

# Customer Retention

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# Keeping customers loyal

Joined-up service, loyalty and offers all help to keep shoppers coming back, writes **Chloe Rigby**

THE COSTS OF customer acquisition via search, marketing and advertising, add up and the fact that it's more expensive to add new customers than retain existing ones is well documented. Prudent retailers therefore aim to measure the lifetime value of customers, making customer retention critical to the business. In a competitive market, where clicking away to a rival's website only takes a moment, inspiring loyalty is more difficult, yet more necessary, than ever.

Nonetheless, that's exactly what some leading IRUK Top500 retailers achieve. Amazon shoppers are so loyal that many shopping searches begin on its website rather than a search engine and a recent Bloomreach study concluded that more than half (55%) of US online shoppers start their buying journey on Amazon. The online giant's recipe for loyalty lies in factors that include innovation, vast range and highly convenient logistics. One important part of that formula is the subscription-based Prime membership club. Club members feel tied in to buying with a retailer, especially because they are able to access free and highly-convenient delivery. It's a formula that's worked well for grocers and fashion retailers where shoppers make frequent visits. Ocado, Tesco, Asos and, most recently, Boohoo.com all have paid-for membership clubs.

Other retailers are giving shoppers access to free multichannel loyalty programmes where members can collect and spend points in-store, via their smartphones

or on the website. M&S's Sparks members club, launched in 2015 following extensive customer research, uses gamification to reward shoppers as they buy or engage online or in the store, unlocking different levels of priority access to sales and events as they go.

Loyalty is only one part of successful customer retention. Customer service must also be helpful and responsive. InternetRetailing UK Top500 research analysed how easy it was for customers to engage with the country's leading retailers. It looked at retailers' use of

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ten communication channels, from phone, email and blog to several social media platforms. On average, retailers offered six of the ten. Only 2% of the Top500 used all ten. The research went further, finding these retailers answered Facebook queries in an average of 53 hours. The fastest response time was 35 minutes, although 55% did not answer at all. Emails were answered in an average of 27 hours, with the fastest response received in 51 minutes. Many retailers augment their service effectively



## Ten issues to consider

**1 PERSONAL:** Shoppers want to know that the retailer recognises them, no matter how they get in touch. CRM systems with a single view of the customer must now extend across the business.

**2 OMNICHANNEL:** Taking information held on the website into offline parts of the business, such as the contact centre and the stores, helps to boost service levels.

**3 SELF-SERVICE:** When shoppers can work out the answers for themselves, they don't call the contact centre. Self-learning software powers FAQs that update automatically as questions are asked and answered.

**4 SOCIAL SERVICE:** British consumers have taken to social media in droves and are finding it's a great way to complain. Good responsiveness can help to answer their questions, provide answers for others, and show that the retailer cares.

**5 ROUND-THE-CLOCK:** Just as social media is open around the clock, so too must customer service be available over the weekend and after hours. Multichannel shoppers don't only have problems buying when the high street store is open.

**6 VALUE CUSTOMERS:** The traders with the most loyal customers are those who ask how they'd like to be served. Customer research will help identify failings as well as highlight the strong points.

**7 READ THE RUNES:** Interrogate the data to find out how customers behave and what they might like to buy in future in order to make offers that will be relevant.

**8 CHANNEL LOYALTY:** Loyalty schemes are at their best when they give customers something they truly value. Free delivery is a great example but early access to sales may also be prized.

**9 MEASURE RESULTS:** Set KPIs that measure what improves return visits, in order to see what works in customer service.

**10 CHEAPEST ISN'T ALWAYS BEST:** Smart procurement rules ensure suppliers are chosen for the value they add to the business, rather than the perceived value of their price.

by enabling shoppers to answer their own questions through automatically-updated FAQ sections. Adding live chat to a website can also prove helpful for more complex issues. Improvements to related services, such as parcel tracking, can also be effective in reducing the number of incoming calls and messages to a contact centre.

### Future developments

Looking to the future, there is work to be done to put mobile at the heart of customer service. Most shoppers now own smartphones, which are becoming not only a way to make a call, but also to pay, to collect loyalty points, to receive order updates via text, to track a parcel and to register a complaint or praise, whether over social media or another channel.

But there are new avenues in which the capabilities of the mobile phone will likely be harnessed to offer customer service. A phone's GPS capabilities can be used to provide a customer's location and from there, offer relevant service. Already, some retailers are using this capability to offer the nearest stock and direct to the nearest store, while future functions might include customer service messages triggered by store-based beacons. John Lewis JLAB participant Localz has developed beacons that recognise the shopper's presence in a store through their smartphone and can send click-and-collect alerts as well as potentially other service-related messages.

Smartphone product photos are being used in search – Very has used image-recognition technology in its iPhone app to enable shoppers to find clothing that looks like an outfit they have snapped. In future, it's likely that retailers will find more ways to put the smartphone at the centre of customer service offerings.

At the same time, retailers will likely be refining the service they offer to shoppers by recognising customers at every turn. B&Q has put its website into the contact centre and the store in order to make customer service consistent, while Boots' Store Assist app enables staff to tell shoppers about the wider range. Expect to see more in-store and contact centre solutions designed to put digitally-held information at the service of staff.

Just as customers can recognise the retail brand through its website and at diverse touchpoints, it will also be important for the retail brand to recognise and respond to the customer, however they choose to get in touch.

## In summary

It's so much cheaper to sell to someone who already buys from you than to recruit afresh that it pays to invest in customer retention. Focus on loyalty, customer service and self-service to ensure that one-time buyers visit again and again.

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Bronto Software, a NetSuite (NYSE: N) company, provides a cloud-based commerce marketing automation platform to mid-market and enterprise organisations worldwide. Bronto is the number one ranked email marketing provider to the Internet Retailer Top 1000, with a client roster of leading brands that includes Vivienne Westwood, [notonthehighstreet.com](http://notonthehighstreet.com), Björn Borg, Oak Furniture Land and Joseph Joseph. The Bronto Marketing Platform is deeply integrated with commerce platforms such as NetSuite, Magento, Demandware and MarketLive. The company is headquartered in Durham, NC, with additional offices in London, Sydney, New York and Los Angeles.

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