

# Customer Loyalty Management and the Billing Process

Building close relationships with clients is an important aspect in the marketing and economic areas of the telecommunications industry. Company loyalty care programs conducted with the customer's consent offer significant benefits for both parties.

The ability to retain clients is of paramount importance in a marketplace which is characterized by increasing competition among businesses offering a wide range of products and services. Loyalty programs shouldn't be used exclusively as the only method of glamorizing offers to win new customers, but such programs do give businesses the means to manage customers and reduce the costs involved in retaining them. A loyal customer base allows firms to establish long-term strategies which can facilitate stable business development. The short-term advantages of launching a loyalty program are equally important, and include increased profits and a decrease in the cost of acquiring new customers.

## Wooing new customers

Besides an increase in sales and the generation of additional income, the trademark of launching a loyalty campaign, from a marketing perspective, is perceived as particularly appealing to customers. Loyalty programs give businesses the opportunity to gather information about their customers' behavior, preferences and needs. It also ensures enhanced customer rela-

tions. Without manipulating customers, loyalty programs should entice them to participate by offering useful benefits. Customers who are invited to take part in a loyalty care program should feel valued and inclined to take advantage of the special offers available to loyalty program members, including easier access to, ordering and usage of telecommunication services.

## Achieving program objectives

The main task of a loyalty program is to gain new clients and ensure the retention of existing ones by providing rewards for participants who use services, which results in increased profits and the creation of strong and lasting relationships with customers.

The above aims can be achieved by rewarding clients, using new offerings or adding additional loyalty points. Collected points can be redeemed for gifts corresponding to the number of points assigned to each product or service. Clients have the opportunity to exchange loyalty points for gifts, discounts for services or free services (that can have imposed time limits).

Loyalty points can be accumulated over a long period of time and their total quantity will reflect the level of customer loyalty and client segment to which the customer belongs in the loyalty point system.

## Loyalty Plans and Tariffs

Specific plans and loyalty tariffs are used as a useful tool to define the quantity of points. Plans enable clients from certain groups, for example, individual and corporate clients, to be rewarded. By using tariffs, it is possible to define algorithms to calculate points for specific events. Events can be grouped as follows:

- Initial events (e.g. joining the program, duration of participation)
- Receipt events (e.g. the total number of invoices, payments made on time)
- Service events (e.g. purchase of additional services, exceeding the defined quantity of impulses within one service, tariff change)
- Time events (e.g. anniversary of program registration enrollment)
- Client-specific data events (e.g. birthday, name's day)
- Marketing events (e.g. additional marketing campaigns, surveys)

## Aligning loyalty programs to suit business objectives

In accordance with a company's marketing strategy, an operator should be able to flexibly define tariffs and specific rewards of the loyalty care program. Tariff definition is performed within the context of dedicated applications and modification does not involve the intervention of computer programmers. At the same time, the construction of complicated tariffs may require the diversification of tariff definitions within the billing and loyalty systems. While such a scenario can optimize the billing of tariffs and minimize the data sent through the internet, it requires the integration of both systems.

### Loyalty Tariff Simulation

Loyalty care points are allocated based on specific loyalty tariffs. Therefore, it is important that every process be preceded by a simulation prior to the implementation of new tariffs. The program simulates the accumulation of points according to specific tariffs at certain time periods. This particular process is based on the value of gifts offered in the redemption scheme. Gifts are assigned a point value and grouped in a catalogue and defined in the

system. Using the simulation it is possible to determine the exact cost of launching new tariffs in certain time periods. The above process is based on data related to the gift's value and redemption process. Gifts (products and services assigned point values) are defined in the system as a catalogue. Besides defining particular gifts, any operation in the external system connected with the choice of gift should also be defined (e.g. a free service gift should be enabled in the billing system). By using the system, it is possible to control and maintain clients' orders and available stock, thereby improving the delivery of the clients' gifts.

### Comarch's Loyalty Management System

Comarch Loyalty Management enables full integration with external services (using the integration module), however in this case, the creation of an appropriate interface in the external service is necessary. The system also enables advanced reporting through reports available within the central application (Quick Reports or Jasper Reports) – Business Object tools are an option. By utilizing this, it is possible to generate simple reports and/or a multidimensional analysis.

Comarch Loyalty Care system can easily be developed. Growth can be achieved either through offers of company services or in cooperation with external partners. The system enables the defining of tariffs connected with individual clients, redemption within the system and the possibility of financial clearing between partners. The system can be based on the technical capabilities of magnetic or microprocessor cards to connect to a central unit to fulfill the needs of client transactions. Additionally, it is possible to use the back-office option, loyalty terminal and debit/credit card terminal.

Comarch Loyalty Management delivers the functionality required to launch an effective loyalty system for modern telecommunications companies. Comarch Loyalty Management makes it possible to flexibly maintain loyalty operations by incorporating a wide range of tariff mechanisms and other loyalty system elements to enable multidimensional analysis and the generation of reports crucial to the assessment of the effectiveness of a loyalty program's outcome in light of customer behavior.

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