

## HOW IT WORKS: INTELLIGENT CUSTOMER ENGAGEMENT

### The Key to Driving More Profitable Customer Relationships

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

Exchange Solutions’ intelligent customer engagement programs identify and value these key customer behavior gaps — the behaviors that customers are currently not performing — 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 Online Businesses

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

- Motivate users to buy new products and services.
- Upgrade users from free to premium paid subscriptions.
- Influence users to introduce friends and family to the organization or to a product or service from an organization sponsor.
- Engage users to renew their membership or subscription, with a drive to longer terms in order to increase average customer lifetime value.
- Motivate users to write reviews and provide feedback about products and services.
- Inspire users to try new products and services, whether proprietary or sponsor / advertiser based.
- Encourage users to visit and engage with previously unvisited parts of websites or apps, read editorial content, and engage with advertiser / sponsor content, etc.

### Benefits for our Clients

- **Increased Member Value:** By incenting members to engage in incremental behaviors, our clients can increase the value that member brings to their community.
- **Deepened Member Engagement:** By sharing value with members when they create value, our clients typically see more engagement from members in their communities.
- **Increased Member Profitability and NPV:** By sharing with members only a portion of the value they create through their behavior change, our clients are assured a positive ROI from program activities.

## 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 and / or via past customer records) and analyzed to uncover each customer's "behavior gaps." Understanding these gaps provides insight into your customers' profit potential and allows the company to prioritize specific behaviors.

### Step 2: TARGET Using Intelligent Rules

Based on each customer's behavior gaps (and associated revenue opportunity), Intelligent Rules are created to ensure every 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 offered to drive each behavior are always economically rational, ensuring profitability to the company. Incentives can be in the form of cash, points, merchandise, renewals etc, i.e tailored to optimize the engagement of each individual customer.

### 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 remaining behavior gaps and Intelligent Rules are updated for future interactions.

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

## In-Market Example

An implementation of our solution for a publicly-traded, online member services company had the objectives of increasing member engagement, reducing the cost of acquisition, and finding additional ways to monetize members. The company's economic model consists of membership fees and advertising revenues.

Some of the in-market results (versus control) include:

- A 10% overall lift in overall customer engagement activity
- An over 20% lift in referrals, driving much cheaper acquisition
- Retention increased from an average of 4 to 4.7 years
- 25% lower cost per activity than business-as-usual marketing

The bottom line? On an annualized, fully-scaled basis, the solution is creating \$25MM+ more enterprise value per year.

## Implementation Process

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.

### Quick Start Program: The Customer Engagement Roadmap

Exchange Solutions offers a quick start Customer Engagement Roadmap (CER) which enables organizations to quickly listen in, understand and analyze their customer data. In just a 4 week period:

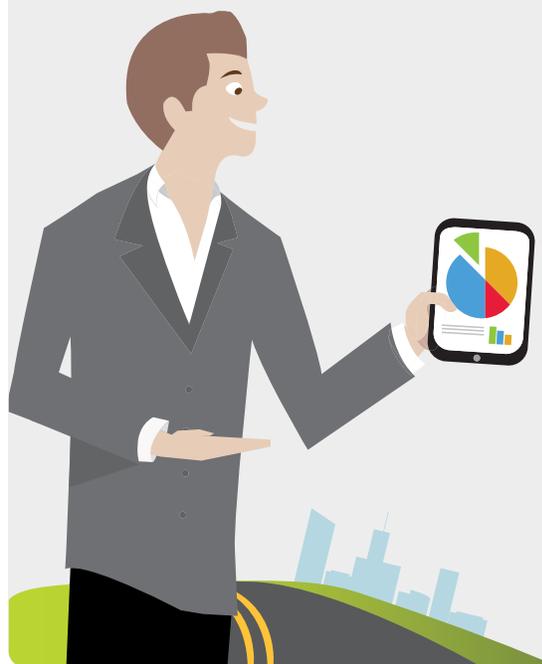
- An online web beacon (i.e. a simple piece of Javascript) is placed on your website and / or mobile app, securely capturing data on the full range of your visitors' and customers' behaviors
- This data is gathered and analyzed against best-in-class benchmarks in order to identify current and potential performance for each customer and core behavior
- A summary of the opportunity for each behavior is produced, along with segmentation and correlation analyses
- Finally, pilot program design recommendations are provided to help you capitalize on the behaviors that represent the greatest opportunity for your company.

An interactive dashboard allows you to experiment with different variables to visualize how incremental changes in customer behaviors can impact your bottom line.

The result is a detailed and quantified report on where your visitors' and customers' behavior gaps lie, what incremental profits are available by closing those gaps, and a Roadmap to get you there. And once the web beacon is in place, we can swiftly shift from analytics to execution in Phase 2, to help you not

## Check Out Our Quick Start Program

In just 4 weeks our Customer Engagement Roadmap (CER) can provide you detailed analysis and metrics to help you identify your customers' behavior gaps, quantify the profitability you are missing and show you how to tap into that profitability.



## 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.



THE CUSTOMER  
ENGAGEMENT  
EXPERTS™

## Contact us to learn more

For more information about the capabilities we provide and how to get started, please contact Exchange Solutions:

### Josh Marder

Managing Director, U.S. Sales  
781.693.0326  
jmarder@exchangesolutions.com

### Xavier Torres

Head of Sales, Canada & Latin America  
416.646.7040  
xtorres@exchangesolutions.com



<http://www.linkedin.com/company/exchange-solutions>



<https://twitter.com/ExchangeSolns>

[www.exchangesolutions.com](http://www.exchangesolutions.com)

