

**1to1 Magazine**

09/01/2001

Issue: September 2001

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Hudson's Bay Wants to Be the Place Where Everybody Knows Your Name

Marketing executives of Hudson's Bay Co. say the organization has always been customer-centric; but with 60,000 sales personnel in more than 400 retail facilities across Canada, it hasn't exactly operated like the local corner store. To restore the feeling that store employees know their customers, in May the organization launched HBC Rewards, an enterprise-wide loyalty initiative that combines data from existing rewards programs into one new program, to provide a centralized view of the customer.

Each of the company's brands has a distinct image. Hudson's Bay is targeted to middle- to upper-income earners and aims to be "the best department store," with the latest styles and trends. Zellers' mission, on the other hand, is to be "mom's store, priced right"-that is, a store that offers competitive prices and value. Home Outfitters, an extension of the Hudson's Bay brand, is a home-furnishings store.

Traditionally, the company treated these entities independently and acted as though their markets were distinct. However, research showed that many shoppers chose among these stores depending on the type of purchase they wanted to make, rather than who they were, and that their patronage was not exclusive.

Almost 9 million members

The program launched with the automatic enrollment of 7 million members from existing loyalty programs. Zellers had Club Z, with 6.5 million members, and The Bay offered air miles from a third-party coalition. The new program integrates across all brands and channels, including the company's online store, hbc.com. The new program was advertised through national TV and radio ads and in-store promotions. Credit-card and points-program customers also received direct mail and statement inserts. As a result of these efforts, the new HBC Rewards program currently has 8.8 million members.

Points earned by members can be redeemed for a variety of merchandise or gift certificates from a catalogue (print and online) or traded for air miles (allowing consolidation with other purchases). Members earn 50 points on every dollar spent and an additional 50 percent if they use an in-store credit card. Gold members-those who collect a minimum of 75,000 points annually-earn double points. Redemption values vary; for example, a \$100 gift certificate requires 900,000 points (without bonus offers, this requires purchases of \$18,000 for a regular member without a credit card). Gold members also have lower redemption levels (approximately 10 percent fewer points are needed).

Store associates like the program

HBC Rewards is being well received by store associates, primarily because they suggested many of its features. Through surveys and managerial feedback, associates indicated how they would like to help their customers, says Rob Shields, VP of CRM and loyalty. They also believe the program is what the customer wants. Through the use of technology, store associates can identify a shopper as an HBC Rewards customer and view his preferences when he swipes the card.

HBC is hoping that improved customer service, through the better use of information, will lead to more sales. A common roadblock is that "most people separate customer service and sales," says Stephen M. Riddell, president of sales training and consulting firm Global Performance Corp.

The company also will be able to identify Gold customers, whose value qualifies them for more earning opportunities and lower redemption levels. And in the future, retail associates will be able to check order status and provide program details and points levels through an intranet while the customer waits.

All employees-from IT to management-participated in education and training programs. Classroom sessions with role-playing, along with videos and manuals, helped employees understand how the program would benefit the customer and the

organization. The focus was on going beyond customer satisfaction. "We wanted the sales associate in a small rural store...to understand how having a bad mood one day can impact everyone," says Shields. "The art of CRM is in how you communicate with your customer.... Technology just enables your actions."

Even sales representatives who are commissioned on sales are reacting positively. According to Shields, the reps see that it is easier to sell to a customer when they already know what the customer likes. Being able to say "I know you like Calvin Klein, and we have some new merchandise coming in next week" is far more effective than pushing something the customer doesn't really want.

It's still too early to know the impact of the new HBC Rewards program, but Shields and his staff are putting a lot of thought into how they will measure its success. Neither sales nor satisfying the customer is the ultimate goal, according to Shields, who explains that customer satisfaction does not equal loyalty or repeat purchases. "We need a longer-term perspective on metrics and customer-derived success variables. We need the customer to tell us how they want to interact with us and then to tell us how we did." Sounds like a solid plan.

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