

THE ROLE OF AUCTION TECHNIQUES IN GENERATING CUSTOMER IDENTIFICATION, ENGAGEMENT and BRAND ADVOCACY IN THE CONSUMER PRODUCTS INDUSTRY

1 **A**s economic challenges loom on the horizon our clients are increasingly being asked to increase the yield from their existing customers. Specifically, they seek to identify who their best customers are, retain them, and generate incremental revenues and profits from people they are already doing business with. While acquisition campaigns continue to support top line growth objectives, best customer programs can maximize returns from the existing brand franchise.

2 **A**dditionally, brand stewards in the consumer products industry seek engagement with end-user customers who remain largely invisible. This engagement strengthens consumer understanding via dialogue, adds valuable profile information to the customer database, adds to the delivery of a positive brand experience and often helps turn brand users into brand advocates.

3 **O**ne of the mainstays in the best customer and retention arsenal is the loyalty program. Flexible enough to be used for both B-2-B and consumer audiences, the loyalty program seeks to recognize and reward best customers in return for tracking their individual purchase behavior. The resulting customer database enables the marketer to allocate resources and investments according to value, potential and the probability of customer attrition.



Auction currency is earned by the enrolled member for a variety of activities, depending upon marketing objectives.

- Enrollment
- Referrals
- Additional survey/profile information
- Participation in market research activities
- Advocacy behaviors – posts, testimonials, e-mails, user-generated content uploads, etc.
- At the discretion of the brand and/or its consumer affairs group to offset a negative customer service or brand experience
 - On-line purchase behavior, where applicable
 - Retail purchase behavior, both existing brand and cross-sell purchases, where in-pack codes provide the tracking mechanism and are entered into the web site by the consumer.

Aren't selling direct?

Consumer products marketers who do not sell direct to the brand user often struggle with traditional loyalty concepts because of their inability to capture individual purchase behavior. Consumer databases are often filled with promotional responders and consumer affairs callers that fail to provide an accurate picture of brand enthusiasts. Reward Paths has developed a unique program to address these issues and accelerate the identification, retention and engagement of best customers.

The program uses traditional loyalty marketing best practices but overlays on-line auction techniques to spur engagement, reward and recognition among consumers.

When prior purchase history is unavailable, the program casts a wide net to get as many customers as possible to enroll via a customized auction web site that is linked to and consistent with existing on-line brand communications and guidelines. Enrollment is promoted via traditional broadcast, print, on-line, e-mail, in-store and/or in-pack media vehicles.

Enrollment forms are easy and quick to complete, gathering only a few basic profile elements. Enrollment pages clearly tout the benefits, how to earn auction currency and the types of rewards that are typically up for bid.

The rewards are accrued in a customer account using auction currency as the standard unit. Different behaviors of value to the brand earn different levels of auction currency. The levels can be altered over time and can be modified via bonus or promotional offers. The more customers buy, the more currency they earn. The more customers engage with your brand and your company, the more currency they earn. The database keeps growing more robust, enabling smarter, more efficient marketing activities.

Daily, weekly and monthly auctions are held on-line at published intervals. The more a

consumer checks the web site, the more likely they are to find an auction of interest. Auction items include products and services sold by the sponsor and outside content procured by Reward Paths on behalf of the sponsor. The mix of items varies from the daily, lower value item to the once-in-a-lifetime offer and everything in-between. Since auction currency carries no liability to the sponsor, they can fix the amount of items auctioned off in any given time period based upon budgetary parameters. Auction currency is taken away from the account of the winning bidder only. The more auction currency a member has in their account, the greater the opportunity to bid

and win.

Winners can be promoted via the site and other PR channels.

What will be achieved!

Consumer response to this approach is encouraging. They willingly change behavior in return for the perceived value associated with the potential to win something. It's fun. They tell their friends. They interact with the web site frequently, supporting other on-line marketing objectives established by the sponsoring brand or company. Costs are totally controlled by the sponsor. Those who can adopt in-pack code tracking or e-commerce report a lift in sales volume. Additionally, market research teams report lower costs of respondent recruiting, faster survey cycle times and richer consumer profiles. Most important, the database grows more robust with each passing day.

Reward Paths is a highly specialized loyalty marketing services firm which brings outstanding strategic and analytical credentials plus affordable, best-in-class technology to run all aspects of the loyalty program. Reward Paths offers complete support services in program design, communications, analytics and auction content, including fulfillment. Up front program implementation investments generally require less than \$35,000, including all auction technology, program planning, web site design and operational mechanics. Implementation time is generally 30-45 days. Monthly hosting and operations fees start at \$10,000 plus the cost of rewards/fulfillment.

About Reward Paths

Reward Paths is a full service Marketing firm specializing in helping customer-centric companies design, enable and operate reward, loyalty and incentive programs for their customers and associates. Reward Paths offers affordable, best of breed technology especially well suited to the consumer marketplace. The company also provides reward program services to B2B clients serving professional, institutional and trade audiences. Reward Paths LLC is majority owned by Incentive Solutions Limited (ISL) of Auckland, New Zealand. For more information visit www.rewardpaths.com.

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