

CASE STUDY



INNOVATION IN LOYALTY AND CUSTOMER EXPERIENCE AT ORANGE BELGIUM



Evolving Systems and Orange Belgium - for the continued management, enhancement and expansion of the customer loyalty program, Orange Thank You - has been recognized by the prestigious Total Telecoms World Communications Awards as a step forward in digital engagement. Evolving was initially selected by Orange to create a brand-new loyalty concept, provide the technical foundation, and deliver a shared new vision to enhance customer loyalty.

SITUATION

In 2013, Orange Belgium acknowledged a need to revitalise its approach to customer loyalty. Its existing programs weren't delivering the desired outcomes and additionally were providing little, if any, brand differentiation. Plus, the appearance of aggressive new competitors in the market as well as regulatory changes relating to the mobile industry meant that a new approach was urgently needed to protect and improve the company's market position.

Orange's initial objectives for its new approach included creating a single program for all markets - pre and postpaid. While addressing churn remained a primary goal, the company realised that traditional loyalty approaches had been ineffective at doing this in the past.

"We knew we could make industry-standard offers like increasing megabytes" says Benoit Berthelot, Customer Engagement Manager at Orange Belgium, "but we also knew such offers were easily imitated and did little to really build strong relationships with our subscribers". Instead, Orange wanted to "rewire" the entire customer relationship and in the process create something more emotionally engaging. As the company itself puts it, they wanted to move from transactions to emotions.

This was felt important because, after initial research, the Orange team concluded that the key for brand positioning in the future would be enhancing emotional experience. If the company could deliver programs that could do this, they would then create more valuable and enduring customer relationships via programs that were much harder for competitors to copy. Additionally, observes Benoit Berthelot, "We wanted to break the feeling customers have that telcos chase new subscribers and pay little attention to existing customers. We wanted to change that perception and make existing customers feel special." In fact, Orange sought not only to increase satisfaction but to turn its subscribers into brand ambassadors.

The project was also given impetus by changes in Belgian law that had removed standard contracts and lock-ins for mobile subscribers, reducing the commitment period from 24 months down to just 30 days. Orange recognized that they had to do something to change the game and convince customers to stay with them, now that moving between operators would become easier than ever before.

Seeking to interact and engage with its subscriber base in a new way to deliver an innovative personalized experience, Orange chose to work with Evolving Systems. Among the key reasons for doing so were:

- ❖ Track record of success in launching and growing large scale (iconic) Engagement & Loyalty programs
- ❖ Highly innovative gamification-led concept, that was flexible enough for Orange to creatively 'own' and evolve over time.
- ❖ Evolving Systems' battle-tested, robust technology platform, with the ability to communicate to engage customers in real-time with tailored rewards that appeal. As Benoit Berthelot observes, "Easy to say but not easy to do".

APPROACH

Orange wanted a solution to surprise and delight the customer. The telco didn't want something linear and rational, along traditional lines. Evolving's ability to develop, deliver, and support an emotional experience was key.

Working with Evolving, Orange designed a program based on the premise that "your loyalty doesn't expire every two years". Telco customers are traditionally used to points systems (for instance, spend 100 euros, get 100 points. After two years, get a coffee machine for 1000 points.) These sorts of very linear but low-impact approaches were exactly the model that Orange wanted to break as they are proving increasingly ineffective.

Says Benoit Berthelot, "We wanted something that would reward tenure...not only the amount spent but the number of years with us. Spend is not a reflection of loyalty yet most loyalty programs prioritize short-term spending. We also didn't want the usual 'one-gift fits all'. We wanted to fit a reward to an individual profile, so you might get chocolates while your neighbour might get flowers. You receive something personal for you, that you will likely value." Supporting these goals was something that could be best accomplished with Evolving Systems technology.

Another difference Orange pursued for the new program was using the same loyalty system for both prepaid and postpaid subscribers. Most telcos separate the two. Benoit Berthelot explains the reasoning: "For us, if your tenure is 10 years there's no difference in terms of contract. We don't think payment method and loyalty are related".

Benoit Berthelot adds that "the number of interactions a subscriber has is also a metric that Evolving could accommodate. In traditional points-based systems, customers may not spend the points they've won. Our competitors may consider this as good news simply because it saves a bit of money. We consider non-interactions like that as bad news instead. This is why reward optimization is so important for us. It makes the program cost-effective by matching appropriate spend on reward to loyalty". Benoit Berthelot adds that the resulting impact on churn is even higher on prepaid than postpaid because prepaid customers have lower expectations and are positively surprised by this premium treatment. "At Orange," Benoit Berthelot concludes, with the same loyalty, "prepaid is the same as postpaid. Everyone is treated with the same care and respect."

And last but not least, all Orange residential customers are eligible to participate in the program. They don't need to do anything (no account creation, etc.) to become involved.

SOLUTION

Prior to working with Evolving, Net Promoter Score was an issue for Orange because customers felt they'd been abandoned once they'd been acquired. To solve this, Orange designed its new programme with three different pillars that it likens to "building a temple", says Berthelot. The foundation, or basement of the temple is the customer's loyalty and tenure with Orange which influences their experience in the entire temple. The "roof" is NPS and digital engagement.

The Orange Thank You temple is built on a foundation of three pillars. These are:

- ❖ The celebration of key moments.
- ❖ A badges programme linked to completing Orange "missions".
- ❖ Experiences, such as cinema advantages, discounts in museums, access to sporting events etc.

The first pillar, Key Moments, is designed to celebrate dates such as birthdays, Christmas, Orange anniversary, etc. Key moments can be milestones either in your relationship with Orange or key personal moments. All participants are guaranteed a gift in this segment of the programme.

In the second pillar, the badges programme, engagement is a critical aspect. "We want to encourage and reward an active dialogue between Orange and the customer," says Benoit Berthelot. "Now, we are able to track specific behaviours, and when key milestones are reached, the customer is recognized via a badge, which in turn, unlocks a personalized reward. The badges are only limited by the creativity of the Orange marketing team and access to relevant data. This allows the program to stay fresh and continuously evolve as we find new ways to recognize and reward customers.

The third pillar is Orange Experiences. Cinema tickets are one component of this pillar where, after two years, an Orange user can go to the cinema for a free film once every quarter. This reward improves to a free film per month and then every week after the subscriber completes his third and fifth year, respectively. The greater the loyalty, the more reward is the premise. Film is a powerful incentive for brands to use to engender loyalty and Orange are now among the leading exponents of this. The benefit and key to success isn't simply giving away tickets...it's in the commitment from Orange to make Film a central pillar of its customer engagement and loyalty strategy. Cinema programmes are now used in a number of Orange territories including Orange Belgium as a result of the program's success.

The second component of the experience pillar involves leveraging existing sponsorship assets (e.g. the European football championships) to recognize and reward loyal, engaged customers. Some of the sponsorship-led prizes are open to all subscribers, while others are exclusive to longer-term customers. For instance, at Euro 2015 any subscriber could compete for game tickets, 3-year-old customers for quarter final tickets, and 10-year customers for final tickets. The key driver for success was to demonstrate rewarding loyalty, linking prizes to tenure. Benoit Berthelot says competitions have "increased visibility and even though some of the awards, like ticket lotteries, mean there will be losers as well as winners, it's important for brand image, awareness, and engagement." There are 3-4 such contests every year.

OUTCOMES

As a result of its innovative loyalty program, the telco now has more than 50% customer engagement rate - engagement defined as customers redeeming in the last 12 months – far exceeding the industry average. Typically, traditional points-based loyalty programs achieve around a 20-30% engagement. Sheer response apart, the Digitalization of the Orange customer base is also a key performance indicator as to redeem a reward, a customer has to be on a digital channel.

Another benefit, Benoit Berthelot says, is that Orange also now “measures churn impact by type of gift so we know which gifts work”. Net Promoter Score, another key KPI, has also significantly improved since the program was initiated. In Benoit Berthelot’s words, “In the market, this has already taken us from 3rd to 1st place in both prepaid and postpaid. We have a sustainable leading position and we expect our NPS score to continue improving.”

Berthelot concludes that effective customer engagement programs are difficult to structure and working with the right partner is critical: *“Loyalty is very hard to monitor. Your top management must believe in it and be prepared to give budget to it. You have to make your business case on churn impact but also on the boost of digitalization and brand recognition. And in Evolving Systems, we have the best possible partner to meet those goals.”*



