



# Boosting sales and site traffic, Coca-Cola breaks ground in customer loyalty

success story: marketing



<b>Client</b>	The Coca-Cola Company
<b>Challenge</b>	Use interactive technology to reward loyal consumers of Coca-Cola brand soft drinks and connect them to the company in new ways.
<b>Solution</b>	PIN-based loyalty program run on the FICO® Precision Marketing Manager platform.
<b>Results</b>	To date, 11 million + registered members have entered 600 million+ PIN codes; due to the program's success, Coke was recently named to the CIO 100 list.



*“FICO’s technology platform enabled us to execute a complicated direct-to-consumer marketing program. By understanding their preferences and passions, we can identify consumers across brands and experiences, and learn when and how to connect with them.”*

—Tara Scarlett  
Senior Manager, Consumer Relationship Marketing and Precision Marketing, Coca-Cola

In 2003, a North America-based marketing team at The Coca-Cola Company set out to reward the company’s most loyal consumers and build closer relationships with them. But a one-to-one marketing effort seemed a tall order for a company that serves 1.5 billion drinks a day.

The loyalty program they conceived, My Coke Rewards, launched in 2006, starting with the Coke, Diet Coke and Coke Zero brands. By April 2007, it had expanded to include 13 brands; within two years, it had become the company’s largest single marketing program, with more than 11 million + active participants. Key to its success is the platform that supports it, which runs on Precision Marketing Manager.

“Consumers have so many choices in the marketplace now,” says Tara Scarlett, Senior Manager of Consumer Relationship Marketing and Precision Marketing for Coca-Cola. “We wanted something that would stand out and reward our loyal Coca-Cola consumers for choosing the brand they love.”

In this short period of time, the program has created more loyalty than ever for the company. And Coca-Cola has learned something about its customers in the process.

## » A multi-brand experience drives customer loyalty

The first challenge for Coca-Cola’s marketing team was to imagine an interactive experience that

would motivate consumers to participate. The second challenge was to execute on the vision.

Over the course of its hundred-year history, Coca-Cola has amassed a product portfolio that includes some 400 brands—among them Dasani, POWERade, Sprite, Coke and Diet Coke—sold in almost every country around the globe. Different brands appeal to consumers in different life stages, but consumers also drink more than one beverage at a time in their lifecycle.

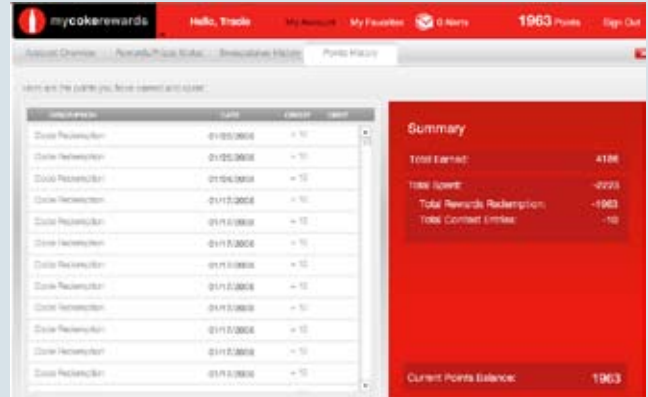
Coca-Cola’s US-based marketing team began by engaging FICO to help outline the business case for a platform that would enable all of the company’s brands to deliver interactive content direct to consumers via websites, email and mobile channels.

At the time, many brands had been hiring individual agencies to build consumer databases and launch interactive marketing programs. As a result, consumers were developing separate relationships with each brand. The same consumer might receive a Diet Coke health tips newsletter and an email coupon offer for their next purchase of Sprite. No one at Coca-Cola had an understanding of how that consumer engaged with each of the brands across every touch point. FICO had the answer: A system that combined best-in-class database services and analytics with a powerful marketing-services platform that captures, integrates and enhances consumer data.

## Marketing actions connect with relevance



## Loyalty rewards make it easy for members to manage their program 'wallets'



Automated marketing actions are deployed to My Coke Rewards based on consumer behavior, affinities, preferences and segmentation. Member accounts store balances in one or more “wallets” from which they can spend on site activities, awards or sweepstakes.

### » My Coke Rewards takes shape

With a viable platform in development, the idea for My Coke Rewards began to take shape. The program rewards consumers for purchasing Coca-Cola products by allowing them to collect PIN codes from bottle caps and product packages and trade them for points, which they can spend on rewards or online contest entries at [www.mycokerewards.com](http://www.mycokerewards.com).

Rewards and prizes range from gift cards and magazine subscriptions to rental-car upgrades and geographically targeted offers, such as tickets for an exclusive brunch with the Denver Broncos. In a bold cross-branding experiment, Coca-Cola has invited more than 30 partners to contribute prizes to the program, including Nike, Avis, Sony, Blockbuster, the NCAA and NASCAR.

The program runs on a powerful platform, FICO® Precision Marketing Manager, which aggregates consumer information into a single database and applies predictive analytic models for segmenting and profiling consumer behavior.

As more consumers participate in the My Coke Rewards program, the database grows, helping Coca-Cola to further personalize messages and offers that will in turn strengthen its connection to each consumer. Key to the platform is FICO™ Blaze Advisor®, a business rules management

system that drives the execution of real-time marketing actions across all potential consumer touch points.

“FICO’s technology platform enabled us to execute a complicated direct-to-consumer marketing program,” Scarlett says. “By understanding their preferences and passions, we can identify consumers across brands and experiences.”

And through FICO’s predictive analytics technology, Coca-Cola learns how to connect with those consumers. FICO® Precision Marketing Manager sifts through mountains of data to determine the next best action to take with any individual.

For example, Coca-Cola might personalize the look and messaging of a particular web page, email or mobile content, or send an exclusive offer. The ability to learn from a consumer’s actions, as well as their stated preferences, is key to the success of the platform.

“Even if they take the time to tell you what kind of content they prefer, consumers don’t always explain well what they want,” says Scott Kozub, Senior Marketing Manager, FICO. “If you say you’re interested in travel, but you choose a reward from the sports category, we learn from that behavior.”

Painstaking attention to detail and a process-oriented approach on the part of the FICO team helped ensure a smooth implementation. “We have a number of vendors working on this program, but thanks to FICO, we have a global view of where our data comes and goes, how we serve offers to each person, and how our systems interact with each other,” Scarlett explains.

### » Cross-brand success means longer customer engagement and increased sales

The success of an interactive marketing program can be measured in myriad ways.

For Scarlett and her team, the most important metrics to track are the PIN-entry rate, currently averaging about 30%, and the activity rate (the percent of consumers who take a next step to interact with the brand), which typically measures even higher than the PIN-entry rate. Both figures have exceeded the team’s expectations and lead the industry for interactive marketing performance.

Approximately 285,000 visitors per day enter an average of seven codes per second into the My Coke Rewards site, which has distributed more than 9 million+ prizes since its inception.

In addition, the site has logged 60 million+ sweepstakes entries to date.

Traffic to the site amounted to 8.6 million unique visits in the third quarter of 2007, up from 66,000 a year earlier (13,000% increase), making the site one the No. 2 consumer and packaged goods sites on the internet today.

More importantly, Coca-Cola has evolved its understanding of how to best use the data it collects. "We started with three brands and now we have 12," Scarlett says. "There are hundreds of ways we can slice and dice the data to come up with the best next action and create a more relevant consumer experience."

The resulting personalized web pages, emails, mobile content and rewards have created a new and profitable way for Coca-Cola to connect with its most loyal consumers.

As the numbers continue to come in, the team is confident the results will show that the program keeps consumers engaged with Coca-Cola brands longer and ultimately increases the consumption of its beverages.

As an additional benefit, the My Coke Rewards program has helped Coca-Cola get more value out of its sponsorship of events like the Olympics, NASCAR and "American Idol," and strengthened its relationships with resellers and other business partners. Likewise, consumers benefit with unique, targeted rewards.

"We've created opportunities for our customers to deliver added value to consumers by giving them access to exclusive prizes and events," says Scarlett. In one summer event, My Coke Rewards offered lug nuts from race cars used in NASCAR events as prizes. All 250 were redeemed in a single day.

Perhaps the greatest testament to the success of the My Coke Rewards program, and the platform behind it, is the rate at which other countries and regions are adopting the same tools for their own marketing efforts.

To date, more than 40 sites in 50 countries are using, or are in the process of deploying, the same precision marketing platform to run their own loyalty programs. At any given time, the platform may be running 26 custom programs and processing 400 transactions per second—and each interaction adds new insight into the tastes and preferences of the consumers who participate.

FICO started out in 2005 as just another Coca-Cola vendor, but by the end of its first three-year contract, it had become a valued business partner. The program has taken Coca-Cola's marketing efforts to new heights and turned skeptics at the highest levels of management into believers.

"Through the use of the FICO platform, Coca-Cola has gained operational efficiency and the opportunity to develop multi-dimensional profiles of our most valuable consumers," Scarlett says. "The results we're seeing make it all worthwhile."



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