



**Malaysia Airlines Golden Boutiques
Sdn Bhd
Loyalty Rewards Program**

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Chief Operating Officer**

Malaysian Airlines Golden Boutiques Sdn Bhd

B O U T I Q U E *Golden*^E

- Wholly-owned by Malaysia Airlines
- Retail arm of the company

NATURE OF BUSINESS

I) TRAVEL RETAIL BUSINESS

- Inflight Sales
- Airport Shop
- Mail Order

II) LOYALTY CARD BUSINESS

- Buy N Fly Program

LOYALTY CARDS - A BRIEF HISTORICAL MALAYSIAN PERSPECTIVE

- PETROL OPERATORS

- Fleet Cards
- Individual Cards

- DEPARTMENT STORES - EARLY 1990's

- Foreign operators make an impact
 - Isetan
 - Jaya Jusco

Today, most local retailers have some form of loyalty card program.

- TELECOs

COMMON CHARACTERISTICS

- Validity of card usage
 - Only at issuing organizations
(I.e. single purpose)
- Benefits to cardmembers
 - Cash rebates on purchases made at issuing organizations
 - BONUS POINTS which can be exchanged for household durables (e.g toasters, rice cookers)
 - Gift vouchers as a % of total cardmembers spend, usually given half- yearly or annually. Validity of vouchers in issuing organization only.
- Technology Application
 - Magnetic Strip plastic card

MALAYSIA AIRLINES FREQUENT FLYER PROGRAM

In the airline industry loyalty programs are developed involving rewarding frequent flyers with “ AIRMILES”.

Malaysia Airlines maintain a frequent flyer program called “ENRICH”

- 1) ENRICH GOLD CARD
- 2) ENRICH BLUE CARD



What is BUY N FLY Program?

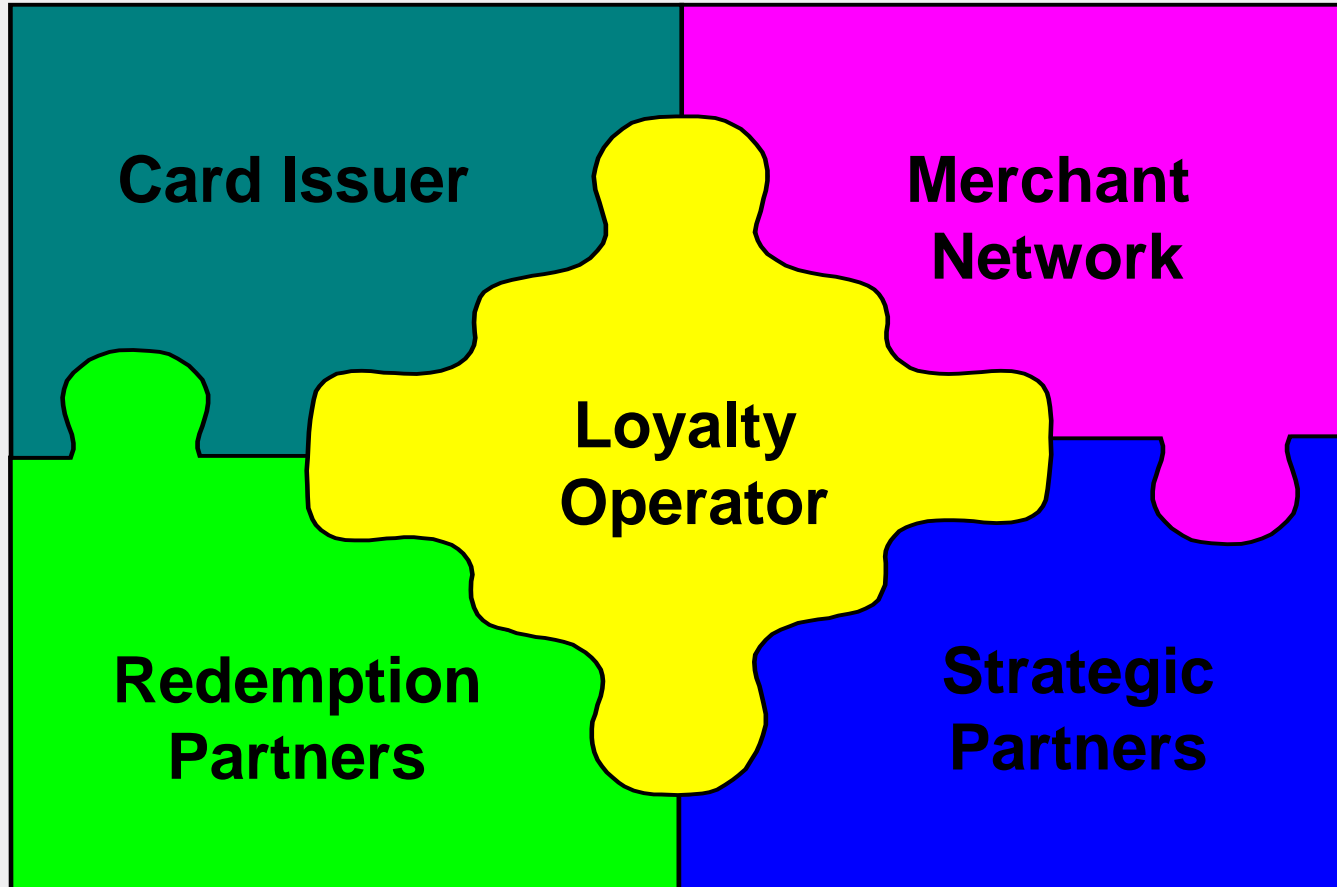
- Launched in December 1999.
- It's a loyalty program for participating **merchants** where card members are awarded with air points when they shop and dine.
- Merchants contribute a percentage of each cardmembers sales transaction as AIRPOINTS.
- Malaysia Airlines provides the redemption of air points with air tickets to any of its destination worldwide, holiday packages and exclusive Golden Boutique merchandise.

“Turning shoppers into flyers”



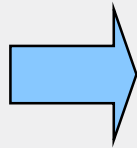


Key components of the rewards scheme



The world's first Combi card

2 interfaces in
a single chip



Contact for rewards application
Contactless for Touch n Go
(Expressway toll payment)

Multiple functions in a single chip



A Reward Card



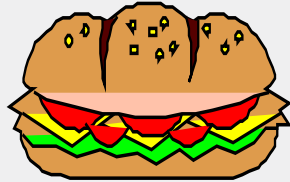
A Transport Card



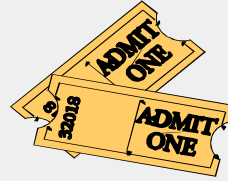
An Electronic Cash Card



How Does It Work



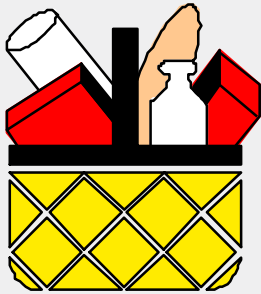
Restaurant



Entertainment



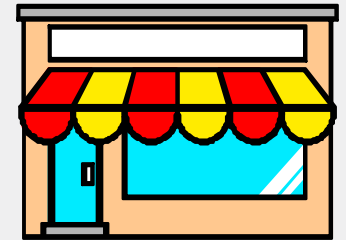
Shopping



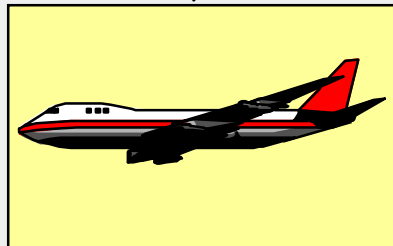
Supermarket



Air Points redemption

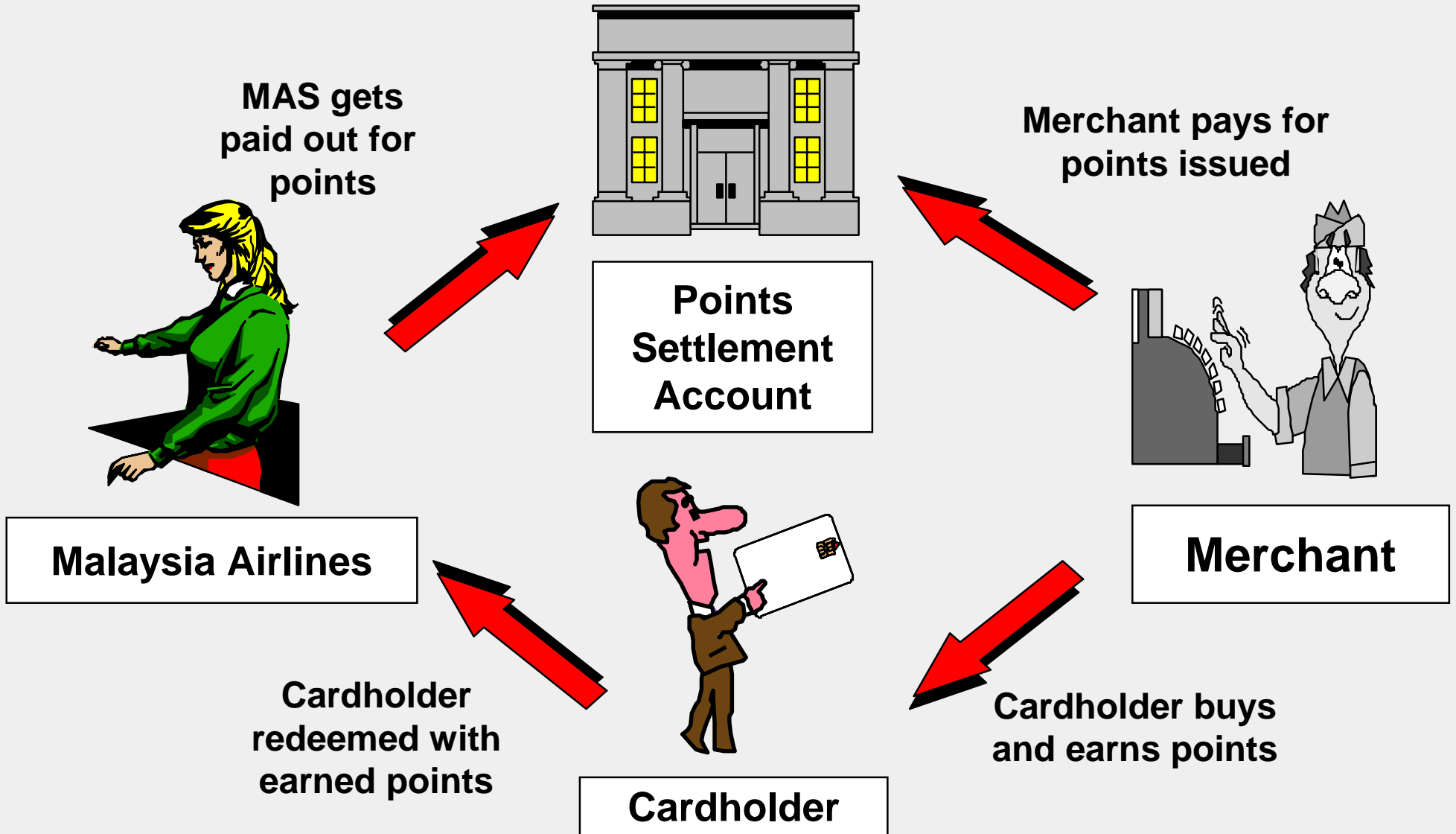


Boutique Shop



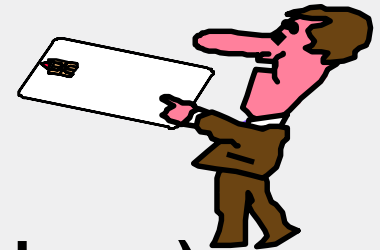
Rewards

Airpoints Points Settlement



Value proposition to card members

- Easily achievable travel rewards from MAS
- High perceived value rewards
- Welcome gifts worth RM 150
- Free Touch n Go function
- Air point when using Touch n Go lanes (next phase)
- Instant points on the chip
- Rules are simple and flexible
- Points transfer to Enrich frequent flyer program
- Points transfer from credit card spend



Value proposition to merchants

- **Low entry cost**
- **Low infrastructure cost**
- **Off-line operation**
- **Points fully credited to card members account**
- **Traffic from multiple / co-branding programs**
- **Interactive relationship with card members at point of sale**
- **Not anchored by any competing retailers**
- **Data mining possibilities**



The Buy n Fly merchant network includes:

- **Branded boutiques**
- **Established retailers**
- **Airport & duty free outlets**
- **Petrol stations**
- **Fine restaurants**
- **Hotel F&B outlets**
- **Telecommunication partner**
- **Insurance**

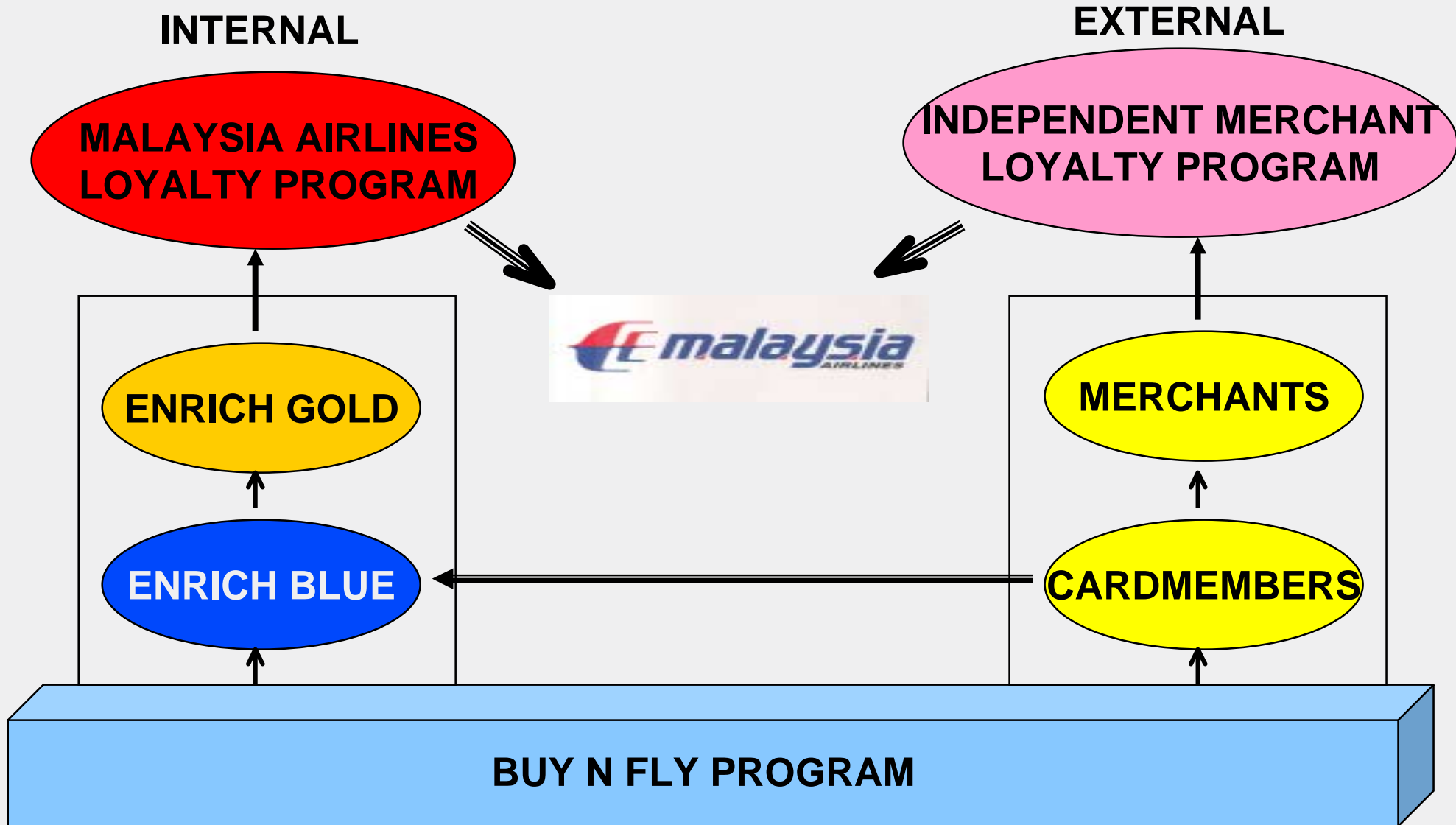
Program milestones

- Malaysia's largest multi-partners rewards program
- Malaysia's first rewards card on smart card
- Malaysia's best travel rewards program
- World's first to use the Combi's technology
- First airline company to use smart card for loyalty / rewards scheme



THE BUY N FLY PROGRAM

“EXTENDING CUSTOMER LOYALTY”



Thank you for your attention.



Visit us at www.buyfly.com.my