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# catalog

SUCCESS

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## OUTFRONT

### case study

## Third-Party Profits

**Problem:** Lillian Vernon wanted to increase the lifetime value of Internet customers.

**Solution:** It partnered with Webloyalty, an online loyalty program provider.

**Results:** Webloyalty is one of Lillian Vernon's most successful, third-party partnerships.

Lillian Vernon has a history of partnering with third parties to offer various products and services to its customers in a bid to provide extra value for its brand at the point of sale. For example, customer service reps have offered magazine subscriptions and flowers to customers who place catalog orders via the call center.

But Lillian Vernon wanted to expand these third-party programs to the Web to reach more of the company's customer base, says Jonathan

Shapiro, president of the White Plains, N.Y.-based general merchant. In June 2004, the company implemented Webloyalty's Web-based subscription services to fill this gap.

Webloyalty offers several of its subscription programs to Lillian Vernon customers. For a monthly fee of about \$10, customers can enroll in the Reservation Rewards program, which offers discounts at restaurants and stores in their towns in addition to travel protections such as roadside assistance and hotel overbooking insurance. Other programs include identity-theft protection and discounts at online retailers.

When a customer places an order and enters her payment information on Lillian Vernon's site, she sees a banner ad offering a \$10 discount on her next purchase with Lillian Vernon. When she clicks on the banner, she's

presented with just one of Webloyalty's various subscription programs. If she signs up for a 30-day free trial, she gets the discount on a future purchase and Lillian Vernon is paid a commission by Webloyalty.

Webloyalty covers the cost of the discount, considering it a cost of doing business. And while most of Webloyalty's sign-ups from Lillian Vernon's Web site are for the Reservation Rewards program, Webloyalty tests other offers to which customers might respond.

Shapiro notes that the program benefits everyone involved. Webloyalty gets a new member, the Lillian Vernon customer benefits from great discounts, and Lillian Vernon benefits through the compensation it's paid and the good will generated by the customer's enjoyment of her discounts.

The program took about three months to implement and test before Lillian Vernon made it live on its site.

"We could've done it



[more quickly], but we wanted to do it right and make sure everything was functioning correctly before we turned it on for the masses," Shapiro says.

Rick Fernandes, CEO at Webloyalty, says program implementation can take as little as a few days, since the actual program resides on Webloyalty's server. Merchants simply host the banner ad that links to it. He does admit most retailers take some time to test the program before going live.

While Shapiro declined to give specific results on Webloyalty's impact on customer lifetime value, he did say Lillian Vernon has profited from the program, and customer lifetime value has increased.

—Matt Griffin