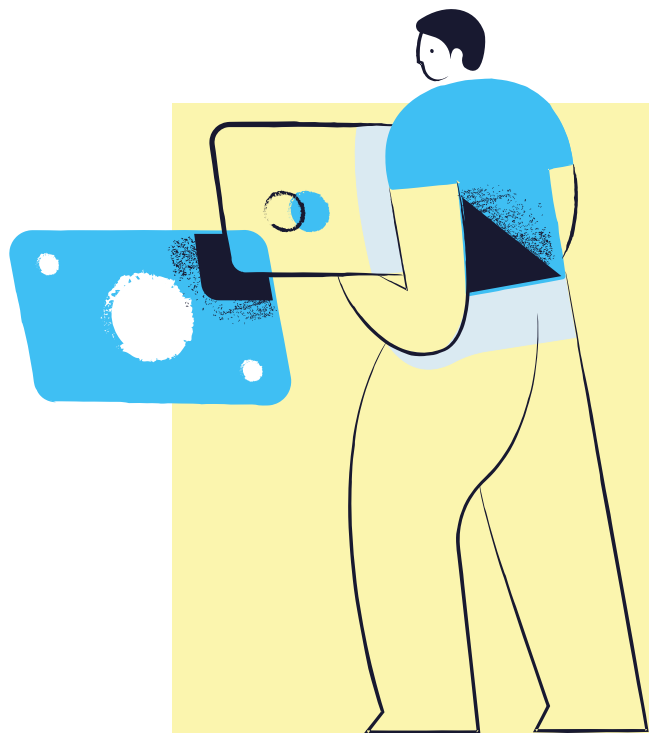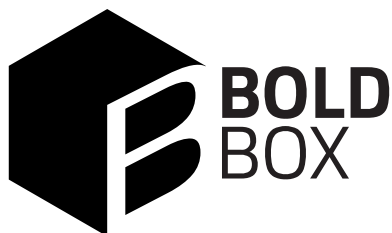# 11 Million New Loyalty Members in 18 Months

How BoldBox helped grow customer engagement at a pivotal moment in history

Case-study for a Major Convenient Store Corporation

BOLD BOX

THE KSQUARE GROUP

EXECUTIVE SUMMARY

Consumers not only demand convenience, but they also want rewards and savings that reflect their day-to-day customer-loyalty. Today's consumers demand even more when considering safety measures surrounding a global pandemic.

The problem was, customer engagement had slowed to a crawl in the early months of 2018 for the well-known convenience store brand. The company was looking for innovative ways to dramatically increase customer engagement and retention. As time moved on, more challenges and opportunities arose as new norms took place caused by an outbreak of Covid19. During the same time, there was an immediate need to migrate 25-year-old legacy store-systems to dynamic platforms that use cloud-technology.

At this pivotal moment in time for the convenience store giant, BoldBox was tapped to identify UX professionals that use Design Thinking methodology to create optimal customer experiences. A team comprising of lead architects and designers was strategically recruited for the project with the ultimate goal of increasing customer awareness, engagement, and retention. Product teams faced uncertainties but key players were not discouraged. This is our story of how we helped overcome those challenges and led the way to success.

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The problem

To keep loyalty to a brand is no easy task. When you are one of the biggest convenience store brands in North America is really complex to keep the tracking of coupons, tickets, systems, etc, specially when everything is done in an analog way. In addition, the following points must be considered:
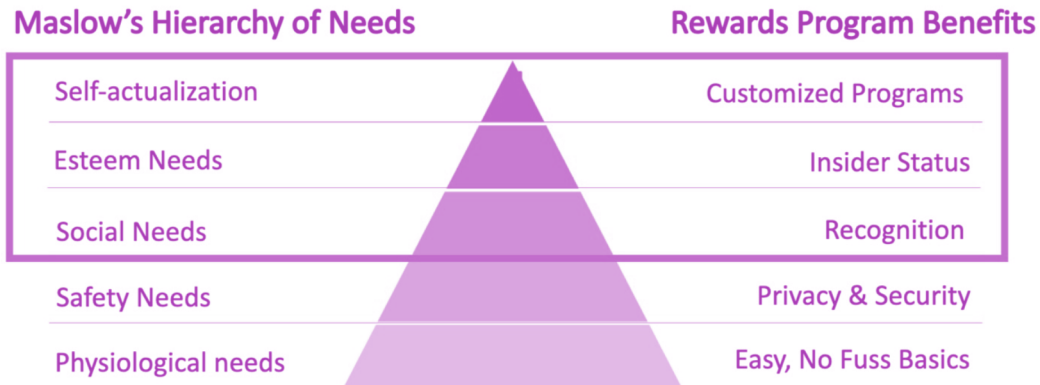
- An average American business loses 15% of its customers every year!

- 68% of millennials indicate they need a loyalty program to keep buying a brand.

- The cumulative loss to businesses due to customer churn is estimated to be a staggering $1.6 trillion per annum!

- New customer acquisition can cost 16 times more than retaining customers.

- 54% of consumers do repeat business with a company that offers loyalty points.

Let's imagine a typical case of a typical consumer: It's Thursday and John Smith and his family get together to see a movie, like every week. So he goes to fill up gas and buy some sodas and snacks at his nearest gas station that also has a convenience store. Every week John goes there and he receive some discounts coupon on his purchase receipt, but he always forget them in his house or sometimes he throws them in the trash can, so even though he is a loyal store customer, he is not enjoying the benefits of the loyalty program. And that is not the only problem, since although John knows the cashier because he goes every week, the convenience store does not keep any records of his preferences in order to design promotions appropriate to his consumption habits.

How we achieved it!

The first step to attack the problem was to see how people understand and live loyalty programs, so, we found that customers are inspired to climb the "loyalty ladder" because of perks that resonate with human needs.

Maslow's Hierarchy of Needs	Rewards Program Benefits
Self-actualization	Customized Programs
Esteem Needs	Insider Status
Social Needs	Recognition
Safety Needs	Privacy & Security
Physiological needs	Easy, No Fuss Basics

Additionally, initial UX Research on member tiers showed:

- Customers care about seeing progress; (several commented that our app doesn't show earn/burn)

- Customers want to be empowered to reach the next tier in more than one way

- Customers are motivated by delightful ways to engage in member tiers because it's fun

We make a desktop research to analyze successful member tiers programs, and we found the following:

- New ways to engage customers: Use the reward program for branding – come up with meaningful reward level names and use a new layer of color scheme and imagery to bring excitement to a member's life.

- No expiration dates:Points that expire are frustrating for the customer and a major undertaking for the company to

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properly communicate. Also, if you have levels, long-time customers can keep being entitled to benefits, in contrary to only using point.

- Shield Yourself from the Competition: By attaching services like free delivery or extended returns to certain tier levels, people will be inclined to choose you over the competition, as they are granted additional benefits to their purchase.

- Segment customers even better:By reviewing the activity and aspiration of members, companies can better understand them. On the other hand, customers would feel that the brand looks after them.

The next question was what should the "loyalty ladder" look like? First of all the team detected thar there should be no more than 3 tiers and differentiated benefits and to differentiate itself from the competitors it was due to stand out & motivate customers through a variety of perks:

- Fixed benefits: earn more base points for every dollar

- Behavioral Triggers: check-in at the store

- Surprise & Delight: get a free coffee every time you achieve/maintain a tier

With a design thinking approach and the information we had we build user personas that will guide us in the process:
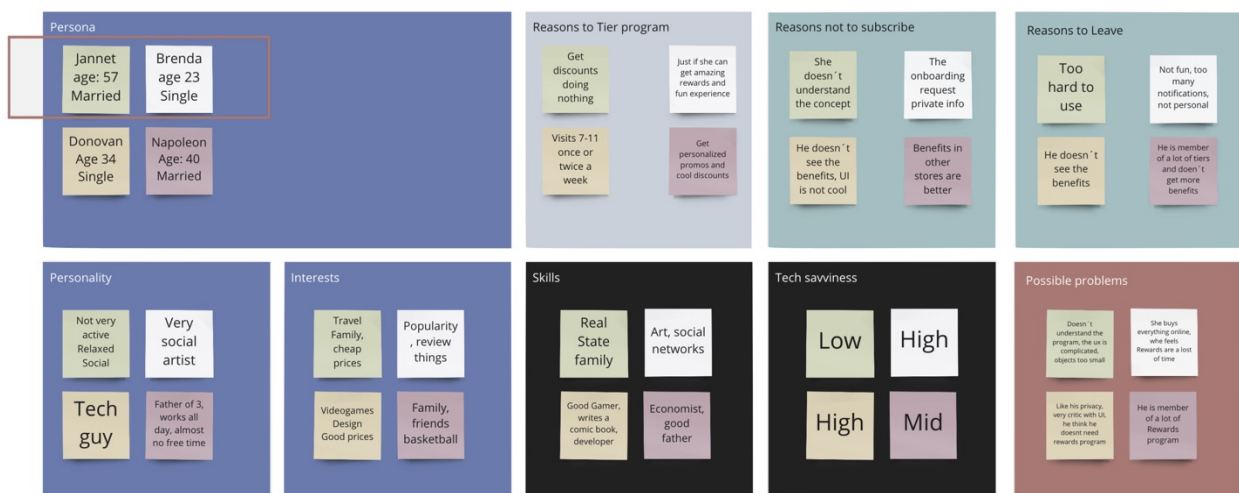
- With this persona profiles and the research made we discovered that:

- Customers care about seeing progress; (several commented that our app doesn't show earn/burn)

- Customers want to be empowered to reach the next tier in more than one way

- Benefits should be always present

- They need FUEL FUEL AND MORE FUEL

- Customers are looking for free products

With these findings from the users, the business team designed a perks plan based in points and rewards that seeks to use behavioral triggers and surprise and delight the customers, giving (for example) free drinks.

Our next step was a benchmarking of the User Interface (UI) features that are present in other applications related to loyalty programs. We found the next features are always present:

- The info is always clear

- There is a visible meter that let the user know their tier level

- Design makes clear that there are more levels

- Tier visible on profile or home

- Very clear benefits

- Points never expire

- Gamification is important

- User are willing to pay for extra benefits

- Use metals like gold, silver, bronze.

The big challenge was to explain the user that first they need to earn their current tier

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At this point another problem to solve arose: the design consistency with other brand's digital properties. The approach was to connect with the current design system and improving it.

The design team developed interactions that will accomplish the goal of making a pleasurable experience.
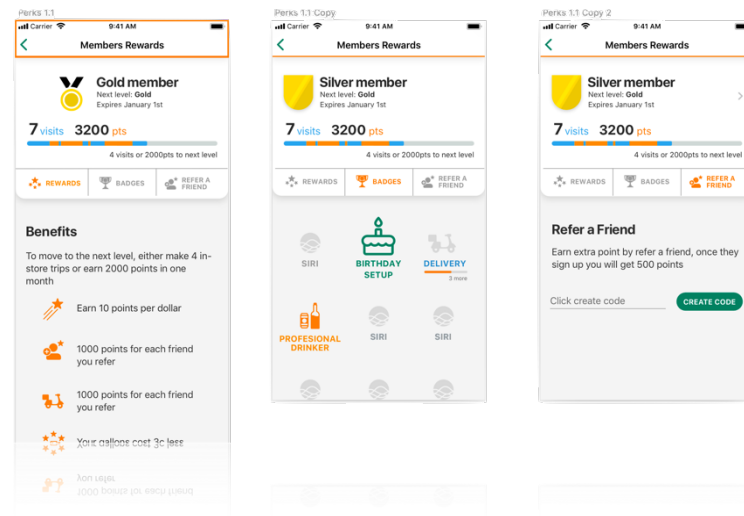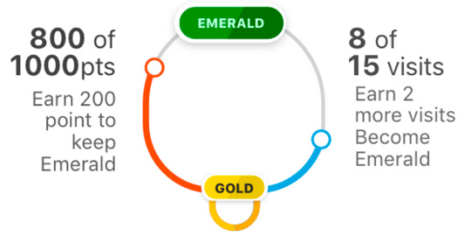
My rewards

This proposal brings:

- Additional info.

- Graph can be cool

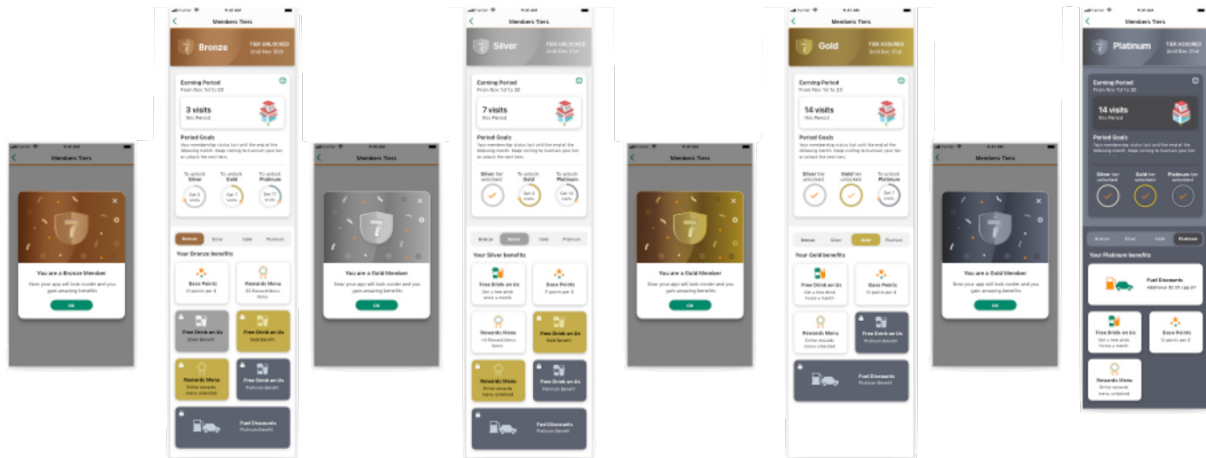- How to get next tier very clear

Meter - Bagdes

In some point we need them, there are the door to get younger users with a "gamification" experience.

Meter

# From bronze to Platinum in just one period:

The last step in the design process was to test the prototype. The results that we achieved were that users always got the way that member tiers works. They like the see the benefits all the time and they always found the information they were looking for. But they found some issues that we fixed like in the home page they found many things happening or that the days remaining was very confusing for many users.

What are the wins

At the end of the project we achieved:

- Customer engagement mobile apps helped increase loyalty members from 29 to 40 million in 18 months.

- QSR POS system that enables restaurant menu configurations, transactions, and drive-thru orders

- Enterprise platform that enables field consultants and franchise owners to communicate and work together.
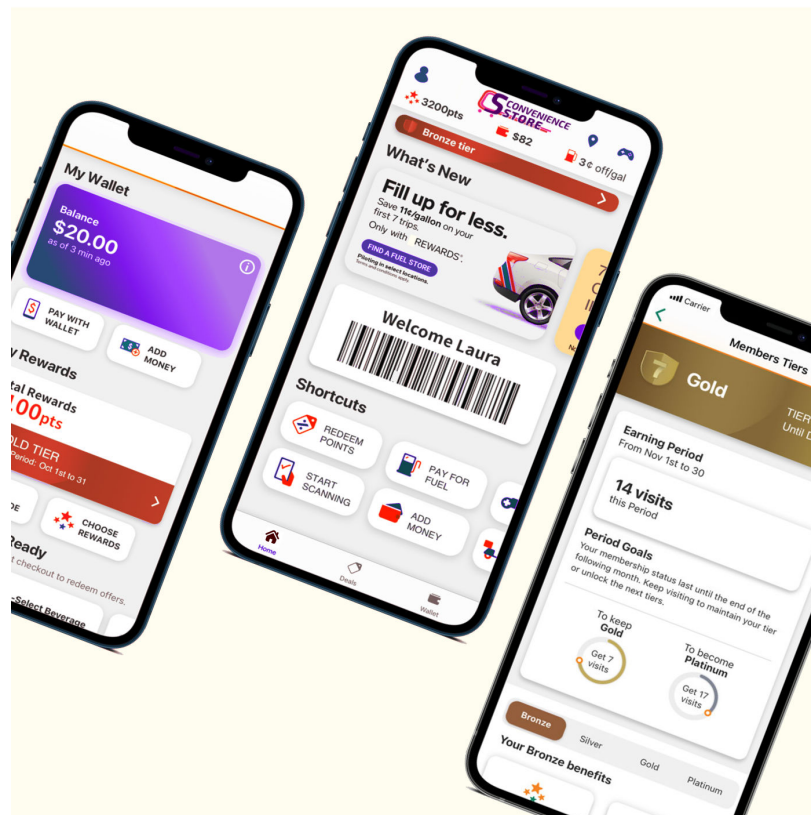
Consumption habits data are more valuable than the sale of the product itself. Another benefit is that from now on, customer information is collected, in such a way that better business intelligence can be generated from data on consumer habits and rewards redemption

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Shopper / Customer	Store / Franchisee	Vendor/Merchandising
Customer Problems		
"I don't get enough value for being super loyal"	"I don't see the value of Loyalty for my store"	"I don't see ROI with the Rewards Program"
"The perks at higher tiers keeps me coming back to the convenience store"	"The Rewards Program gives me results I can feel in my store"	"Member tiers allows me to segment value and make my dollars go farther"

	Shopper / Customer	Store / Franchisee	Vendor/Merchandising
Outcome	**+22%** Growth Rate in Low Tier (Biggest Opportunity)	**$104MM & 13.2MM Trips** In Year 1	**60%** Growth in Vendor ROI

Trips & sales	Reward Program Costs	Net Profit
Impact Incremental trips by members progressing to a new tier in a month **+4.02 APSD Trips (13.2MM)**	• Fixed: Additional base points/dollar • Surprise & Delight: Tier Status Offer • Triggered: Store Check–ins, Refer–a–Friend bonus • CPG Discount pending modeling	
+$38.19 APSD Sales ($125MM)	$6.60 APSD Member Tier Costs ($21.7MM)	$103MM Year 1 (Pre-Split)
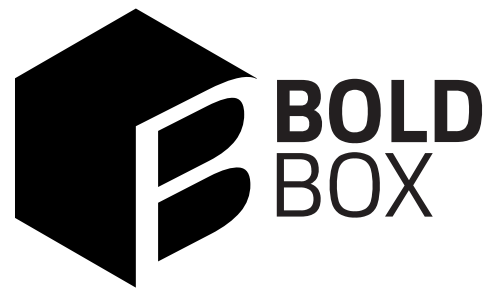
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