



Company: Barclaycard

Initiative: Barclaycard Freedom Project (Financial Services – International)

BACKGROUND

The UK isn't short of loyalty schemes. But while people like getting something for nothing, many fail to truly engage because they're not easy to earn on, not easy to use and not easy to redeem. The challenge for Barclaycard was to create a new, innovative scheme that would give value to both consumers and retailers and appeal to as wide a spectrum of cardholders as possible. Enter Barclaycard Freedom. Launched March 2010, it is the largest coalition loyalty scheme in the UK and was simultaneously activated on over 8 million Barclaycards and made available in over 20,000 retail outlets from large multinationals such as Shell to independent SMEs. For more information about Barclaycard Freedom visit: <http://www.barclaycard.co.uk/freedom/about-barclaycard-freedom/how-it-works.html>.

OBJECTIVES

For Freedom to succeed it had to deliver a compelling and unique experience for customers, increase usage of the Barclaycard product portfolio, get Barclaycard to the front of more customers' wallets and drive incremental business for retailers. The launch involved one of the most ambitious and synchronised product and communications launches of recent years as well as demanding significant business wide systems changes and the creation of a brand new loyalty management team within Barclaycard. So how does Freedom work? Barclaycard Freedom allows customers to earn and redeem Reward Money every time they make a purchase with their Barclaycard in partner retailer stores - and take advantage of special offers. Reward Money is earned in pounds not points, a transparency that resonates with customers. No points or fiddly vouchers, just Reward Money which can be earned and redeemed at point of sale by Barclaycard holders. The unique technology platform enables customers to earn and redeem Reward Money instantly when they pay for purchases using their Barclaycard. Customers earn a percentage of Barclaycard Freedom Reward Money on all transactions within coalition partners. Partners run specific trade promotions which help attract new customers, drive increased share of wallet and improve ROI.

ACTION PLAN

Barclaycard partnered with Welcome Real-time (Welcome) to provide the technology infrastructure to track and manage the campaigns behind its Freedom scheme. Before selecting technology from Welcome, Barclaycard carried out a competitive analysis of the available loyalty platforms on the market across loyalty agencies, loyalty providers and in-house IT solutions. Barclaycard chose to work with Welcome due to its ability to support loyalty programmes that enable a change in the behaviour of customers and ultimately drive long-term growth and profitability.

Equally compelling was Welcomes previous success in developing real-time loyalty and marketing programmes for customers such as Alpha Bank (Greece), Kazkommertsbank (KKB, Kazakhstan) and Privredna banka Zagreb (PBZ, Croatia). The scalability of the Welcome XLS solution was also an attractive proposition as it can support large deployments and high transaction volumes, which were critical given Barclaycards millions of cardholders. It was important for Barclaycard that Welcome XLS could support all existing cards in circulation, removing the hassle and expense involved in re-issuing cards, and more importantly enabling customers to benefit from the programme immediately.

Welcomes software offers real-time integration with any POS device used by participating retailers, regardless of the payment application or infrastructure being used. The software is installed on the POS terminal and after a transaction takes place, the cardholder can see their new Reward Money balance on the POS device. Welcome XLS software helps make it easy for Barclaycard and participating merchants to vary the Reward Money offered to customers depending on the amount spent and number of items purchased. These personalised real-time rewards encourage the customer to redeem some or all of their Reward Money towards that transaction or to continue to save up for a future purchase at another retailer within the scheme.

The Welcome XLS solution enables loyalty programme providers to run real-time marketing and loyalty programmes and to reward customers instantly at the point of sale. In summary, Welcome XLS allows organisations to: Identify the customer in real-time Track and analyse customer behaviour to reward and communicate with them and drive behavioural change Surprise and delight customers through the delivery of appropriate rewards in real-time, including discounts at the point of sale, cash back, or other offers Communicate with customers in real-time through a range of touch-points including POS terminals, kiosks, ATMs, the web, email and mobile phone Handle and reward customers in a consistent way for any type of transaction, event or operation they undertake, through any channel Support any card, any payment means and any channels from the bank Scale according to their needs the solution is designed to process high transaction volumes and to support a large network of touch-points.

Most functionality used by Barclaycard is part of the standard Welcome XLS v 7.0 solution, although a few customisations were made in order to better integrate with Barclaycards back-end systems, to simplify operation and administration and to adapt to specific communication infrastructure needs. For example, links were built to the Barclaycard call centre and consumer portal.

Barclaycard also developed a few components themselves, working with Welcome to understand how best to handle and share the loyalty data with other systems such as CRM, reconciliation and charging modules, MI and reporting. Barclaycard uses most Welcome XLS functionalities including: the online processing engine, thin-client for POS/ePOS devices and Payment Service Providers (PSP), customer segmentation, points & cash-back management (calculation and adjustment), advanced RFM capabilities, event campaigns, batch processing for card-not-present transactions, and so on. Using the standard Welcome XLS software helps not only simplify operation, reporting and system maintenance going forward, but can also allow us to benefit from the next wave of loyalty functionality to be included in

Welcome XLS, including functionality such as item-level rewards, advanced merchant segmentation and geo-location capability as well as full integration with mobile phones and NFC. As part of its CMMI Level 3 Project Management Process and in full compliance with Barclaycards internal methodology, Welcomes software deployment included the following phases: business requirements definition, specifications and design, development and validation, system integration testing and user acceptance testing. Delivering and deploying the customised software for final testing took only eight months.

The overall project took 15 months from the initial workshops to the first open pilot. On Welcomes side, this mobilised a team of roughly 15 people, with variable workloads throughout the various phases. As part of the initial programme design workshops, Welcome provided business consultancy services in order to deliver strong guidance with respect to best practices for a real-time at POS rewards programme. This advice included input into both cardholder and merchant value propositions, how to build an "easy-to-earn / easy-to-redeem" functionality across various channels, providing suggestions for daily operational needs as well as recommending technical architecture solutions.

The implementation was one of the best technical deliveries from a Barclaycard perspective in the last 10 years. The process was extremely smooth and was delivered on time and on budget to unprecedented quality. Barclaycard has no outages or incidents from an operation perspective for any qualifying transaction since launch.

RESULTS

Barclaycard Freedom, based on Welcome XLS, provides compelling benefits for all parties involved. Since the launch the results have been unprecedented. The customers earn Reward Money, in a way that is convenient and simple to redeem. The merchants have benefited from incremental revenue, as well as richer and more effective customer data. Results achieved since the launch include: 14% spend uplift among our named launch partners (so our managed accounts who have been with us since launch).

Over 6 industry awards Over 1.2m cardholders earning rewards So far over 1.15 million Barclaycard customers have earned more than 3.7 million in Reward Money and a whopping 4 million transactions have taken place at participating retailers Increased level of registration for online servicing Increased brand equity Some quotes/results from retailers who are part of the coalition on the success of the programme: Just Tyres: After just six weeks, Freedom card spend outstripped their other credit card spend by 20%, with an estimated 93% ROI in joining the Freedom coalition Shell: "Barclaycard Freedom has increased linked sales by 15%.

We are pleased with the impact the programme has had to date and are increasingly impressed with the level of customer insight the Barclaycard team provide. We now know how much customers are spending with our competitors and we have developed a campaign plan which allows us to win that spend, Crispin Rogers, Global Head of Loyalty, December 2010 Goldsmiths: Aurum Holdings has seen Freedom card spend outstrip its other card spend by 44%. They have seen a 21.9% sales uplift, 23.5% increase in ATV and a 23% ROI from their special offers.

LEVERAGING THE LEARNING

Longer term, Barclaycard and Welcome will continue to develop their partnership to further enhance the Reward Money offering for Barclaycard holders. These initiatives will aim to make the overall Freedom value proposition even richer, continuing to surprise and delight cardholders and ensure business growth for partnering retailers.