

LOYALTY PROGRAMS OF KYIVSTAR COMPANY

Nowadays, Kyivstar Company is a leader on Ukraine's telecommunications market. Due to the fact that the market is overloaded, there is no sense to 'conquer' new customers; thus, company's activities will be directed at keeping existing customers. This segment is investigated in this work.

Today the Company offers quite a wide range of services, special offers and rates. Each customer may choose the most fitting and beneficial terms for himself, but, nevertheless, there is only one loyalty program.

The loyalty program can be described as offering a possibility for customers, whose length of service is 6 months or more, to receive a cash bonus into their accounts. Also, the bonus amount directly depends on the customer's length of service, i.e. the longer that length is, the higher bonus a customer gets. The bonus amount also depends on money spent by the customer on communications services which include voice calls, sending SMS and MMS. For example:

Percent	2%	5%	8%	11%	15%
Length of service, mon.	More than 6	12-23	24-35	36-48	от 49
Bonus amount provided the customer spent at least 100 hrn	2 грн.	5грн.	8 грн.	11 грн.	15 грн.

Loyalty programs usually don't provide additional profit to the company, in fact, they sometimes result in minor loss. These programs allow to form a positive attitude for a customer towards the company, to show the company's care about a customer and, among others, to keep existing customers.

Besides, customers try to lower their expenses due to the economic climate in the country, that's why they may change mobile service providers as a reaction on advertising free calls to all directions.

Regarding this, a new 'New Loyalty Program' has been developed which will

allow to keep the existing customer base at the current level.

New Loyalty Program Conditions

Kyivstar Company offers a possibility to add the 'New Loyalty Program' to their account for all customers whose length of service is 2 months or more. The program addition is free and can be done via an application through 477 service number, or via 'My Kyivstar' website. The application is fulfilled immediately.

The program conditions are as follows. The customer gets 10% of refill amount for 30 or 100 hrn. account refill using a scratch-card (produced by Kyivstar), which would equal to 3 hrn. for 30 hrn. card and 10 hrn. for 100 hrn. card respectively.

This bonus may be received only once during a calendar month for the first account refill using a scratch-card. The bonus validity term is not limited. Bonuses add up when a new bonus is received. The customer may spend his bonus cash for voice calls to all mobile service providers' numbers in Ukraine, for landline voice calls and for international calls, as well as for SMS and MMS sending to all directions within Ukraine.

It is also planned to time the program launch to the New Year holidays – to fulfill the customers' need to 'use some New Year special offer'.

We will complete a segmentation to find out which customers exactly would be an ideal audience for the 'New Loyalty Program', in other words, to understand what kinds of customers make the biggest part of company's customer base and what kinds of customers are mostly inclined to changing their provider. This will allow to find answers to our questions and complete the company's main goal for today, which is to keep the existing customer base at the current level.