent customer engagement programs focus on three key categories of customer behavior:

1. Acquisition Behaviors

- We drive increased conversion rates to help companies acquire more customers for the same spend
- We convince users to move from free to premium paid subscriptions
- We influence users to introduce friends and family to the company and its products / services through social sharing or direct communications

2. Retention Behaviors

- We motivate customers to maintain and extend their relationship with a company

3. Profit-Driving Behaviors

- We inspire users to try new products and services
- We motivate users to increase their average customer spend (e.g. increase basket size, drive frequency of purchase, incent the purchase of higher margin product or services)
- We motivate users to increase their spend across product and service categories
- We encourage behaviors that can reduce the cost of service delivery (e.g. drive customers' to switch communication or transactional channels from offline to online)
- We persuade customers to provide valuable content such as writing reviews and provide feedback about products and services

The challenges our clients face are often compounded by the plethora of channels used by customers to interact and transact with their company of choice. Customers 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 online businesses 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 if these gaps can be closed and allows the company 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 company. Incentives can be in the form of cash, points, merchandise, free shipping etc.

Step 3: ENGAGE In Real-Time & Omni-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 propositions.

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

Benefits for our Clients

- **Increased Customer Value:** By incenting customers to engage in incremental behaviors, our clients can increase the value of each individual customer
- **Deepened Customer Engagement:** By offering customers a choice of targeted incentives, our clients typically see more engagement from their customers
- **Increased Customer Profitability and NPV:** By sharing with customers only a portion of the value they create through their behavior change, our clients are assured a positive ROI from program activities

Exchange Solutions intelligent customer engagement programs are deployed via our cloud-based platform as a “managed service,” allowing clients to launch quickly and avoid a large technology burden and development lead-time. What’s more, Exchange Solutions can operate under commercial terms which are performance based; we are paid only for incremental actions performed by customers. By structuring agreements with a performance-based component, Exchange Solutions shows it is willing to stand behind its unique approach to delivering intelligent customer engagement programs which result in better ROI than traditional loyalty programs.

Exchange Solutions intelligent customer engagement programs are also designed to be complimentary to existing loyalty programs / solutions. Loyalty program reward currency can be used as the incentive to drive intelligent engagement behaviors, which in turn drives increased earn / burn usage within the loyalty solution. An intelligent customer engagement program can improve the economics of a traditional loyalty program by only paying on the incremental business brought to the company, as opposed to paying on behaviors that would have been performed anyway.

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. Our proprietary approach and in-market experience deliver quicker results, better ROI, and deeper customer engagement than traditional engagement or loyalty programs.

From our 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 since 1996.

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