

MARKETING SOCIETY EXCELLENCE AWARDS 2016

Client: Shell Drivers Club/ClubSmart

Category: Building Customer Relationships

Criteria: Entrants will provide evidence of an improved relationship with their customers. This may be demonstrated by increased customer retention levels, or by increased revenue per customer, or by improved customer satisfaction levels, or all of the above. This may have been achieved as a result of new products, services, pricing or communications. The judges will evaluate:

- Understanding of customer life time value
- Superior customer segmentation
- Improved value for customers
- Original thinking to increase customer revenues
- Return on marketing expenditure'

Activity eligibility dates: 1st Jan 2013 - 31st Dec 2015

Deadline: 19th February 2016

Submission format: Max 2,300 words (300 exec summary/2000 main entry) PDF file up to 5MB

EXECUTIVE SUMMARY - don't include in design

With this award entry we'll share how, in the face of an increasingly challenging fuel market place, Shell utilised data driven insights to deliver more effective CRM communications, driving brand preference, customer loyalty, and improved business performance.

Our business challenge

The 2013 global retail fuel sector was especially challenging - increasing fuel prices compounded by a fierce competitor and regulatory environment.

Even though Shell had one of the world's most recognised brands, research showed that fuel brand choice become price commoditised. By mid-2013 Shell brand preference and customer loyalty had fallen by 6% to a recent low. In addition our Global CRM communications programme across 9 markets ability to overcome this challenge was declining, a disjointed communication journey meaning over half of new members joining Shells loyalty programmes disengaging within the first 3 months alone.

The task our CRM communications programme was clear: to make consumers value the Shell brand and loyalty programme even more, and choose Shell more often.

Our objective

To increase Shell brand preference and customer loyalty via CRM communications, to deliver incremental value to the business.

Our strategic approach

Embed the core strengths of the Shell brand and loyalty programme benefits amongst the loyalty programme membership base at key moments throughout the customer lifecycle via:

- An enhanced data driven reactive CRM communication journey
- A new CRM creative proposition of 'It's the little things' to demonstrate the individual pieces of care, service and reward that add up to a welcoming experience from Shell

Our results

Over a 2-year period (ending 2015) the results were impressive:

1. A 10% increase in Shell brand preference to 20.7% (whilst many competitors decreased) with loyalty programme members over 5 times higher than a non-loyalty member²
2. The global loyalty programme with a record CRM programme return of £13.5m, a 107% improvement on previous best at 124% ROI.

Why should this win?

A brand's value is built on trust and understanding. When a brand leverages data insights to better understand its customers to genuinely show it values and rewards their customers via more relevant communications, the impact can be powerful.

1) DRIVING LONG TERM CUSTOMER VALUE VIA CRM COMMUNICATIONS

The business challenge for the Shell Global CRM program

In 2013, the Shell global CRM program made 21m communication contacts with loyalty scheme members across 9 markets (UK, Germany, Turkey and CEE). Its primary role was to further engage members with the Shell brand, and stretch purchase behaviour, getting them to visit more often and maximise Shell’s share of fuel wallet.

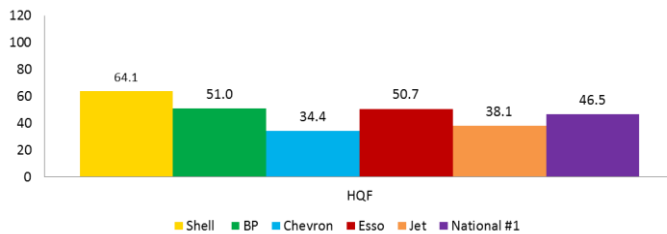
Although the CRM program generated circa £5.2m incremental revenue per year, customer data analysis identified performance was sub-optimal:

1. In the face of increasing fuel prices and fierce competitor activity, Shell brand preference and loyalty had fallen by 6%² vs the previous quarter
2. The CRM communication journey was not maintaining engagement throughout the customer lifecycle, 56% customers disengaging within 3 months of joining¹
3. CRM communication engagement and performance was declining, with the Shell loyalty scheme proposition having less impact on customer purchase behaviour

The starting point was to better understand our customers

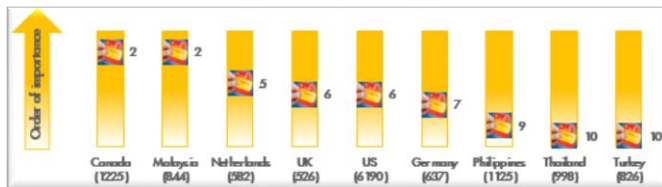
We undertook primary qualitative and quantitative research alongside membership base data analysis to identify motivations for choosing Shell, frustrations and future opportunities.

- a) Fuel choice had become price commoditised, seen by many as a way only to get from A to B, but customers still ‘got’ the Shell brand USP of premium quality fuels.



'Shell fuel is better than most you can put in and it's nice to get rewarded.'

- b) In a relatively low engagement purchase sector, customer importance and expectations of fuel sector loyalty programme was relatively low.



'You might not get a lot back but it's better than nothing. It's what you spend anyway.'

- c) CRM communications were not gaining cut through, customers felt a lot of content was irrelevant and really wanted added value offers/rewards



'I tear off coupons and will have a quick look at the rest but it's a bit busy and nothing ever jumps out.'

Defining the strategic and communication opportunity

Shell and their CRM agency Wunderman conducted an end-to-end strategic review of the current business offering and opportunities across marketplace, product, loyalty and CRM.

Finding	Opportunity
1. The inherent Shell brand USP is producing higher quality fuels, with customer service to match.	Emphasise to our customers that not all fuels are the same, and we deliver best in class customer service; 'Welcome to Shell'
2. The 80:20 rule firmly applies, the majority of revenue is generated from a key high value 'Best' customer segment.	Focus on growing and retaining existing customers, rather than acquisition.
3. Purchase frequency is the key value and revenue driver	Disrupt our loyalty programme members normal fuel behaviours to increase 'share of wallet'
4. Engaged customers stay longer and spend more, on average 120% every time they visit Shell.	More intelligent use of data and segmentation to improve comms relevance and engagement.
5. Challenging market environment/margins means ability to increase customer reward limited.	Amplify existing loyalty programme benefits and added value partner opportunities.
6. The Shell loyalty programmes are sometimes complex for our customers to understand.	Drive participation by making our loyalty programmes simpler, fair, obtainable, relevant and genuinely rewarding.

The solution to further engage our members with the Shell brand was therefore 2 fold:

1. Develop an enhanced CRM communication journey, engaging our customers at key moments of truth along the customer journey. Shifting back to the basic principles of right message, to the right person, at the right time.
2. Deliver supplementary tactical communications and campaigns to maximise member engagement with Shell loyalty programme benefits and drive the 'earn and burn' cycle

2. BRINGING THE STRATEGY TO LIFE VIA CORE CRM COMMUNICATIONS

Our core CRM communication program creative proposition ‘It’s the little things...’

When we want customers to return to us, we need to demonstrate that we value their loyalty - that we welcome them back as valued guests. The best way to do this is to show that Shell take trouble over the details. We introduced a single visual identity and overarching visual theme that was warm and engaging, and was also culturally agnostic. This theme - ‘It’s the Little Things - places miniature human figures in photographic images of real life situations.

This enabled us to demonstrate to our loyalty programme members the individual pieces of care, service and reward that add up to a welcoming experience from Shell.

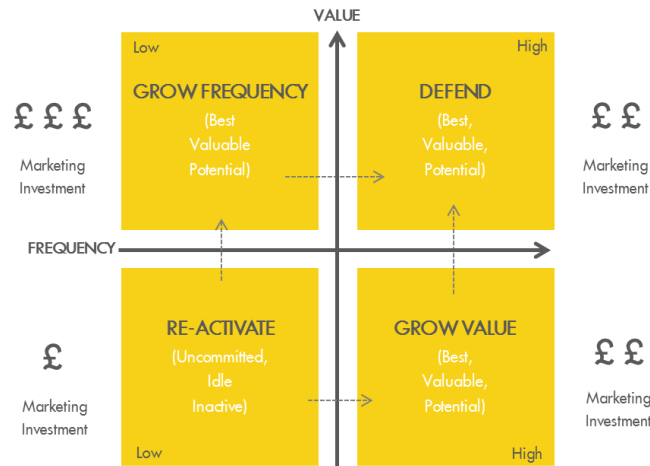


Supporting visual icons/lock-ups were used to emphasise the little things that Shell does differently. Whether that’s the rewards you earn from our loyalty programmes (and partners such as Waitrose, Avios, or Turkish Airlines), mobile payment, free Wi-fi, or premium fuel.

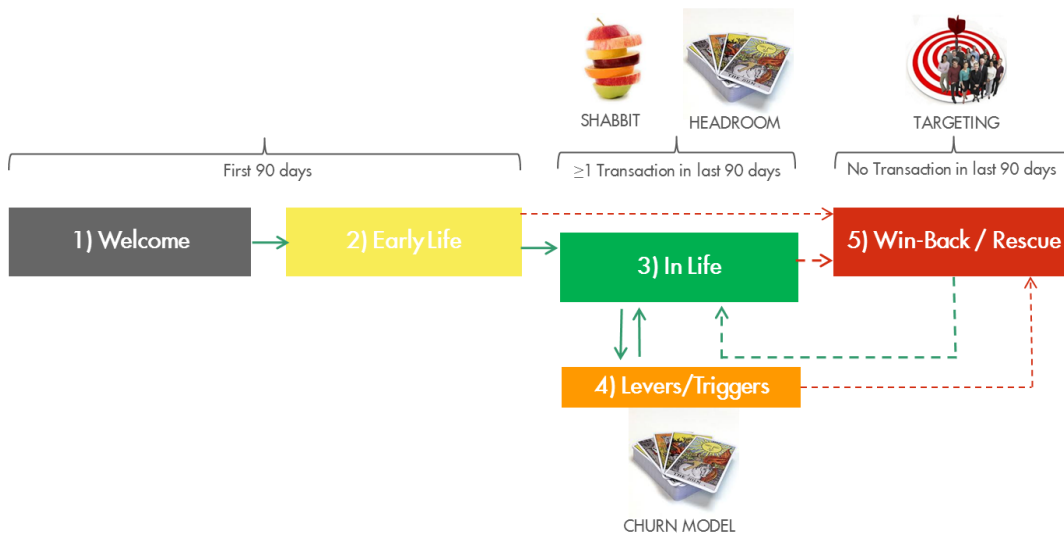


Developing an enhanced CRM communication journey

Marketing investment and communication messaging and call to action would be determined using historical purchase behaviour, to maximise incremental value and ROI.



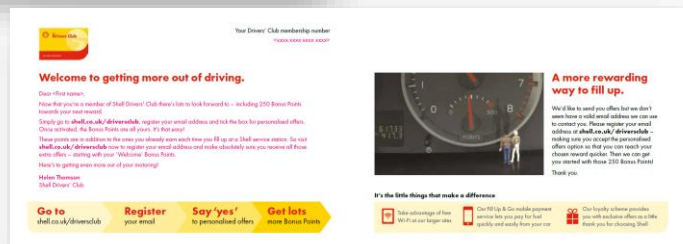
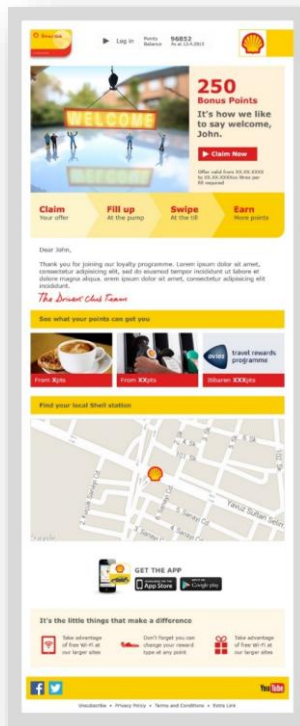
Our communication journey was developed to maximise engagement at key moments of truth and potential stress points along the customer lifecycle. During a 1 year campaign period over 116 million customer contacts were made across 9 global markets to 17 million loyalty programme members via DM, email, SMS and mobile app channels.



1. Welcome phase

All new members signing up to Shell Drivers loyalty programme were sent a series of Email and Direct Mail communications during the initial 6 weeks of membership. The objective was to:

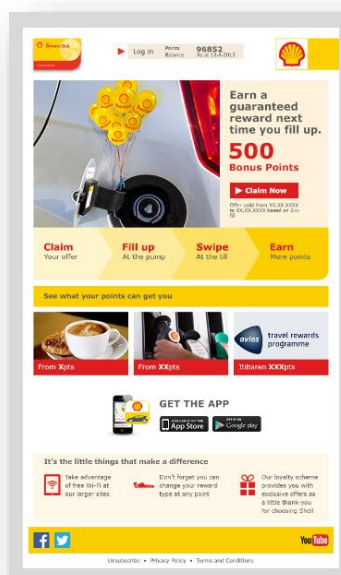
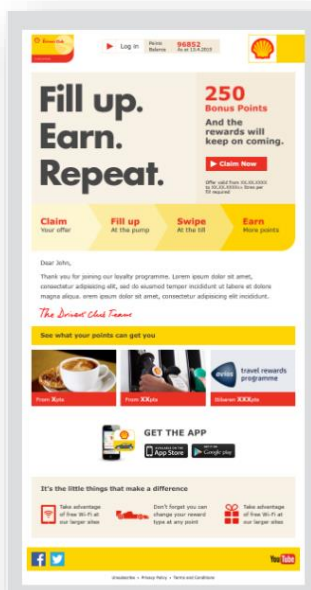
- Inspire as many loyalty scheme members as possible to participate.
- Encourage that all-important first-contact - e.g. swiping their loyalty card.
- Explain how easy it is to earn points and enjoy the rewards of loyalty.



2. Early life phase

Once the customer had been a loyalty programme member for 6 weeks, they entered a second reactive Email communication phase based on purchase behaviour to:

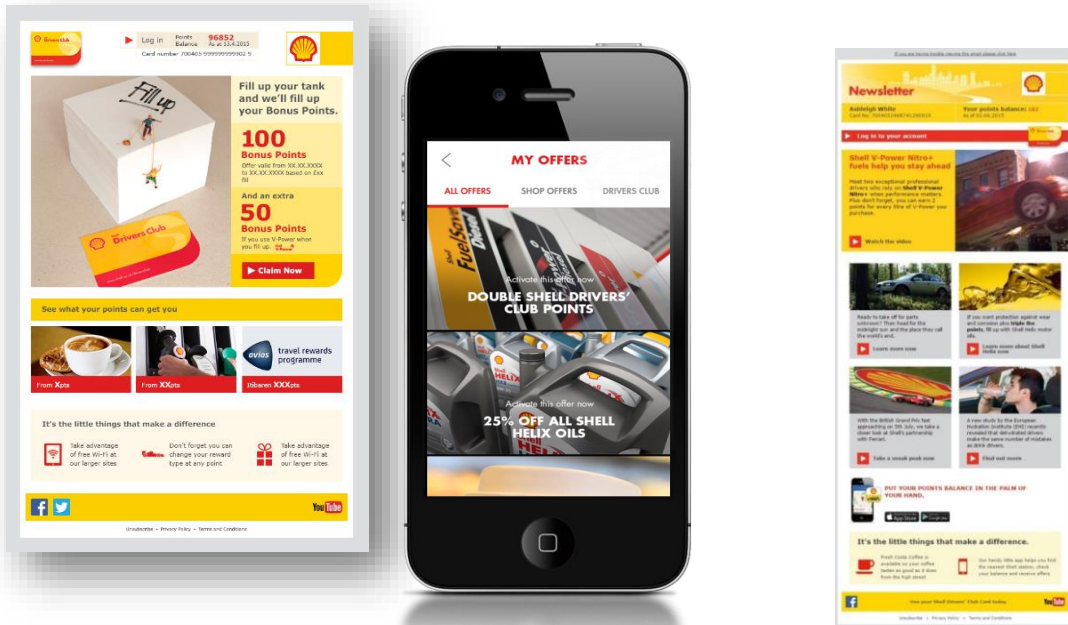
- Reinforce the programme benefits and reasons for choosing Shell.
- Encourage customers to make swiping and earning points habitual
- Establishing the 'earn and burn' reward cycle to redeem the rewards they earn



3. In life phase

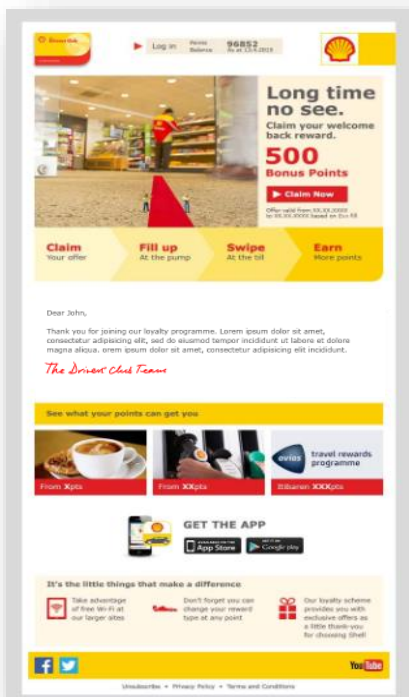
Once the member had been with us 3 months, they were migrated into the main communication cycle. Monthly communications via Email, DM and Mobile App channels were delivered to:

- Maintain member engagement with the programme.
- Drive the 'earn and burn' (redemption) cycle over time.
- Maximise the opportunity to grow every customers' value



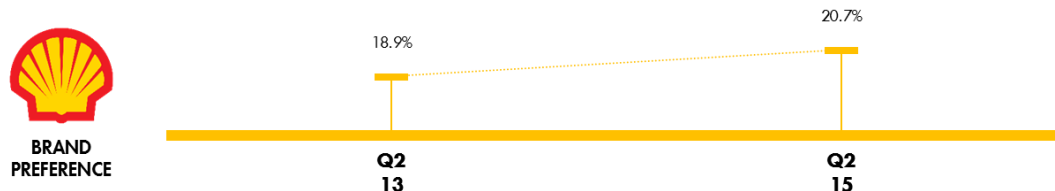
4. Trigger/Win-back phase

If for any reason a member started to disengage with the loyalty programme, they were sent various data triggered communications with an appealing reward or benefit to re-engage them with the programme and drive that visit back to Shell

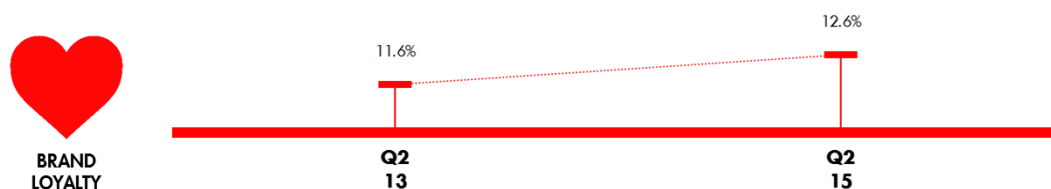


3) DELIVERING SUSTAINED PERFORMANCE TO THE BUSINESS

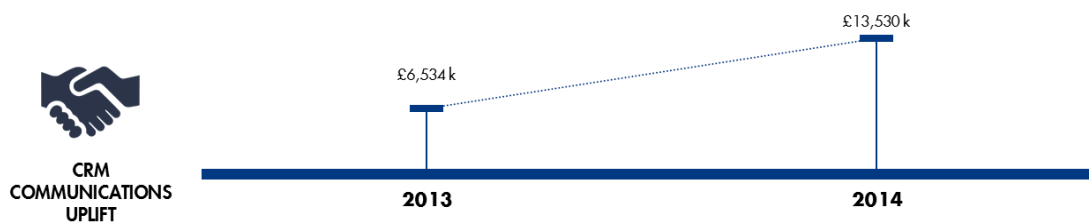
Although we knew there was no quick fix to effect long term engrained KPI's, such as brand perception, the results over the 2-year campaign period were impressive.



Shell brand preference amongst the loyalty programme customer base was x5 higher than a non-loyalty customer (50% vs.10%¹). This contributed globally to 10% uplift in overall brand preference during the 2-year campaign period



Customer loyalty increased by 9%, with our loyalty scheme customers spending an additional £16 every time they visited Shell.



The CRM communications programme generated record return, driving customers to visit Shell twice as often (vs. previous benchmark), generating £13.5m incremental revenue. A 107% improvement on previous year, at 124% ROI.

References/Sources:

¹Shell loyalty programme database analysis (Wunderman)

²Shell GCT Brand Tracking (IPOS)

³Shell membership analysis (Wunderman)

⁴Primary qualitative research (Beanshed/Wunderman)