

IAG Cargo

FWD.REWARDS

MARKETING SOCIETY EXCELLENCE AWARDS 2018

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**HOW WE MADE FREIGHT
FORWARDING REWARDING -
WITH A €27: €1 ROI**



EXECUTIVE SUMMARY

258 WORDS



EVER WONDERED WHY YOU CAN ONLY TAKE ONE OR TWO SUITCASES ABROAD?

One word: cargo. The entire world depends on airplanes to move cargo beneath the feet of passengers. From cadavers to camels, fashion to food – freight forwarders are the people who help send important goods overseas.

Think of them as the middlemen between the sender and the airline. They choose the best routes and airline carriers to send their clients' goods.

One of those carriers, IAG Cargo, (owner of British Airways, Aer Lingus, American Airlines and more) wanted more freight forwarders to choose them.



OUR OBJECTIVES

The cargo world is going through turbulent times. Industry demand is down whilst space is at an all-time high. With this in mind, IAG Cargo set us a challenge:

- To identify, acquire and retain more freight forwarders
- Resulting in long-term incremental value by €1.5m

SCALE OF THE TASK

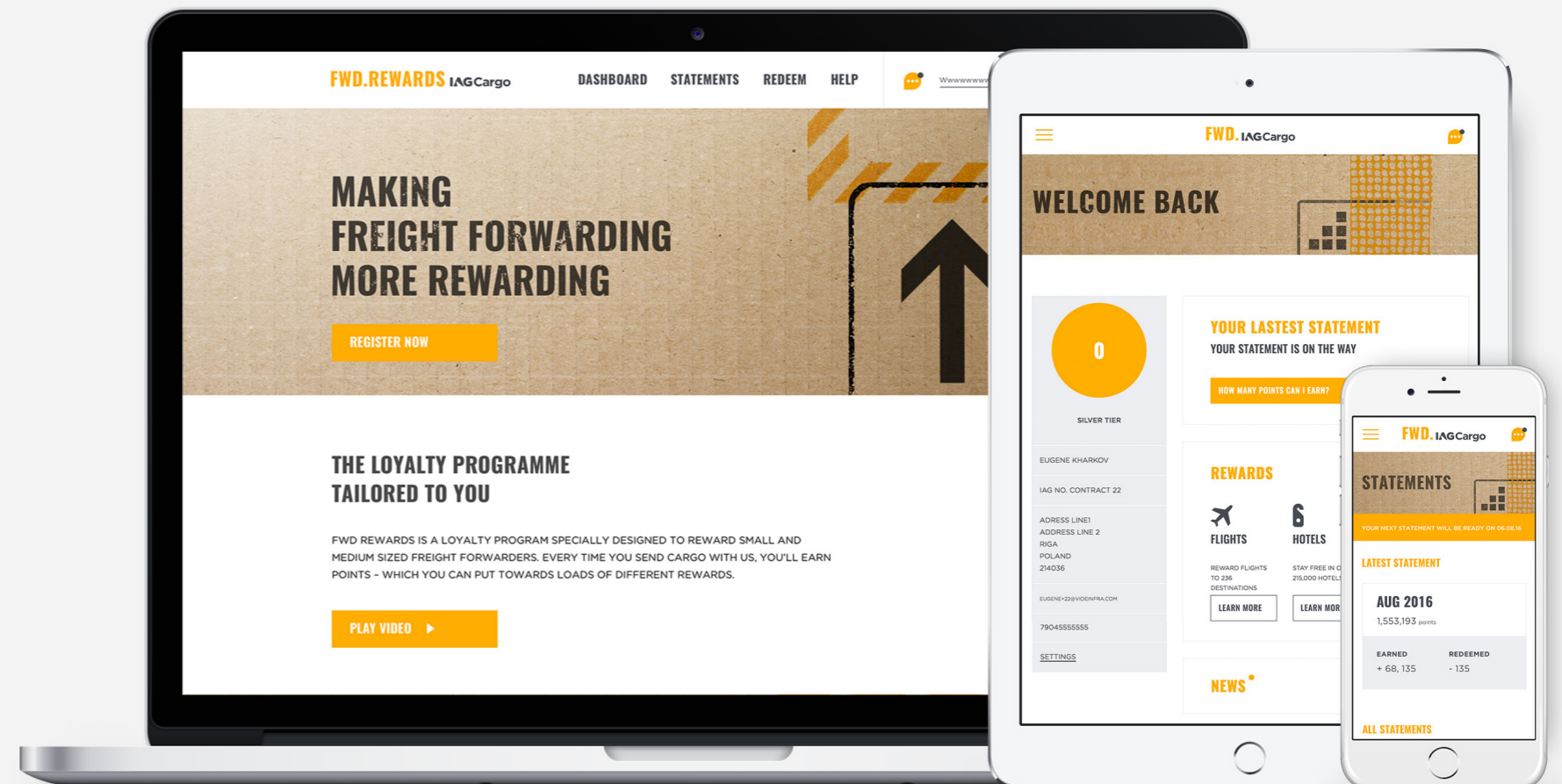
We had the challenge of growing IAG Cargo's business in a shrinking market where competition is tough. So here's what we did in brief:

- Identified the problem
- Defined the audience
- Conducted primary research to understand the audience, covering 350 destinations worldwide
- Created an effective, creative solution, including proposition, customer journey, UX and comms
- Ensured stakeholder buy-in and implemented the solution globally
- Measured and proved effectiveness

KEY RESULTS

Our work paid off, categorically excelling both of our objectives:

- A 394% increase in customer base
- With year-on-year spend against a stratified base spending 24% more
- Resulting in a €4.4m incremental programme spend
- And an incredible €27: €1 ROI



MAIN REPORT

1982 WORDS



TRAY TABLES TO UPRIGHT POSITION,
SEATBELTS ON AND DOORS TO MANUAL
AND CROSS-CHECK. **THE PING-PONG
OF THE CALL BELL PLAYS IN THE
ENGINE WHIR, AND THE OVERTURE TO
EVERYONE'S FLIGHT TAKES TO THE
SKY. FOR BUSINESS OR PLEASURE,
EVERYONE'S FOCUS ONLY GOES SO
FAR AS THE FREE DRINKS, IN-FLIGHT
MAGAZINES AND DUTY FREE.**

**AS THE WORLD BENEATH THEM DROPS
AWAY, NOBODY WILL CONSIDER THE
OVERLOOKED BUT ESSENTIAL WORLD
IN THE BOWELS OF THAT FLYING METAL
TUBE – THE WORLD OF CARGO.**



INTRODUCTION



WHAT

Our world depends on a vast network of people and planes to transport goods, whether it's a smartphone or a bunch of bananas. These items are flown to the UK beneath hundreds of passengers blissfully unaware.

Brokering this world are freight forwarders: the intermediaries between the businesses that have something to send and the airlines that can send it. They choose the best routes and carriers based on their client, sorting the paperwork and taking a subtle profit in the process.

WHO

With over 15,000 global flights each week, IAG Cargo is one of the world's leading airlines.

International Airlines Group (IAG) is the holding company who own British Airways, Aer Lingus, Veuling, American Airlines and LEVEL. With this many airlines, they have an envious reach of over 90 countries and 500+ first-rate airplanes.



THE CHALLENGE

It's a tricky time for the industry. The ability to fly cargo has increased but demand has plummeted. IAG Cargo has had to up their game - re-thinking how they attract more freight forwarders to hit a €1.5m business target.

That's where we came in.



OUR APPROACH

Our approach was fourfold:

- **Identify** the right type of forwarding customers to grow
- **Understand** them as much as possible
- **Create** the best solution
- **Execute** and prove success

IDENTIFYING CUSTOMERS

THE BUSINESS

We started by interviewing key stakeholders at all levels of the business. From IAG's CEO to the people on the runway.

Early on in interviews with senior stakeholders, it became clear that IAG Cargo made the most profit on premium services. So selling the right type - such as constant climate, rapid or medical - of service would be most beneficial.

CUSTOMER SEGMENTS

We noticed that IAG was operating in a risky manner. Freight forwarders were split into three groups based on spend:

1. Global Key Accounts - with annual spends of over 10m
2. Regional Key Account - with annual spends between €1.3m and €10m
3. Small/Medium Enterprises - with an annual spend below €1.3m

A massive **65%** of IAG Cargo's revenue came from GKAs (Global Key Accounts), locked in yearly contracts. IAG Cargo was dangerously dependent on these accounts, without no hope of increasing headroom.

Using industry and IAG Cargo customer transaction data, **we discovered that SMEs (Small/Medium Enterprises) had the greatest headroom to grow revenue.** They became our target audience, reducing the dependency on GKAs and **balancing out revenue with SME trade.**

CUSTOMER RESEARCH

We needed to uncover the pains and motivations of SME freight forwarder customers to understand how we could encourage them to choose IAG Cargo.

Qualitative research gave us this insight.

WE CONDUCTED
OVER 25 DEPTH
INTERVIEWS
AROUND THE
WORLD

METHODOLOGY

Having crafted discussion guides to ensure we could extract the most insight as possible, **we conducted primary interviews with 25+ SME freight forwarders around the world**; travelling from New York to Redhill and Barcelona. These interviews were sorted by frequency of use, geographic location and service type, to ensure a wide coverage. We **also interviewed IAG Cargo SME sales staff** to gain another invaluable angle on our audience.

CUSTOMER INSIGHTS

Being the first time that IAG Cargo had focused on SME-sized freight forwarders, the results were incredibly interesting. We amassed a huge variety of cultural nuances across the cargo world, which we banked into a regional matrix to ensure whatever our output was, it would be regionally appropriate. And amongst smaller insights, we came across three game changers:

IAG CARGO APPEARED TOO BIG TO CARE ABOUT SMES

The business needed to show ongoing appreciation for SMEs. We realised IAG Cargo sales staff were a key part of ensuring a lasting and valuable business relationship

SME-SIZED FREIGHT FORWARDERS GET FEW REWARDS BUT THEY'RE WELL DESERVED

IAG Cargo needed to make freight forwarding more rewarding. And the greatest reward for SMEs is success.

If their business grows then the rewards are both financial and emotional

THERE ARE TWO KEY AUDIENCES WITHIN SMES

These being senior freight forwarder founders/owners and booking clerks. The owners care about the longevity of their organisation, making a shortlist of preferred airlines to do business with. Booking clerks are more junior. What matters to them is personal development and immediate rewards

SME FREIGHT FORWARDERS

AUDIENCE
OUTLOOK
MOTIVATION
SENTIMENT

BOOKING CLERKS	SENIORS/OWNERS
SHORT TERM INVESTMENT CHANGING JOBS	LONG TERM INVESTMENT STAYING IN POSITION
PERSONAL GROWTH REWARDS ARE FUN	BUSINESS GROWTH · PERSONAL REWARDS ARE FUNCTIONAL
IMMEDIATE	INVESTMENT

UNLOCKING CUSTOMER VALUE

We needed to craft a solution that encouraged SME freight forwarders to choose IAG Cargo. And at the time they felt very undervalued.

This audience is hungry for growth, whether it's business growth or personal skill growth. So that's what we chose to focus on, creating a best-in-class global loyalty programme to make freight forwarding more rewarding.



MAKING FREIGHT FORWARDING MORE REWARDING

THE PROPOSAL: CUSTOMER LOYALTY IN AN SME PROGRAMME

We were extremely confident about the idea of a loyalty programme.

We knew that SME freight forwarders wanted to be recognised for their successes and efforts. So we produced several propositions and reward features, and tested them in quantitative surveys with a chunk of our audience.

THE PROPOSAL

THE IDEA

Under the banner of 'making freight forwarding more rewarding', we arrived at an 'always on' loyalty programme that rewarded senior owners and booking clerks in the following, culturally appropriate ways:

SENIOR OWNERS

- Industry training
- Special discounts
- Free flights
- Hotel vouchers
- Seat upgrades

BOOKING CLERKS

- Gift vouchers
- Free drinks
- Paid for social events



REWARD FLIGHTS TO
236 DESTINATIONS



SHIP
CARGO FOR FREE



STAY FREE AT OVER
215,000 HOTELS



BONUS REWARDS
FOR YOUR TEAM

For SME owners, the success of their business was the best reward, while booking agents sought more immediate, tangible rewards.

We analysed the customer database, overlaid with market data and created a segmentation to allow us to drive value by setting spend targets that result in monthly rewards. Simply send enough freight with IAG Cargo to meet the monthly points target and you'll earn a reward.

We also created an automated CRM programme requiring minimal effort from IAG sales agents to personalise, which we'll come on to later.

THE CREATIVE IDEA

We named the loyalty programme FWD.Rewards. The branding was strong, as was the mission statement:



**THIS IS FOR THE ONES WHO GO THE EXTRA MILE.
BECAUSE IF THEY DON'T, SOMEONE ELSE WILL.
THIS IS FOR THE ONES WHO KNOW THERE'S NO 'I' IN TEAM.
BUT A BIG FAT 'YOU' IN SUCCESS.
THIS IS FOR THE ONES WHO TAKE ON THE BIG GUYS.
WHO THINK SHARPER, ACT FASTER.
AND ABOVE ALL, WORK HARDER.
WHO DON'T EXPECT A THANKYOU, BUT APPRECIATE IT JUST THE SAME.
BECAUSE WHILE GROWING A BUSINESS IS ITS OWN REWARD,
WHOEVER SAID IT SHOULD BE THE ONLY ONE?
THIS IS THE NEW LIFT LOYALTY PROGRAMME FROM IAG CARGO.
GROWING YOUR BUSINESS HAS NEVER BEEN MORE REWARDING.**

ORIGINAL THINKING TO INCREASE CUSTOMER REVENUES

Our loyalty programme wasn't just about earning points. The whole purpose was to increase customer loyalty and increase their revenue

REWARDING BEHAVIOUR WE SEEK

THE SPEND TARGET

The booking clerks and founders are sent monthly communications containing insight and thought pieces on the cargo industry, as well as information on IAG Cargo's most profitable services. This ensures IAG Cargo stays front of mind and ahead of the competition.

But the hardest working facet that drives incremental value is the monthly spend target. Produced from a detailed analysis of each SME's spending, these targets grew incremental spend with IAG Cargo. This not only set us on track to reach our incremental growth target, but the loyalty element ensured retention, as well as guaranteed acquisition from other forwarders who want their work to be more rewarding.



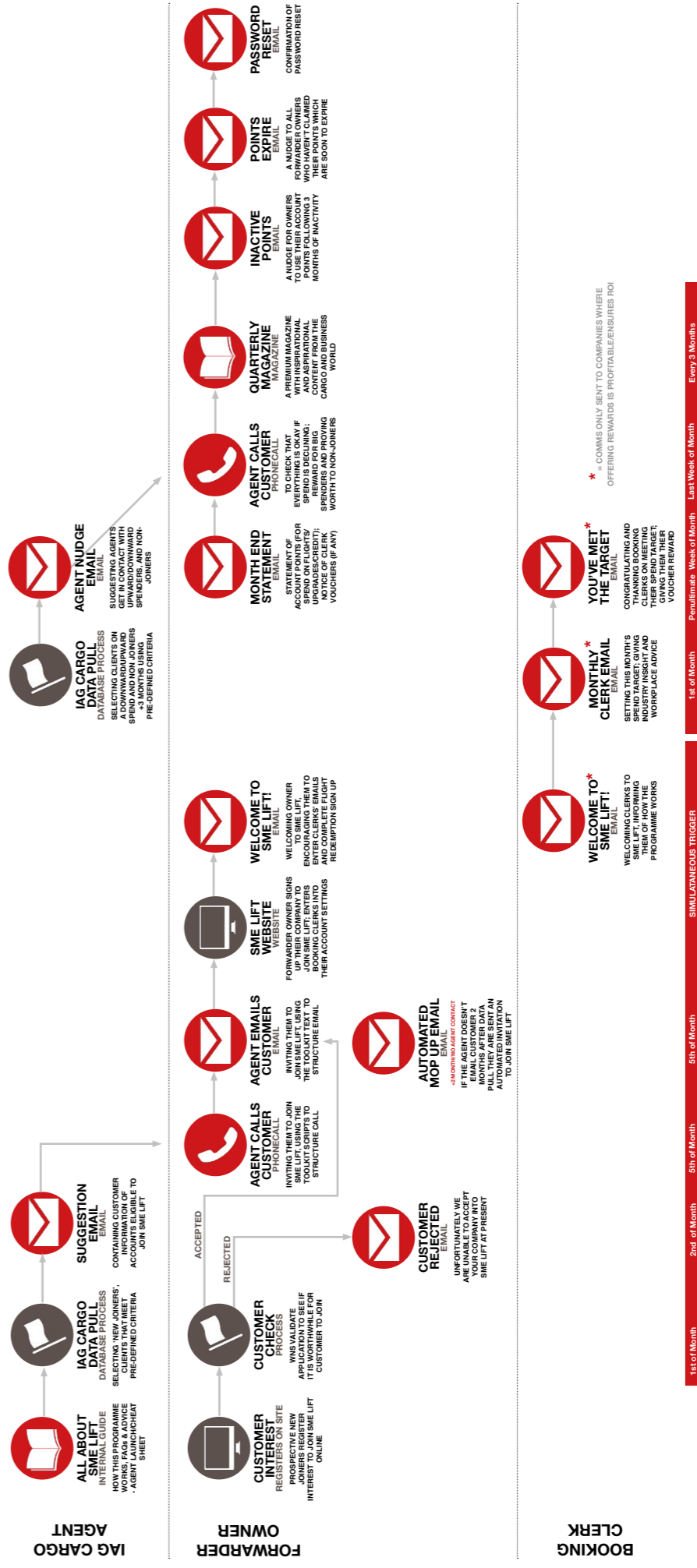
IMPLEMENTATION

The key to this programme was ensuring SME freight forwarders felt valued. It wasn't enough to offer rewards as a means of recognition – we needed to improve the relationship between IAG Cargo staff and their SME clients.

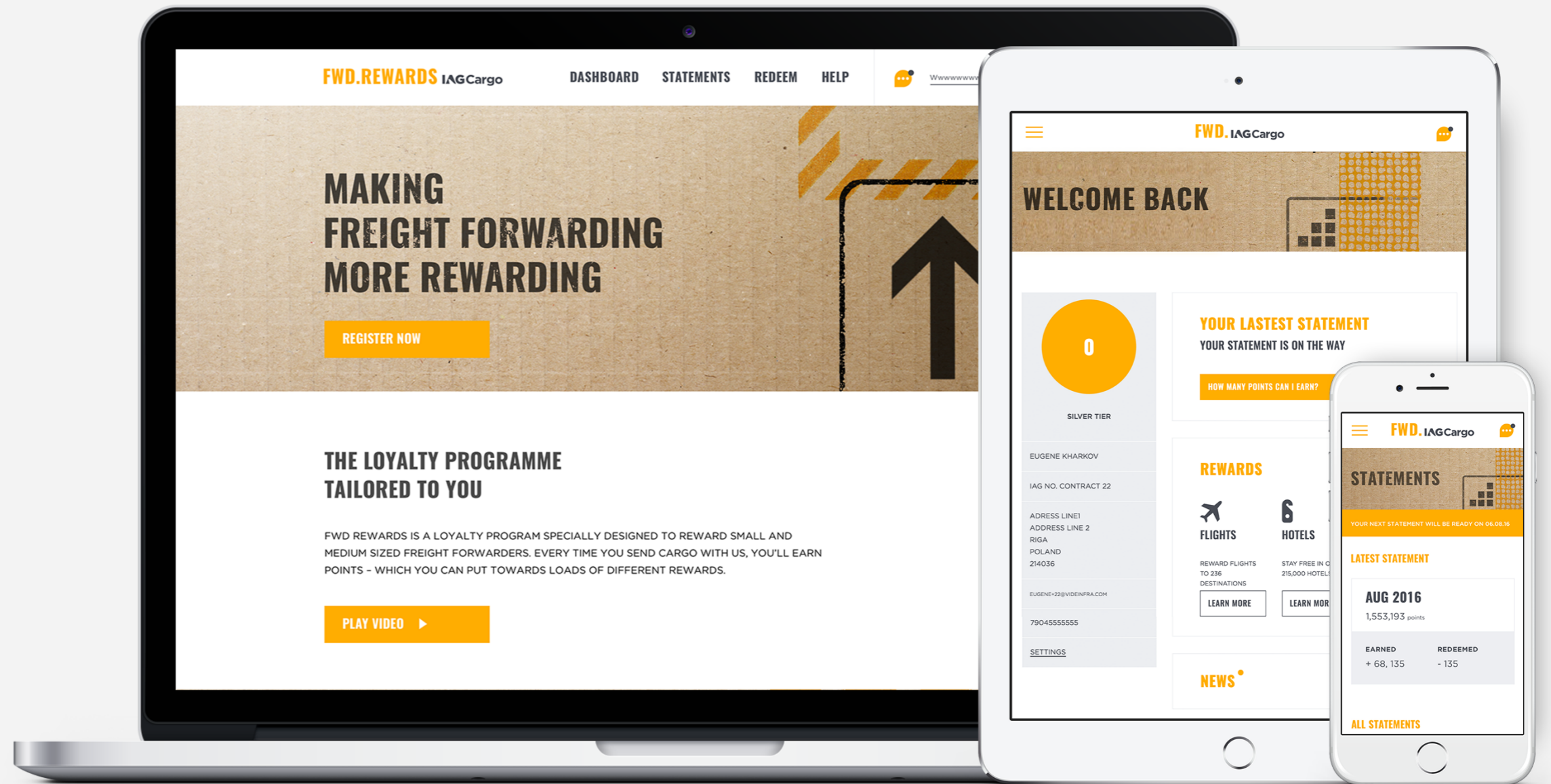
IAG staff felt there was an issue with how much time they were spending keeping IAG Cargo front of mind for their clients. Tasks such as setting up meetings and emailing engaging content were taking up their day, so we built a fully automated and personalised FWD.Rewards CRM programme.

FWD.Rewards also contains a dashboard that allows IAG staff to see the points earned and use rates of SME forwarders. This enables them to go to SME meetings and have meaningful conversations about their spending, as well as their proximity for rewards. IAG Cargo agents are thereby empowered by the programme, with strengthened relationships.

SME LIFT CUSTOMER JOURNEY COMMS PLAN



THE WORK



WEBSITE/MEMBER HUB/SALES AGENT HUB



LIVERY SKINS



FWD.REWARDS EVENT TRADE STAND SIGN UP POINT



THE RESULTS AND ROI

The purpose of FWD. Rewards. was to grow the customer base, and retain and nurture their lifetime value. We aimed to achieve 200 sign-ups in the first quarter - but we excelled with:

788 new sign-ups in the first quarter

394% increase in SME base

€4.4m incremental spend from these customers

And a **€27: €1** ROI

**A 394% INCREASE IN
SME CUSTOMER BASE
AND SUBSEQUENT
REVENUE INCREASE
OF €4.4m AS A
RESULT OF OUR
WORK. THAT'S THE
TICKET.**



RECEPTION

Our loyalty programme and acquisition campaign was met with universal positivity.

Here's what one SME owner had to say:

“I plan to steer as much freight as possible your way to build these [points] up as they come in quite handy!”

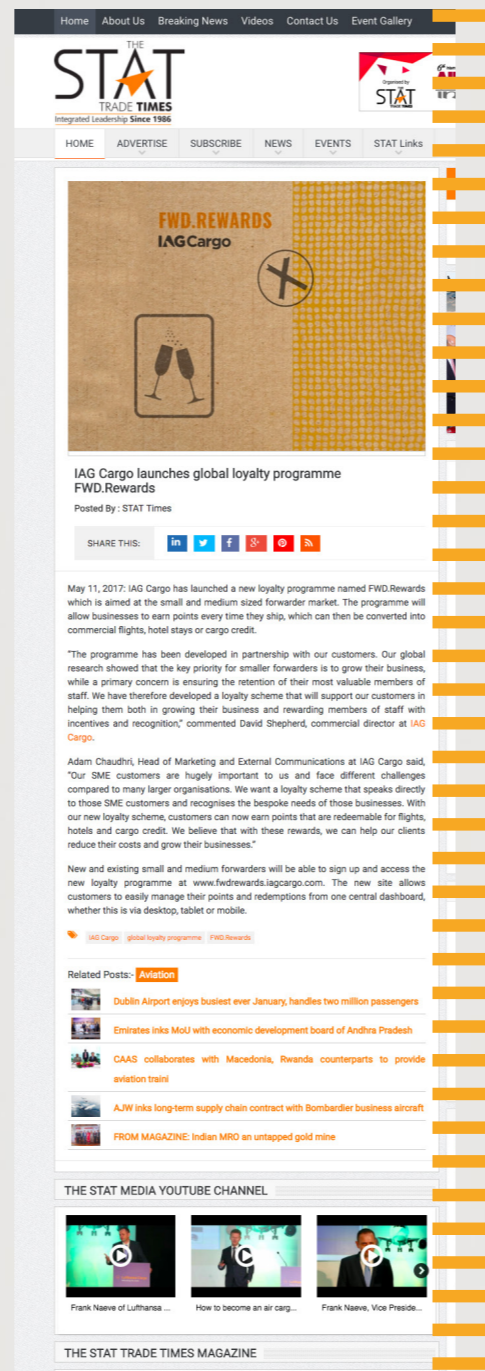
- Dave Gibson of AeroNet LAX.

Year-on-year, these customers are spending 24% more in a market that is in decline.

Since the introduction of FWD.Rewards, revenue from members has increased **incrementally by €4.4m** compared to last year.

Our work has helped IAG to strengthen relationships between SME owners and booking clerks. We've had industry praise too, garnering interest in the press and leading the way as an industry-first venture.

€27: €1 ROI



APPENDIX

CLIENT COMMENTS



ENDORSEMENT

Take-up has been fantastic – I think around 700 forwarders have signed up already. It's another step as we go along this journey to be truly customer-centric.

- Lynne Embleton,
IAG Cargo CEO

The programme has been developed in partnership with our customers. Our global research showed that the key priority for smaller forwarders is to grow their business, while a major concern is ensuring the retention of their most valuable members of staff. We have therefore developed a loyalty scheme that will support our customers in helping them both in growing their business and rewarding members of staff with incentives and recognition

- David Shepherd,
IAG Cargo Commercial Director

Our SME customers are hugely important to us and face different challenges compared to many larger organisations. We want a loyalty scheme that speaks directly to those SME customers and recognises the bespoke needs of those businesses. With our new loyalty scheme, customers can now earn points that are redeemable against flights, hotels and cargo credit. We believe that with these rewards, we can help our customers reduce their costs and grow their businesses

- Adam Chaudri,
IAG Cargo Head of Marketing and External Communications



CREDITS

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THANK YOU



