



COMARCH LOYALTY MANAGEMENT IMPLEMENTATION AT **OKKO FUEL STATIONS**

Concern Galnaftogaz is the leading Ukrainian retailer of fuel, consumer goods and services through its network of OKKO branded filling stations. It is present in 22 regions of Ukraine, as well as Crimea, with 287 OKKO fuel stations (313 including non-branded). The company's activities also include consumer goods retailing through its network of convenience stores, which are located at filling stations and in urban areas. Galnaftogaz is also engaged in wholesale of petroleum products and provides fuel storage and transport services to third parties.



BUSINESS CHALLENGES

The main reasons behind OKKO's decision to implement a **loyalty program** was to build upon the existing loyalty of its customers. This meant focusing marketing expenditure on retaining the best consumers while nurturing less profitable ones. Moreover, the goal was to develop a strong market advantage giving OKKO the opportunity to introduce the **first nationwide loyalty program** on the fuel market. Finally, loyalty offers added additional motivation in other sectors.

In May 2008, OKKO committed to establishing a profitable business to operate a **multipartner loyalty program**. OKKO envisioned that an optimal loyalty program should be:

- ▶ uncomplicated,
- ▶ range from simple to complex,
- ▶ fair and creative,
- ▶ a value for customers,
- ▶ profitable and obstacle-free.

OKKO recognized that an **effective loyalty platform** with broad functionality would be crucial for the company's development strategy. This solution should enable it to build and increase the attractiveness of its own offer as well as those of its partners, **strengthen customer loyalty, dynamically develop a customer database, increase sales** through gaining new customers, as well as enhance its image as a customer-centric company. Consequently, the effective use of modern loyalty marketing tools would **increase the company's market share**.

PROGRAM ASSUMPTIONS

As with similar programs around the world, members' transactions at OKKO stations should generate substantial incremental revenue and thereby contribute to the success and continued growth of the company.

FISHKA is the name of the loyalty program now available for OKKO petrol station customers and is based on the **Comarch Loyalty Management** solution.

The solution implemented by Comarch is dedicated to the **regular customers of OKKO petrol stations and convenience stores**. The program enables OKKO customers to collect points for any purchase made at a forecourt, including fuel, retail products, automotive services or from the café. OKKO provides their customers with many opportunities to accumulate extra points during promotional campaigns, events, games and other fun occasions.

While anticipating members' needs, the OKKO program offers an exchange of collected points for attractive awards and services at OKKO sites, as well as for additional privileges.

OKKO sets stringent requirements for its future loyalty solution provider to meet. OKKO wanted to provide its customers with **maximum versatility in the redemption** of accrued points. Such a flexible program required a flexible IT platform.

The solution provided by Comarch met all of OKKO's business and technical expectations. The system offers numerous possibilities,

such as the **automated issuance** of standard and bonus points, **customer segmentation, personalized communication**, as well as a wide range of **attractive promotions** based on various parameters, including products, previous promotions, periods of promotion validity, segments, sites, locations, etc. The list of awards includes automotive accessories and services, such as car wash, as well as consumer goods, entertainment and leisure products, children's toys, etc.

IMPLEMENTATION

Comarch Loyalty Management's **modular structure** allows for incomparable flexibility in terms of business rule definition as well as integration with other supporting systems. The system's flexible architecture incorporates various modules. For this project, Comarch has installed the **Business Administration Module** that acts as the system's engine and is the main module where business users interact with loyalty data. Integration also included the **Customer Web Application** which powers the website where customers can adjust their profile data, check their transactions and learn about personalized offers. The **Contact Center** module has also been included and is designed for the customer help desk based in the call center to support the management of customer interactions.

One of the most challenging aspects of the project was the tight implementation schedule. In November 2008, OKKO and Comarch reached an agreement to cooperate in the creation of a loyalty platform. Despite the time constraints, the five month deadline to launch the program was successfully met. On the 16th of May 2009, the **FISHKA program** was launched in two pilot regions of

Lviv and Kharkiv and by October 2009 it successfully expanded to all other regions of the OKKO network.

RESULTS

On average, Comarch Loyalty Management processes over **75,000 - 80,000 loyalty transactions** per day. The basic numbers from mid 2010 are the following:

- ▶ More than **60% of fuel sales** is made with a loyalty card
- ▶ Fuel loyalty transaction is **1.6 times higher** than a non-loyalty transaction
- ▶ C-store loyalty transaction is **2 times higher** than a non-loyalty transaction
- ▶ More than **1.2 million cards** issued
- ▶ Approximately **80% of points** are collected by registered customers

OKKO noted the following visible effects resulting from implementation of the FISHKA loyalty program:

- ▶ **Fuel retail growth of 20%** with a general market decline of 2%
- ▶ Combined marketing efforts of November-December contributed to **the highest growth rate** in the Company's history (the greatest contribution was from the loyalty program)

In spring of 2010, the program was joined by **Universalna Insurance Company** and **A la minute** restaurants.

In February 2010 OKKO noted over 300,000 active FISHKA members.



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