

CUSTOMER LOYALTY PROGRAMME

The RZD Bonus Loyalty Programme was launched in 2012, driven by a simple model: passengers are offered the opportunity to purchase railway tickets with points earned through travelling. Six largest banks have become the Loyalty Programme partners: ALFA-BANK, ROSBANK, Bank Otkritie Financial Corporation, Raiffeisenbank, Loyalty Programs Centre (Spasibo from Sberbank), and Gazprombank. We also established partnership with MIR Russian national payment system. Partnerships enable customers to earn points faster through daily shopping and get a faster access to the privileges offered by RZD Bonus Programme. Every sixth trip on average may be paid for with points, which is much faster than with airline loyalty programmes.

Partnerships with banks earn FPC an extra monthly revenue of RUB 5–6 million, keeping the loyalty programme viable.

RZD Bonus Loyalty Programme's performance in 2018

1. New customers attracted to the RZD Bonus Loyalty Programme

The number of customers who take advantage of the RZD Bonus Loyalty Programme has reached 4 million in 2018. This is the largest increase since the programme started. Over 1 million new customers joined the programme in 2018, as compared to the annual average of 500,000–600,000 in the previous years. The average ticket of our customer loyalty programme member is consistently higher than the network average – by 17% in 2018. Over 1 million tickets were purchased with points since the Programme started.

Five charitable foundations joined our customer loyalty programme as partners in 2018: Life Line, Con-nection, Doctor Liza's Fair Care foundation, the Podari Zhizn (Gift of Life) foundation, and World Vita foundation. The programme members have donated over 2.5 million points to the foundations.

Partnerships with charities boost the programme's profile and allow its members and corporate customers to spend their points even if they have no immediate need to travel. So, the points are not wasted but transferred to the foundations' beneficiaries.

2. Marketing initiatives were launched to promote RZD Bonus Programme and encourage its members to earn points faster and enjoy other tangible benefits from participation.

A total of over ten promotions were run together with the partners, with prizes including travel discounts, movie tickets, 2018 FIFA World Cup tickets, bonus points, and even Samsung tablets. FPC has not borne any costs related to the prize fund. The wide-scale promotions with nationwide advertising support were carried out by ALFA-BANK and ROSBANK.

All the expenses related to the promotions are borne by the programme's partners, which makes RZD Bonus Programme even more beneficial for the Company.

3. We have boosted the programme's profile both within the business community and among the target audiences of potential customers through participation in major federal-level events:

- Business Success Awards, January to September 2018
- Gorkyfest and PILOT festivals
- Udmurtia Guest Card project
- New Wave contest in Sochi, September 2018.

As a partner, RZD Bonus Programme contributed cards and points to the prize fund for winners and participants of the events. As a result of these event-based promotions, more new, high-profile members joined the programme, including Nikita and Stepan Mikhalkovs, Konstantin Khabensky, Mikhail Porechenkov, Tina Kandelaki, the Head and members of the Government of the Udmurt Republic, and many others. Going forward, these prominent cultural and public figures may become ambassadors of RZD Bonus Programme brand to help build loyalty and trust among other programme members.

An upgrade of the programme's website and software is planned for 2019.

There are also plans to expand the partner base by attracting more tourism and leisure players and engaging new major hotel chains.

Our 2019 ambition is to bring the number of the programme members to 5 million.

4

million customers

participated in the RZD Bonus Loyalty Programme in 2018

CUSTOMER LOYALTY PROGRAMME MEMBERS

