



The Secret to Loyal Customers



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February 2011

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New technologies and trends continue to reshape retail. Today shoppers have more tools, more information and more alternatives than ever before. As choice proliferates at an accelerating pace – where to buy, how to shop, what to purchase and from whom – is the demise of customer loyalty inevitable? When alternatives abound and competing offers are everywhere, can retailers really keep customers coming back and, better yet, get them to bring others?

The answer is a resounding yes. While conventional wisdom holds that brand loyalty is much less of a motivator than it was even 10 years ago, shoppers tell us it still plays a significant role in purchase decisions. In a survey CrossView recently conducted among 177 shoppers, more than half of the respondents said they are motivated by brand loyalty when making a purchase.

One of the *top 10 trends* Retail Info Systems News identifies in 2011 is the continued rise in loyalty programs as retailers become more effective in their analysis and use of loyalty program data, and more creative in developing offerings. In the not too distant future retailers will likely be embracing realtime offer engines that personalize loyalty incentives for each shopper as opposed to creating offers in batch mode with no consideration of the shoppers' history.

So the landscape of loyalty is shifting.

Fundamentally, before an effective loyalty or affinity program can be executed, retailers must recognize that consumers evaluate their brand across all channels. They don't view each touch point as a separate entity, but as an extension of the same brand. Consumers expect to be able to move seamlessly between channels – and they will punish the retailers that preclude this freedom. Enabling fluidity of movement is key to achieving strong brand loyalty.

This knowledge, coupled with agile cross-channel commerce technology, will unlock many new opportunities to deepen customer loyalty. Add

analytics to the equation and you're poised to win customer affinity.

Consider these six actions as you build your customer loyalty programs:

Create a Sense of Community Around Your Brand

Few retailers have done a better job of building a rabidly loyal customer base than Moosejaw, a speciality apparel retailer. It is one of many retailers that sells North Face winter jackets, for instance, but it's the only place loyal Moosejaw customers would buy the coat – or any other outdoor apparel, for that matter. Jerry Lewis, Moosejaw's vice president of Technology chalks it up to brand loyalty and the community Moosejaw has painstakingly built around its brand.

"We continue to beat the outdoor industry's growth rate by a significant margin," he says, "and it's our brand that's the differentiator." Moosejaw's customer experience embodies the brand's identity, blending playfulness, irreverence and love of the outdoors. The company uses social media to connect with customers and, in fact, employs full-time staff to monitor and respond to customers interacting with the brand on Facebook and Twitter.

Generous bonus rewards or loyalty points are earned with purchases in every channel and can be redeemed for merchandise in Moosejaw's online rewards store. Affinity for the brand and the loyalty program are so deep that customers have been known to share and trade reward points via Moosejaw's social media platforms in order to enable others to acquire coveted merchandise.

Keep Your Promise

When it comes to loyalty offers, it's important to keep your promise. Customers can't be tricked or bribed into loyalty no matter how many points they are offered. There must be a holistic approach to encourage sustainable and valuable customer behavior.

So, not only must you ensure that loyalty offers are honored across all channels, but think before you phase in new programs and replace more entrenched offers. You'll risk alienating faithful customers. Once again, Moosejaw is an excellent example of a program with deep traction because the retailer hasn't altered its loyalty framework – except to enable customers to earn points in new and different ways.

Create a Premium Customer Experience

Affinity is more powerful when it improves the customer experience. Treat your most loyal customers to an experience that acknowledges their value. For instance, create private sales for your best customers or give them access to an offering before it's publically available. Use a customer VIP line. Give customers the services of a private shopper – you are not only making the buyer feel special, but you are setting up a scenario where they will buy more. Remember to tailor your offer based on what you know about the customer, which leads to the next imperative.

Show What You Know

As the technology for customer touch points improves (POS, Web, Mobile), it's now possible to make unique offers for each customer. The challenge many retailers face is leveraging the ocean of data collected and putting it to effective use. One of those uses is creating more personalized promotions that can engender greater loyalty. Affinity offers don't have to be a shot in the dark.

Highly personalized affinity programs are emerging and winning over the traditional points-per-dollar programs. Use the customer data you've collected to create loyalty offerings that reflect what you know about your customers. Leverage analytics across all channels to identify your more profitable shoppers and personalize loyalty offers for them. Shopper intimacy adds a very powerful dimension to loyalty programs.

Do It Now

When it comes to loyalty offers, there's no time like the present. Traditionally, loyalty programs have been based on cumulative incentives – points earned over time and then redeemed when a threshold is reached after many purchases. But the modern shopper doesn't attach value to something that will be owned far into the future. Today, the trend is toward greater immediacy of rewards.

Reward Behaviors You Want to Reinforce

Consider using a loyalty program to reward customer behavior you want to inspire. The key is creating incentives appealing enough to change behavior but not so generous that they erode margins. Promotions to sell what certain shoppers already buy can be a waste of marketing dollars. Promotions that shift behavior and create new buying habits are the real win.

Everyone knows that cross-channel shoppers are more valuable – depending on who you ask, they are between 30 and 60 percent more profitable than single-channel shoppers. So use incentives to move shoppers into different channels. If you know someone usually shops in-store, double their reward points when they buy online. Make sure you have a cross-channel key performance indicator – remember, what gets measured is what gets improved.

Conclusion

Used smartly and in combination with common-sense marketing, technology is an enabler of great customer loyalty programs, particularly an infrastructure optimized for cross-channel. The key is to think about the kind of customer experience you want to enable and, understand what customers want and how you can keep delivering against those expectations. Nothing inspires loyalty more than satisfaction.

About the Author



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Jason Goldberg is a shopper marketer with more than 20 years of experience in the retail industry. In this role, he has led innovative teams that have fundamentally changed the way consumers shop and make purchasing decisions. His unique expertise has helped retailers create millions of daily customer engagements, delivering billions of dollars in annual revenue. Over the past 10 years, Jason has served as a principal customer experience consultant for major retailers and well-known brands, including Best Buy, Levi Strauss & Co, Microsoft, Procter & Gamble, Sony, T-Mobile, Target, Walmart and many others.



CrossView is a premier provider of cross-channel commerce solutions and services that enable a smarter, more personalized shopping experience. Our software unifies the Web, stores, call centers, mobile devices and other channels on a single, flexible platform. Advanced analytics integrated across the platform deliver intelligence and visibility into buying behaviors across all sales channels.

To learn more about CrossView, visit www.crossview.com.