

ALGONOMY

5 Strategies to Win the Long-term Race to Customer Loyalty



Average spend of repeat customers is

3x

more than one-time customers

BUT...

A typical ecommerce website's traffic is only

8%

repeat or loyal customers

Loyal customers are more profitable and drive more revenue. Besides, it is less expensive to retain an existing customer than acquire a new one. This is not really an eye-opener, you'd agree. The percentages may vary a bit, but the fact remains. If this is common knowledge, why are we writing this eBook of strategies to secure customer loyalty.

Retailers, traditionally, have spent more of their marketing dollars in acquiring new customers than building loyalty. If a large chunk of revenue is derived from existing customers, then here's where marketers must invest more, driving the lifetime value of the customer up.

Customer lifetime value is an increasingly important metric that retailers track. The longer you can keep a customer, the greater is the provided value during their lifetime relationship with your brand. As customers become more valuable, retailers can afford to spend more to acquire new customers and retain existing ones.

How then do retailers drive loyalty up? Algonomy recommends these 5 strategies to increase repeat purchase, frequency, and basket value.



With our integrated suite – Algorithmic Customer Engagement (ACE) Platform, we help retailers unify identities, understand customers, personalize interactions across customer journey and channels. At the heart of ACE platform lies XEN AI – our AI-powered decision engine.

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Right Person: Know your customer inside out with Real-Time CDP

You have a ton of customer data in your database, and it is expanding every time a new customer signs in or an existing customer makes a transaction. The challenge, however, is in identifying the right person to engage with. Spending your dollars on those who are unlikely to respond or one-time buyers is not the right way to spend the limited budgets we all work with.

A Customer Data Platform helps you here. The platform stitches identities and Analyzes customer behaviour enabling you to identify the right audience to invest in.

Successful brands such as rue21, Pizza Hut, Price Chopper, SAIL, Chedraui, Big Y have one thing in common - an in-depth understanding of their customers, their tastes, and preferences enabled by CDP.

Let's see how these 5 strategies can come alive in driving loyalty through Tracy's example. Tracy, a 28-year-old living in Nevada, has made her first purchase on Groceria's ecommerce site. She often purchases from the two granola brands, Pauluns and Eko. She has redeemed the first purchase discount offer sent via email. Her average basket value is over \$180.

Single Customer View on CDP to Identify the Right Person



Brand affinity
Product name - Granola
Preferred brand - Pauluns

PROFILE

Name: Tracy Noriye
ID: 78962
Email: tracy.noriye@mail.com
Mob no.: 1234567890
Location: Nevada
Last Purchase Date: May 25, 2021
Purchase Tenure: One month

TRANSACTION BEHAVIOR

Avg. basket value: \$180
Last purchase value: \$150
No. of sessions: 5

PREFERENCES

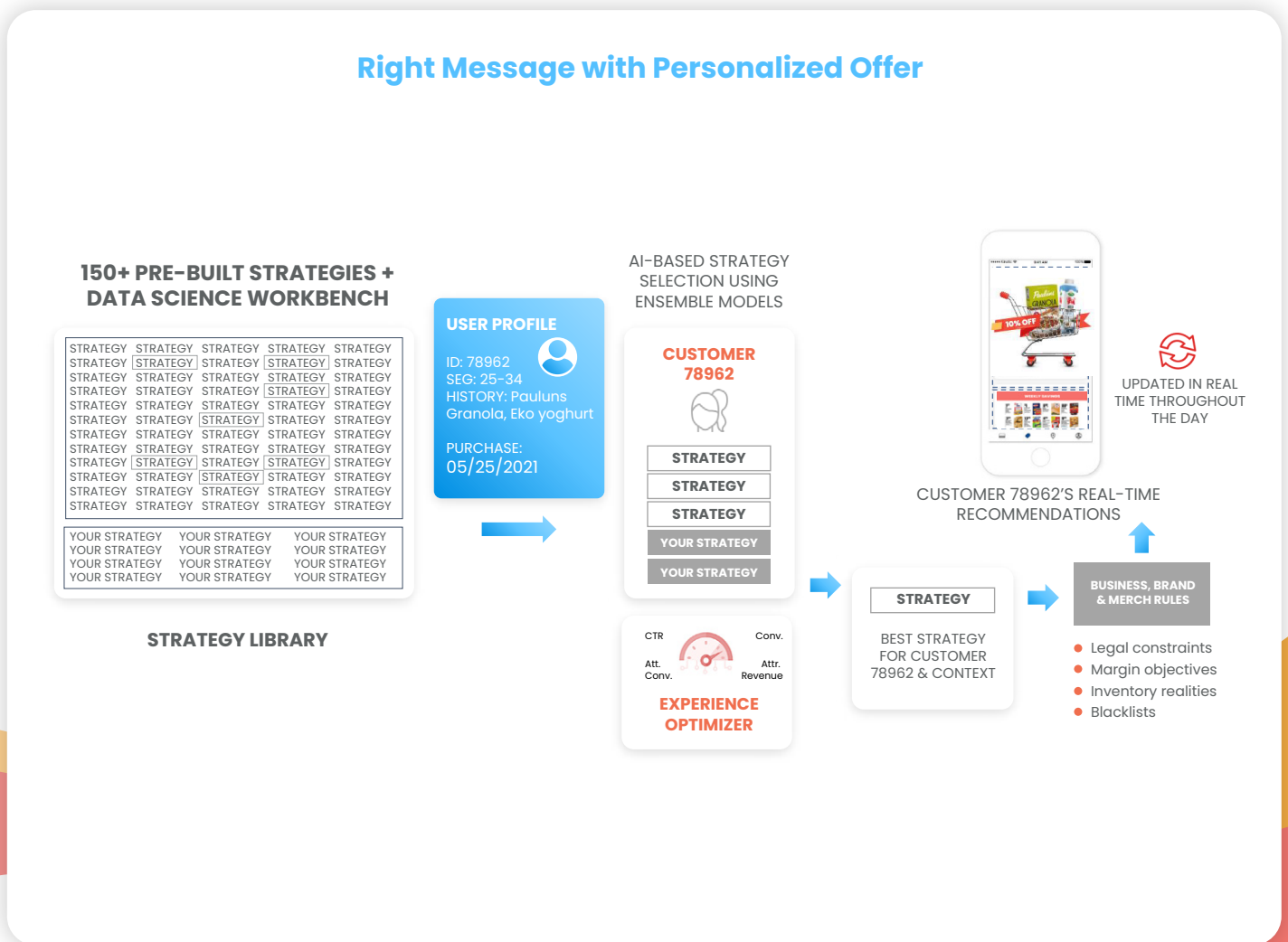
Purchase Channel: groceria.com
Communication channel: Email
Device: PC
Product: Granola
Brand: Pauluns
Offer: 10% off on 1st purchase

2

Right Message: Individualize interactions, offer and product recommendations with Personalization

By leveraging insights derived from her past purchase, retailers could personalize customer engagement to entice the customer to continue to purchase regularly. From the customer's basket composition, pick the items that have high repeat purchase by customers' who belong to the same segment. Send relevant messages and offers to drive repeat orders. This helps maximize ROI from campaigns.

Tracy belongs to the brand-conscious, high-value purchase segment. If customers in this segment are loyal to Pauluns Granola then this item is your highest converting product category in Tracy's basket. Armed with this insight, Groceria can send hyper-personalized cross-sell product recommendations and offers for the next purchase of the item.



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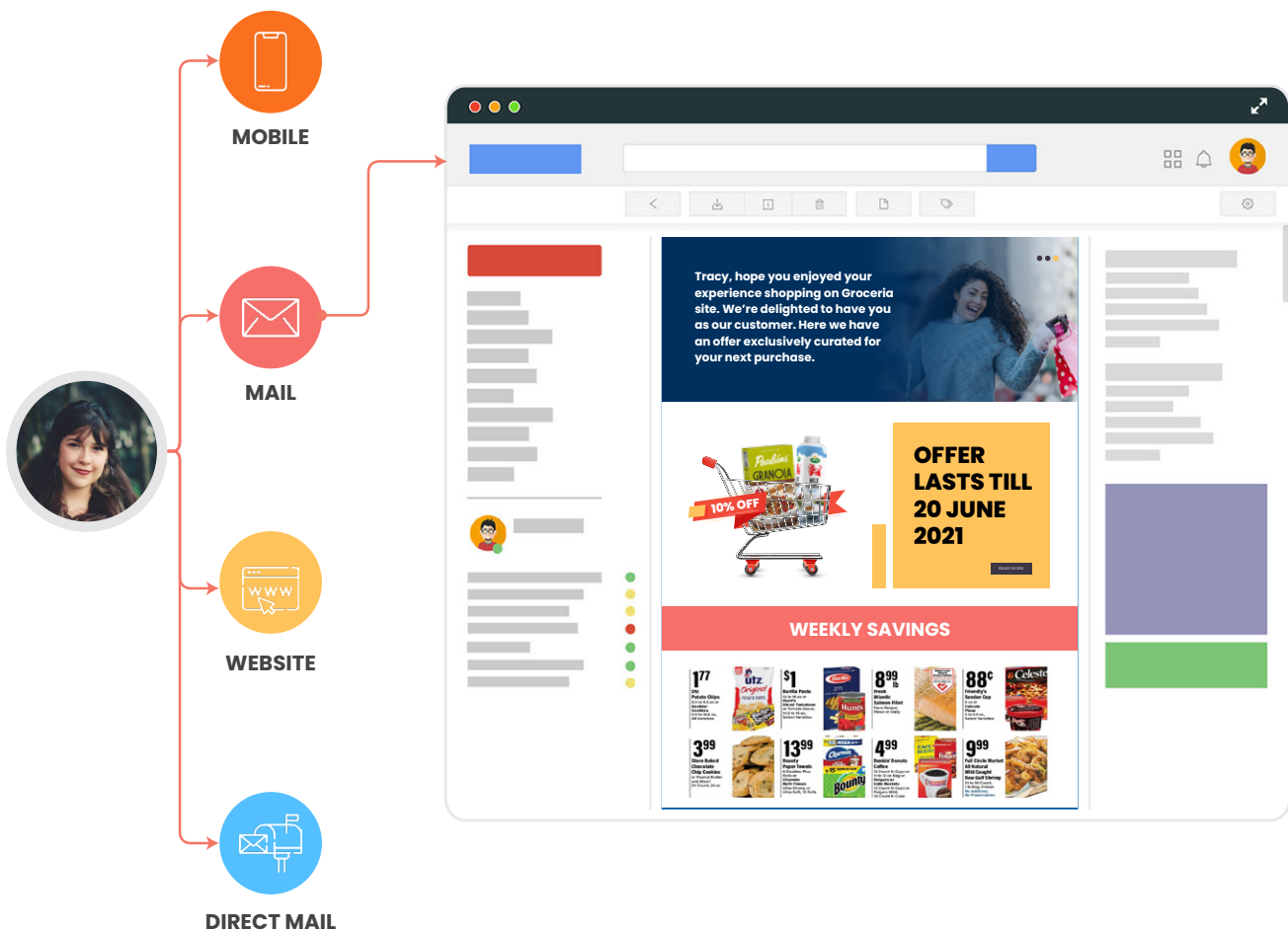
Right Channel: Connect with customers in the channel of their choosing with Customer Journey Orchestration

The next step is to push this message to the customer in the channel that he/she is active on. Customer Journey Orchestration (CJO) tool helps retailers automate workflows and orchestrate campaigns based on the journey stage. It helps connect with customers across email, ecommerce, mobile app, SMS, in-store and other channels, in real-time.

Leverage audience activation from real-time CDP with relevant content from Personalization to set up individual campaigns and journey workflows on channels that these customers prefer and engage on.

Now that you know Tracy responded to the offer sent via email, it is likely that email is a good channel to connect with her on. Groceria can automate the workflow to send relevant messages via email after a delay based on repeat purchase cycle of other customers who buy this product in the segment – an insight that can be derived from CDP.

Orchestrate Campaigns through the Right Channel



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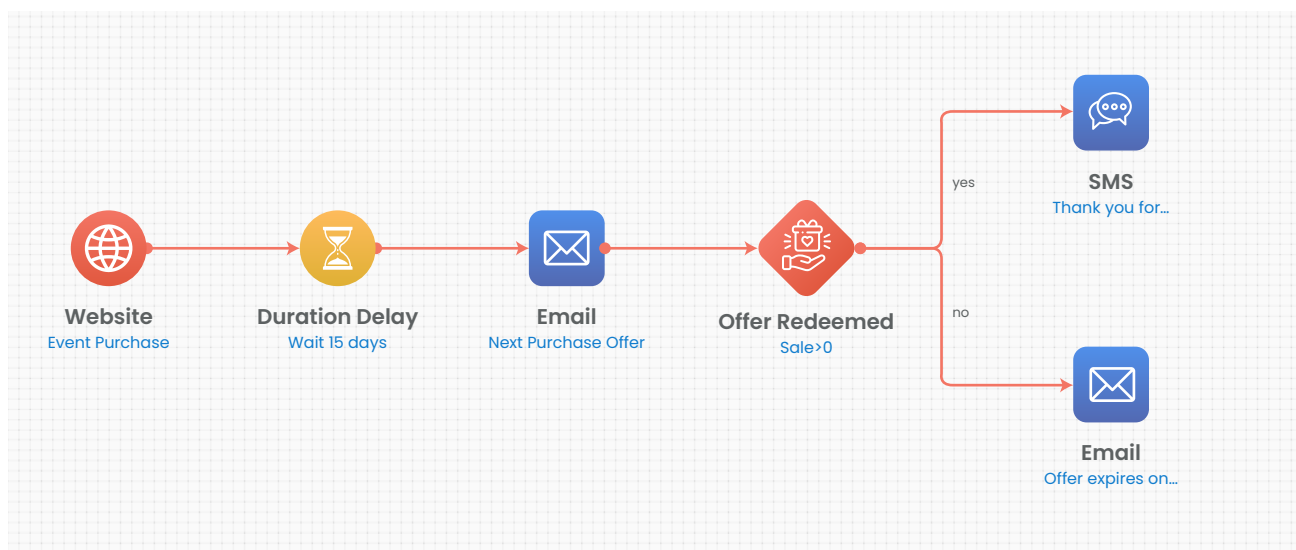
Right Time: Engage with customers at an optimal time

Optimal is the operative word when it comes to determining the right time to connect with customers. If you send messages right after their purchase, either it will go unnoticed as it is too soon for the next purchase or it may irritate the customer and create a negative brand perception. On the other end of the spectrum is sending messages too late where you run the risk of customer not remembering the brand and the experience resulting in zero response.

You can solve this problem with deep insights of the customer and similar customers in the segment. You can create an audience of customers who have purchased the item within 30-60-90 days (of course the duration will change based on the type of product, shelf-life, consumables, etc.) and based on how big the segment is you could determine the timing of the message to trigger the next purchase.

In our example, Tracy purchased granola which is likely to get exhausted in a couple of weeks based on no. of people and frequency of consumption. If it is the first purchase, we may not know those details so we could rely on the frequency of purchase based on other customers with a similar profile. So, if over 60% of the customers who buy Pauluns Granola, buy it again within the next 15 days then connecting with Tracy after 10 days would be ideal. Tracy can be enticed with limited time cross-sell offers, bundles or product discounts.

Intelligence-based Journey Automation to Connect at the Right Time



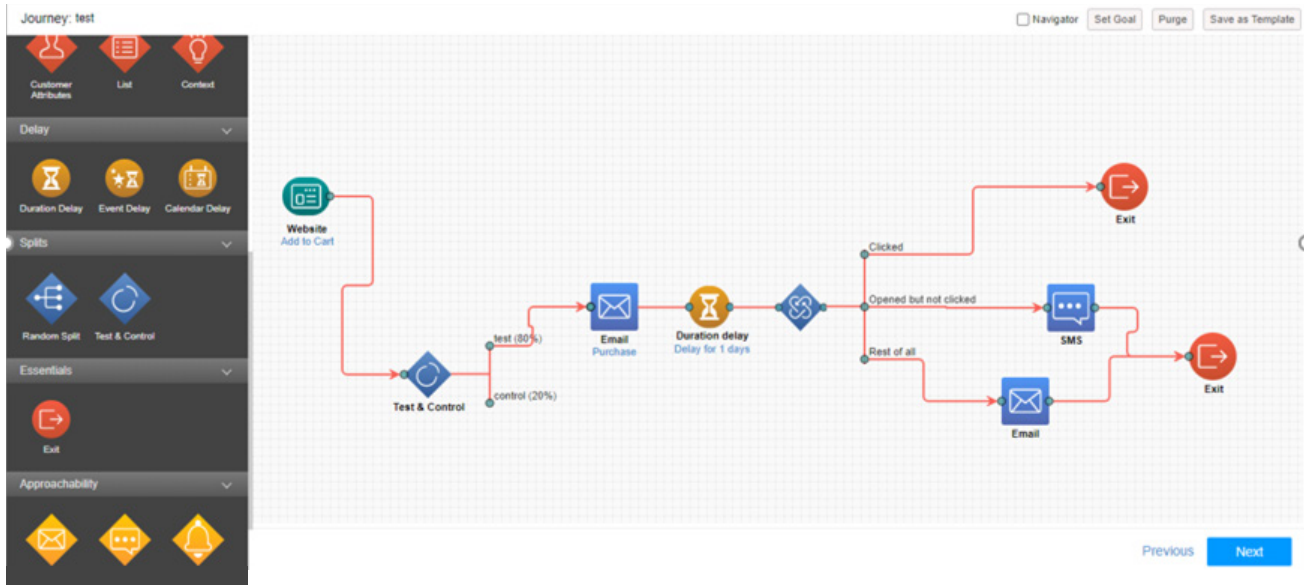
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Right Experiment: Test the message, channel, & time and optimize for maximum response rate

Experiment before you put all your marketing dollars into a campaign. It is the best way to know if it'll work or not. Test your message, channel, timing to the chosen audience. Tested messages garner 63% more response rates.

You have limited knowledge of Tracy. It's hard to segment her and understand her behavioural patterns. So, testing is a good way to know what gets her attention and go with it.

Test & Optimize to Get It All Right



Advancing customers from one purchase to another with CDP, Personalization & CJO

If first is good, second is best! It is the first step towards loyalty. So, retailers must invest more on driving that repeat purchase with focussed effort powered by an integrated platform for customer engagement covering customer data, personalization, omnichannel journey orchestration and optimized interaction. It helps define the right audience and connect with them with the right message on the right channel at the right time. Ultimately leading to long-term association with the brand.

Our Algorithmic Customer Engagement (ACE) Platform is built for retail supporting the needs and specific use cases of retail businesses. **Schedule a demo** to make your customers come back for more.



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Algonomy empowers leading brands to become digital-first with the industry's only real-time CDP platform with built-in customer activation and analytics for the retail industry. With its comprehensive AI-driven solution, retailers can anticipate and respond to changing conditions while delivering highly personalized experiences to shoppers across all touchpoints. Algonomy is a trusted partner to more than 400 global retailers and offers unmatched retail expertise and breadth of digital best practices across data management, marketing, merchandising, analytics and ecommerce. For more information about Algonomy, visit www.algonomy.com.