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GLOBAL RETAIL & TECHNOLOGY
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Q&A

WHAT'S TRENDING

LUC GARNEAU

DATACANDY IS A DATA AND ANALYTICS COMPANY BUILT AROUND THE METRICS FOUND IN LOYALTY PROGRAMS AND GIFT CARDS. ITS CORPORATE OFFICE HOUSES A GIANT GUMBALL MACHINE, TO REMIND IT'S CLIENTS AND EMPLOYEES JUST HOW SWEET A GOOD DOSE OF INFORMATION—THAT HAS BEEN UNWRAPPED AND EFFECTIVELY APPLIED—CAN BE.

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Q&A: WHAT'S TRENDING WITH LUC GARNEAU

I love that DataCandy has a giant gumball machine in the office! Tell me about the idea behind creating the "sugar rush" that you get enabling retailers, restaurants and gas stations to leverage data about their clients.

"Big data" has been a buzz phrase for a while, and it seemed everyone was doing some type of loyalty program plus analytics. Big data became a very saturated space, yet at the same time, the use of big data has still needed better implementation. We found that a lot of businesses had a ton of data that they didn't know what to do with, or weren't clear how to use the data to drive their business.

This was the space where we realized we could help businesses connect the dots between their data, the analytics behind it, and their clients. We wanted them to be able to "unwrap" the data to find the "candy" inside. The areas we focus on are loyalty programs and gift cards.

Why loyalty programs and gift cards?

Loyalty programs are one of the greatest opportunities for collecting, studying and using customer data. It's a more trusted and consistent platform for the consumer as well. Gift cards are a largely unmanaged space where great data can be collected and utilized to increase profit margins.

What does your software platform offer and how do retailers use it?

Our platform focuses on the Recency-Frequency-Monetary (RFM) approach—meaning, the key metrics are around how recently a loyalty customer has purchased, how often they purchase and how much money they spend. Knowing exactly what is bought—the granularity of color, size, style—is a lot more valuable to the retailer than just knowing it was a shirt. We help the retailer create and push personalized content to loyal customers, based specifically on what they just purchased.

Keeping your most loyal customers happy is easier than capturing a new customer.

The DataCandy software also collects SKU-based data, which can then be segmented and evaluated. Capturing SKU-based data enables retailers to perform basket analysis, manage inventory more efficiently and track sales by product category. Retailers are better empowered when they have a true panoramic view of their customer.

Ultimately, retailers need customer data to capture their buying habits and hopefully learn how to better influence customer behavior. How do you help retailers learn?

We find better ways of utilizing their loyalty programs. Knowing when and why a purchase is made and identifying purchasing patterns quickly provides retailers with critical insights that can be used to devise better ways to interact with their customers and ultimately find ways to increase the average basket size. Our loyalty coaches help retailers further interpret the data using best practices. Rewarding customers for their behavior patterns keeps them happy and engaged—and most importantly, keeps them coming back.

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Tell us about your loyalty program and how it interacts with traditional practices such as coupons and memberships, as well as how your program reflects the changes happening in tech and mobile.

Technology, and mobile in particular, has affected huge changes in the loyalty and gift card space. Customers are very reliant on their mobile phones and it's critical that a loyalty program supports that means of communication and interaction with customers. The DataCandy solution offers a white-label member portal and mobile application that clients can brand as their own. The member portal available via mobile app allows members to complete their profile, view transaction history and view promotions. Additionally the mobile app enables the member to carry the card on their phone and receive push notifications.

Over the past five years, what are some of the key ingredients you've found in the loyalty programs which have the most success?

Loyalty programs that work best for retailers contain one or more of the following five key success factors:

1. *Full control over points management*
2. *Multiple ways for customers to accumulate rewards faster*
3. *One to one marketing communication*
4. *Leveraged customer data, and*
5. *A Focus on the best customers*

With the proliferation of loyalty programs, customers find managing and tracking their reward points to be a hassle. Customers appreciate it when the retailer takes care of that management for them.

Rather than starting with tons of data and trying to figure out what to do with it, the retailer can first identify their biggest hurdles. Then, customer data can be analyzed to help address those specific issues with a great amount of efficiency.

People like being rewarded for their buying habits and purchase frequency. Consistency surrounding the loyalty rewards is key. For example, a "Buy ten, get the eleventh free" incentive has a much bigger follow-through.

People also want to know that the better the customer they are, the more they will be rewarded. Focusing on your best customers is where you'll build your lifelong customer.

You also offer a gift card program to initiate engagement with customers who might not yet be ready to join the loyalty program. How does that translate into further data and sales and what is the idea behind it?

Data around gift cards is very important but also challenging to gather. The gift card recipient often doesn't register the gift card, and sometimes forgets to use them until significantly after they were gifted. Retailers have little opportunity for insight into when the gift card was used or how much of it was used. Accessing that data is critical, considering that when the gift card is used, 50% of consumers spend more than the amount on the gift card. The DataCandy gift card platform integrates directly with the retailer's POS, so when a gift card is swiped, the data pull is immediate. Retailers get the same point-of-sale data, without the loyalty program.

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How do loyalty and gift card programs save retailers money or raise revenue?

We have found that one of the biggest ways for retailers to save money and drive higher ROI is to know who their most loyal customers are and reward them. This is much easier than the effort of gaining a new customer. Loyal customers will continue to buy, and buy more each time. When people find a brand they love, they will want to go back, and a sure way to drive sales is making sure you reward that customer for their continued loyalty.

After you collect and analyze the data, how do you serve it back to the retailer?

Our dashboard includes data on both loyalty rewards and gift cards, so our clients can evaluate shopping behaviors side by side. Another big part of our business is strategic consulting, so we start by finding out what part of that retailers' business they want to affect and what their strategic goals are. Rather than starting with tons of data and then trying to figure out what to do with it, the retailer has already identified its biggest hurdles and issues. They can then view a customized dashboard configured to see the exact data they need.

What are the biggest trends in loyalty for retail that you see for 2015?

We see two major trends in 2015. The first one relates to customer experience, particularly how to make the customer's life easier. Starbucks has had success by making sure that its loyalty members can have a mobile app and easily track their loyalty activities. Their "scan-pay-go" method of payment is another tool that was created to improve customer experience. The whole notion of customer experience is so tightly tied to customer loyalty that a retailer must have a clear and strategic plan of action.

The second trend is around personalization. Ten years ago we talked about "loyalty communication" and now its "personalized communication." Today it takes much more than just communication to be relevant, and retailers need to find better ways of personalizing.

Retailers that properly approach personalization in 2015 will see themselves ahead of the curve and will significantly increase consumers' engagement, which will ultimately translate into greater sales performance.

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ABOUT LUC GARNEAU

Luc Garneau is a seasoned loyalty industry strategist with an outstanding track record for implementing loyalty best practices and proven methodologies to help retailers achieve a profitable outcome for customer retention investments. As the Vice President of Strategic Consulting Services at DataCandy, Garneau coaches retailers throughout every stage of the loyalty process. He has successfully helped companies build loyalty programs from the ground up, optimize existing processes, establish KPIs and analyze critical insights. Garneau has been featured as a thought leader by leading industry publications such as Loyalty360 and Retail TouchPoints.

*Garneau launched his career at **Imperial Tobacco Canada Ltd.** and served in various company roles across a 15-year timespan. As Strategic Account Manager, he successfully negotiated a national agreement with the most important chain of convenience stores in Canada, which enabled the company to sustain consistent market share growth in a declining market. During his tenure with the tobacco product manufacturer, Garneau was often credited with creating strategic models to better capitalize on business opportunities, improve operational efficiencies and incorporate a performance component, which led to a positive ROI.*

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