

FFP Interview – Bram Hechtkopf

Bram Hechtkopf
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About Bram Hechtkopf

Bram leads the "marketing of Kobie Marketing". He consults with current and prospective clients on new business opportunities, helping to develop customer retention and loyalty marketing solutions that drive increased retention and spend. Following in the footsteps of his father, Kobie's founder, Bram is eager to continue Kobie's vision of technology and data analytics as enablers of leading-edge marketing executions for world-class customer loyalty initiatives.

Prior to Kobie, Bram served as a Manager for Human Capital Transaction Advisory Services for Ernst & Young, LLP, where he developed and presented analyses and recommendations on executive incentive and equity plan design and due diligence findings to senior management and the Board of Directors of Fortune 1000 clients. Prior to Ernst & Young, Bram worked with Towers Perrin in Manhattan as a consultant specializing in incentive plan design for executives and sales forces.

Bram received his Bachelor of Business Administration degree with honors from the Goizueta Business School at Emory University with a concentration in Marketing and Information Technology.

What have been the recent trends in the loyalty industry? Do you feel loyalty is heading in the right direction?

Just like other verticals, the airline industry is much more focused on customer experience. Companies are getting smarter and offering more sophisticated loyalty programs that go beyond basic point rewards. For some firms, loyalty is even considered its own profit center. That said I'm not entirely convinced loyalty is headed in the right direction as, once on the plane, aside from first class the customer experience remains all but forgotten. So in that regard, the industry still has a ways to go.

Is the airline loyalty program of the future primarily a source of revenue, a tool for strengthening loyalty, or a balance between the two?

It is definitely a balance between the two. Airlines are becoming savvy retailers and driving significant ancillary revenues. But it's important that airlines strike a balance as you don't want to alienate or squeeze too much from your best customers.

Do you see customer dissatisfaction with limited award seat availability as an issue that will continue to plague the modern loyalty program? How can programs work to mitigate this problem?

Loyalty marketers essentially control value by dictating how many points are required to earn awards. I understand the rationale for maximizing inventory but one way to mitigate this issue would be to expand availability on more popular routes. And devaluation is a real concern, especially for co-brands. Suffice to say, I am not a fan of emerging programs that allow points to be gifted away at a discount.

Are co-branded credit cards becoming the new backbone of the loyalty program? Are consumers switching to the co-branded card as their primary means of accruing points, and if so, how is that changing the concept of a loyalty program?

I would argue that co-brands have been the backbone of the industry for some time now as they are very popular with consumers. The reality is that they also acted as a lifeline for airlines to raise critical capital to help weather the recent economic downturn.

What are the essential partners for a successful frequent flyer program (FFP)? What do you see as growth areas in terms of FFP partnerships?

Certainly, most airline programs already have the core ingredients—hotels, car rental companies, retail, credit card, etc.—but were starting to see a number of clever new partners emerge as well.

Database acquisition and management have become critical elements of the modern FFP. Do you think the industry as a whole is doing a good job using this data?

No matter the industry, businesses need to do a better job of mining the data they already have at their fingertips. This behavioral data is a treasure trove to be used for segmenting and personalizing communications that enhance the customer experience. Some companies are starting to do this better than others but most are only beginning to understand how to tap into this data to make their loyalty communications outreach more relevant.

How has social media changed the concept of loyalty marketing? What would you expect to be the next phase of development for airlines in the social media sphere?

The so called SoLoMo (social, local and mobile) approach is essential to leveraging loyalty programs. While the notion of word-of-mouth marketing is not new, social media takes it to unprecedented levels with supersonic speed. Within two short years, mobile devices (smart phones and tablets) have become the dominant mode of online research so the opportunities to drive value and provide the customer with a seamless experience can be leveraged today. For example, we help one of our clients, Hawaiian Airlines, drive engagement through their popular new mobile app that empowers customers to connect with local merchants. Once all the airlines figure out how to maximize these channels and integrate behavioral segmentation, the opportunities will be endless.

About Kobie Marketing

Forrester Research recently named Kobie a leading loyalty marketing service provider, ranking them highest for their technology platform, customer satisfaction and program management services. Kobie Marketing is a global leader in loyalty experience and an industry pioneer, delivering end-to-end strategy, technology and program management solutions. For nearly 25 years, Kobie has provided innovative loyalty programs to the world's most successful brands, helping clients receive incremental revenue, product and household penetration, and brand advocacy. Kobie delivers using Alchemy™, a best-in-class loyalty marketing technology platform. To learn more about omni-channel loyalty, visit the new company website Kobie.com.

