Eraclub, Erajaya's loyalty program, setting a monumental 150% growth

Category: Best Membership Programme

Table of contents

Context

Taking the customer as the 'key' factor

Erajaya is **Indonesia's largest lifestyle retailer** with a network of over **1,200 stores** and annual revenue of **2.25B USD**. Erajaya was among the pioneers to embrace the changing technology. Having witnessed an exponential brand growth in just 25 years, the Erajaya Group had a desire to communicate with and understand its customers more than ever before. To this effect, the brand had launched its **online retail channel in 2018** to meet the needs of the evolving retail industry, which had started shifting towards e-commerce.

While several loyalty programs existed in the Indonesian landscape, many consumers made use of the programs only to obtain offers and benefits and **did not feel connected** with brands. Additionally, Erajaya experienced a massive drop in stores' footfall owing to the COVID-19 pandemic. With multiple players in Indonesia, in a similar space as Erajaya, competing over **price points, mass discounts, promotions, and offers**, Erajaya needed to define its own winning strategy to **emerge as a differentiator**.

Amidst all this, Erajaya has realized the importance of **building and nurturing relationships** across **online and offline channels** and engaging its customers at every stage of their shopping experience. With this objective to elevate its relationship with all the customers, the Erajaya Group launched its **loyalty program – Eraclub**. Eraclub was established as the Erajaya Group loyalty coalition between all the different business verticals of the group. Eraclub is a program for **multi-channel, online and offline** where points can be earned and redeemed across all channels.

Understanding the needs, not just catering to demands

The Erajaya team wanted to close the gap between the brand and its customers to increase returns while offering the highest quality of services. In order to address this, Erajaya established the following core objectives:

- Gain deeper customer understanding with a **complete 360 degree view**

- Get **actionable insights** into customers, products, promotions, and channels with a single unified view

- Ensure **one-to-one targeted communication** with customers

- Provide a contactless yet connected and personalized **loyalty program**

- Ensure customer accessibility to **loyalty information** at any time

Strategy

Crafting an exceptional loyalty and engagement blueprint

Erajaya needed to **formulate a working strategy** to offer consistent interactions and offerings. Erajaya partnered with **Capillary Technologies**, an **AI-powered loyalty and customer engagement platform**, to provide unparalleled customer experiences and **build deeper customer relationships via Eraclub**. Capillary offers end-to-end loyalty programs, a comprehensive view of consumers and unified, cross-channel strategies that deliver a real-time omnichannel, personalized, and consistent experience for customers.

Together, the brands worked on:

- **Grouping the customer base** through **micro-segmentation**
- Devising a **customer journey map** to nudge the customers at different points
- Engaging customers through **100+ personalized campaign**s every month
- Creating an **accessible and robust loyalty program**

Deeper customer insights

Erajaya utilized **Capillary's analytics platform** to thoroughly evaluate customer behavior and use the insights to segment and target their customers most effectively. Customer segmentation helped in identifying commonly used **social media platforms**, and **targeted offers and marketing campaigns**. Erajaya segregated the customers using advanced segmentation with the following criteria:

1. **Persona and demographics** such as age, gender, location, product needs, brand preference, purchasing power, etc. **Detailed customer profiles** were built to understand **customer demographics, behavior and preferences**. These data points were collected from **online or offline transactions** of the customers.
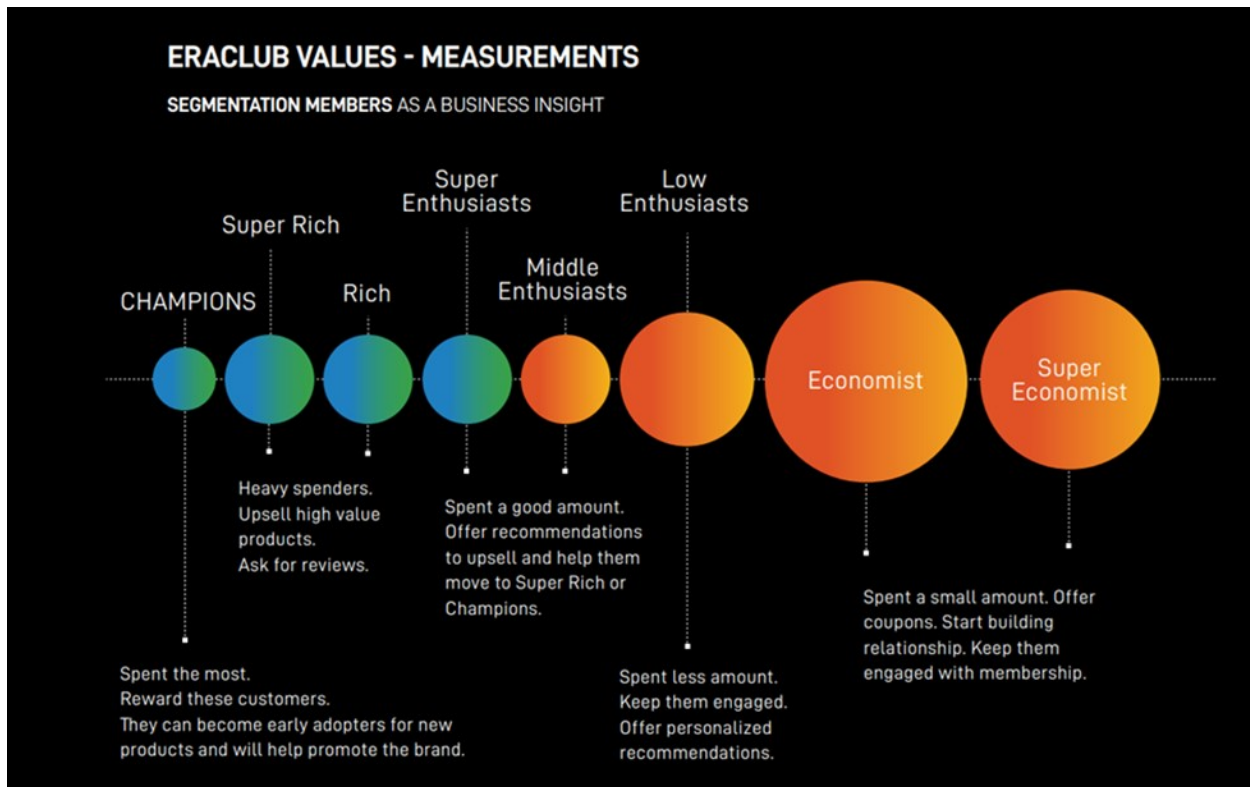
ERACLUB VALUES - MEASUREMENTS
PERSONAL DATA DRIVEN AS A BUSINESS INSIGHT

MEMBERS BIO & PERSONA
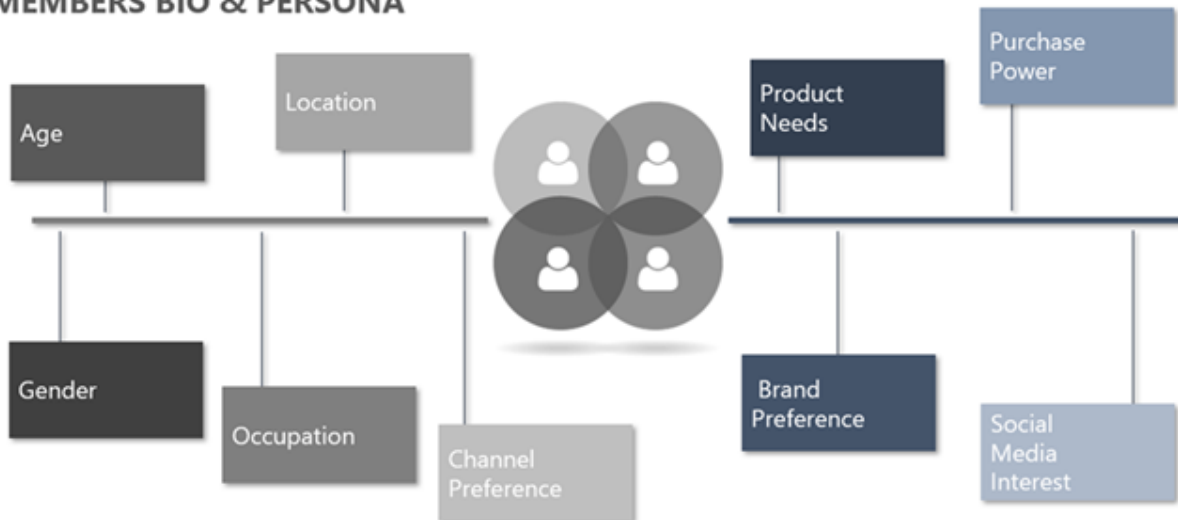
2. **RFM segmentation** - Customers were segregated based on **recency** (how recently the customer has made a purchase), **Frequency** (based on purchase patterns like one-timer, repeat customer or loyalist) and **Monetary** (based on the customer's transaction value). This segmentation empowers Erajaya's marketers to **identify their best customers**, **churn rate** and **set the parameters** for their **segmented campaigns**.

Illustrated below is an example of RFM segmentation (Monetary), entailing 8 customer segments:

ERACLUB VALUES - MEASUREMENTS

SEGMENTATION MEMBERS AS A BUSINESS INSIGHT

Super Enthusiasts

Low Enthusiasts

Super Rich

Middle Enthusiasts

CHAMPIONS

Rich

Economist

Super Economist

Heavy spenders.
Upsell high value products.
Ask for reviews.

Spent a good amount.
Offer recommendations to upsell and help them move to Super Rich or Champions.

Spent a small amount. Offer coupons. Start building relationship. Keep them engaged with membership.

Spent the most.
Reward these customers.
They can become early adopters for new products and will help promote the brand.

Spent less amount.
Keep them engaged.
Offer personalized recommendations.

3. **Brand loyalty** - Through this lever, customers were grouped based on their inclination towards the various brands offered at Erajaya, whether the **purchaser is loyal** to a particular brand, **switches brands** often or regularly **upgrades their products**. This understanding of customers' brand preferences helps them design unique campaigns and offers.

Shaping member journeys with behavior and profile targeting

Based on the segmentation criteria mentioned above, Erajaya identified 3 main target segments:

1) **1st target segment** - Members who are **loyal to one brand**. Based on how recently have purchased, the campaign will attempt to nudge the customers to **upgrade their products** from the **same brand**

2) **2nd target segment** - Members who are **not loyal to a particular brand**, and are willing to try other brands. The campaign will nudge customers to buy **different branded products** based on the **customers' purchase frequency**

3) **3rd target segment** – Members who are targeted based on their **transaction values**. Erajaya will attempt to **cross-sell products** from **different brands and categories**

Type of Campaigns Segment	Brand	Product	RFM
1st Target Segment	**Loyalist Member** Loyal only to 1 brand	**Upgrader** Same brand purchaser with older device type	**Recency** Data Historical
2nd Target Segment	**Un Loyal Member** Purchased any kind of Brand	**Switcher** Other brand purchaser with same Segment profile (RFM)	**Frequency** Data Historical
3rd Target Segment		**Cross Sell** Device purchaser with same brand and type	**Monetary** Data Historical

Using these segments, every customer's journey was personalized to **deliver the right message at the right time**, optimizing the overall **customer engagement strategy**. The Eraclub member journey is represented below. The gray line shows the various touchpoints in the customer journey and the orange line showcases the corrective actions the brand should take.

ERACLUB MEMBER JOURNEY
Improve member journey with Corrective and Tactical Actions
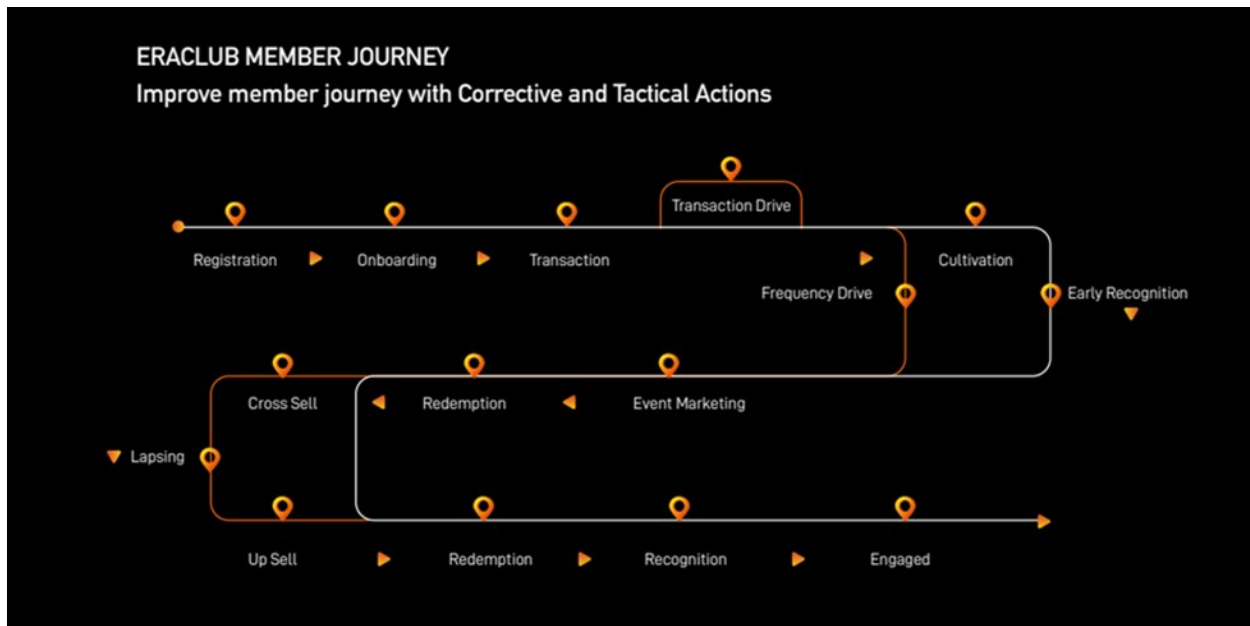
Erajaya's contextual engagement campaigns incorporated the customer segments and were segregated under the following categories:

- **Wider campaigns:** Sent to a **large population** with the intention of **sharing general messages** and **building brand awareness**
- **Brand Preference campaigns**: Sent to a **selected population** who prefer a **specific brand**
- **Segmented campaigns:** Targeting a **very selected group** of members with **better-personalized messages**

- **Behavior Preference campaigns:** Sent to customers based on their **needs and unique traits**

Erajaya aimed to communicate with their customers through **personalized messages** rather than the generic messages in their engagement campaigns, leading to **higher conversion rates**. Messages were personalized by including the customers name and describing the offer that was tailor-made for them.

Creating a simple loyalty program with high value, real-time rewards

Simplicity and accessibility were the central theme of the brand's loyalty program. The complete customer journey to register themselves and earn the rewards had to be simple, quick, and yet remarkable to entice the customers with an easy registration process. Erajaya and Capillary wanted to create:

- A loyalty program that can be **effortlessly implemented by the store staff** for a better **in-store experience**
- An **easy-to-use website layout**, simple points accumulation and redemption, with comprehensible terms and conditions
- The **right point-earning structure** based on the **frequency of a customer's store visit**, motivating customers to use their points regularly

Catching up with the speed of the digital era, the features of the loyalty program had to be **real-time**. **Instant gratification** is an important component of a **rewarding experience** and Erajaya wanted customers to be able to **instantaneously track their rewards** as they thrive on speed and convenience.

The brand has designed the program in a way that the benefits offered were relevant to customers and ensured the **reward matched the effort** required to achieve it. Key strategies employed to offer value to the customers included:

- **Flexibility to redeem points** as flat discounts during their transaction
- **Reward catalog** that includes offers from multiple partners providing extra benefits and deals to the customers
- **Effective customer lifecycle management** for the best customer journey

<u>Activity</u>

Making a difference with our partnership

Through the exhaustive study of their customer insights, **Erajaya delivered an innovative**, **data-driven customer experience powered by Capillary's loyalty and customer engagement platform**. With the multiplatform membership program Eraclub, Erajaya could build a **superior and differentiated experience** and deliver unique and **personalized customer journeys**. This enabled them to increase their profits despite any adverse retail scenarios and build customer relationships on a personal level.

The art of aligning customer experience

No membership program is complete without **building emotional connections through personalization**. Therefore, the Eraclub membership program focuses on offering customers a truly unique, intimate customer experience with personalized offers and communications. As the brand had already established customer communications through emails, the **Eraclub team decided to use emails as the main medium to share the offers and communications**.

Erajaya **powered over 100 campaigns every month** to engage and delight its customers with **personalized targeting**. Some of the most effective ones include:

- **Recency campaigns:** Lifecycle management campaigns focused on **engaging lapsed customers** based on their recency period of engagement
- **Never Transacted campaigns:** These campaigns are focused on a **wider audience who has never transacted with the brand**
- **Theme-based campaigns:** Erajaya runs various **event-based campaigns during certain months of the year** to attract an audience
- **New Product Information (NPI) campaigns:** NPI campaigns are planned before a new product launch to **create a buzz and to keep Erajaya's customers updated**
- **Home Delivery Service campaigns:** Erajaya deploys campaigns to **inform Eraclub members about its Mobile Shopping/Home Delivery Services**. Members can connect with a live agent to choose the nearest store for purchase and have them delivered to their homes

Building loyalty. One customer at a time!

Putting customer delight at the centre stage, **Erajaya's Eraclub had two membership plans - a basic membership which is free of cost and a premium membership with an annual fee** which can be paid at the retail stores or online.
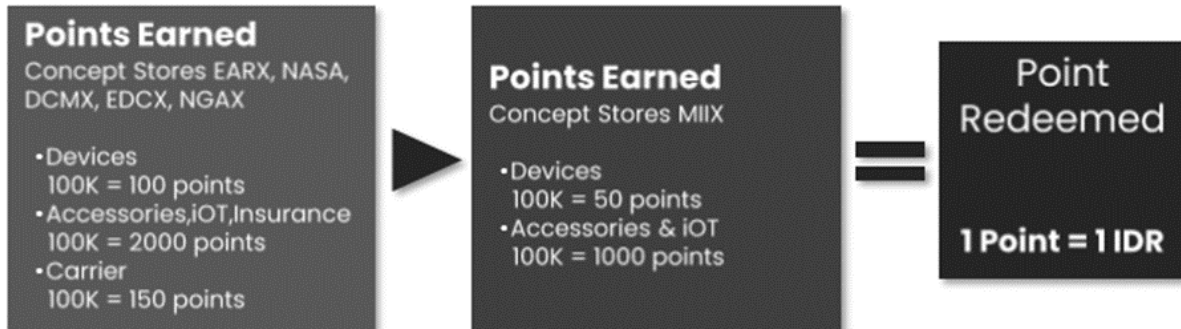

(https://eraclub.id/member for design ideas)

Erajaya mapped its customers' retail journeys and designed reward delivery at regular stages to ensure continuous interactions and increased purchase frequency. **The program also offers flexibility on the loyalty program by enabling the members to choose how they would like to use their reward points.** The members can redeem their reward points for gift cards and discounts, helping the brand offset purchase prices without devaluing the products.

Notable features of Eraclub:

- **Perfect simplicity and usability:** Eraclub encourages its members to '**earn from everywhere, redeem in anywhere**' through cross-transactions across its concept stores. **In 2021, ~30% of members cross-transacted between concept stores.**

- **Point allocation:** Erajaya arrived at a **point allocation-based strategy based on each line item amount, with each point equivalent to IDR 1.** Among the 6 concept stores under the retailer each of the product categories has a different margin, and therefore point allocation varies for each category's product in each concept store. However, the points redemption value will be the same for all concept stores.

Points Earned
Concept Stores EARX, NASA, DCMX, EDCX, NGAX

- Devices
  100K = 100 points
- Accessories,iOT,Insurance
  100K = 2000 points
- Carrier
  100K = 150 points

Points Earned
Concept Stores MIIX

- Devices
  100K = 50 points
- Accessories & iOT
  100K = 1000 points

=

Point Redeemed

1 Point = 1 IDR

- **Extensive payment methods:** Eraclub members benefit from a range of payment methods, including:

  - **Omnichannel payments, help members who want to search online before making a purchase.** The customer can purchase online and pick up at the nearest store.

  - Access to a range of **online payment methods by scanning the QR code** of the item while shopping at the store.

  - **Internal courier delivery, an online program** that provides the option of using internal courier services to deliver orders directly on the same day.

  - **Chatbot** as a dispatcher, **a hybrid technology that connects the customer with a live agent in the store**, enabling them to choose which store to buy from and have it delivered to their home.

  - **Eraclub Gift Card**, which was launched as a payment method in 2021.

- **Highly accessible customer service:** Full-fledged contact centers supporting voice calls, email responses, self-service through member portal, Chatbot/WhatsApp, Chat or other messenger services are also an integral service of Eraclub membership.

- **Winning through collaboration:** Eraclub has many partner merchants for members to enjoy additional benefits. The number of partnerships with Eraclub has grown 318% from the start of 2020 until the end of 2021.

- **Digital footprint:** In addition to the offline stores, Erajaya offers Eraspace as their digital storefront website, an online microsite (https://eraclub.id/) for Eraclub members. A digital loyalty app was also built for customers to download and accumulate points and redeem rewards. Every purchase made by the customer was recorded and complete information was linked to the customer profile. The brand then

used this data to identify the most important value propositions for each customer and implement strategic incentives in its personalized loyalty programs.

- **Different customers, different plans:** Erajaya hoped to offer customers better value through Capillary's e-vouchering mechanism called Dynamic Vouchering System (DVS). This mechanism was leveraged to send relevant offers to the customers based on their current purchase, to encourage next visit, and pave the way for personalized targeting.

Besides offering these benefits, Erajaya ensures continuous training for store staff. The loyalty program has become an essential part of ongoing staff training and new staff induction training. This has enabled the brand to deliver a great in-store experience with the staff happily interacting and engaging with customers for the loyalty sign-ups, earning and redeeming points.

Erajaya empowers its staff to provide inputs to the program to provide inclusivity and motivate them to promote the loyalty program.

Response

A journey from conversations to conversions

Eraclub has evolved as a jewel in the crown for Erajaya and the loyalty program has witnessed staggering statistics since its inception. **Eraclub's loyalty program achieved remarkable results even in the midst of global pandemic.** The program was also successful in promoting brand awareness and establishing Erajaya as a dominant player. Eraclub's collaboration with Capillary Technologies outshined other players with an ingenious loyalty and engagement strategy. **70% of the total revenue came from Eraclub members and the purchases peaked at 113% in 2021. A staggering 1.3 million new customers were engaged through the global crisis.**

- In 2021, a whopping 70% total revenue came from the Eraclub loyalty program
- **Total sales** contributed by Eraclub members **scaled to 52% during 2021**
- Eraclub has succeeded in encouraging repeat purchase transactions with the **transaction value growing to an estimated 150% during 2021**
- Even during the second wave of the pandemic (2021), **Erajaya engaged a total of 1.3 million new customers, 48% growth from 2020**
- **Online sales increased** by almost 50% from 2020
- The **point redemption rate increased by 39%** from 2020
- During the 2021 period, **a 113% increase in member purchases** was another feather in the cap for Eraclub
- **Transaction value** from 2020 to 2021 shot **up by 38%**

Eraclub members leveraged offers that were truly 'contactless yet connected' and innovative. Erajaya could proudly feature Eraclub as the face of its success!