

The Ultimate Guide to Driving Repeat Purchases & Loyalty

– a Retail Playbook



Acclimating to a New Retail Climate

2020 presented unprecedented challenges for retailers. Due to the COVID-19 pandemic, we saw a consumer-led mass exodus from in-store to online, which highlighted two related trends: the democratization of data and application of technology as the great equalizer.

More people than ever are flocking to online commerce. One byproduct of this influx of traffic to your online storefront means you now have a lot more data, more content, and more new identifiable customers waiting for what's next. To cut through the noise of the busy digital ad ecosystem requires a calculated approach.

So, *what's* next?

How will new customers be segmented, engaged, and communicated to? As you may know, there's only a 27% chance of a customer returning after making a single purchase. And now, consumer behavior is as finicky as ever.

The way consumers browse and buy from brands may be forever altered post-pandemic. So campaigns, treatment, and relationship-building must also evolve. What's the plan to re-engage these first-time buyers so they return not just once, but over and over?

How you answer — and what you do with these new names — could determine the viability of retail businesses going forward.

The name of the game now is “retain or die.” This playbook offers 5 tactics that will help.

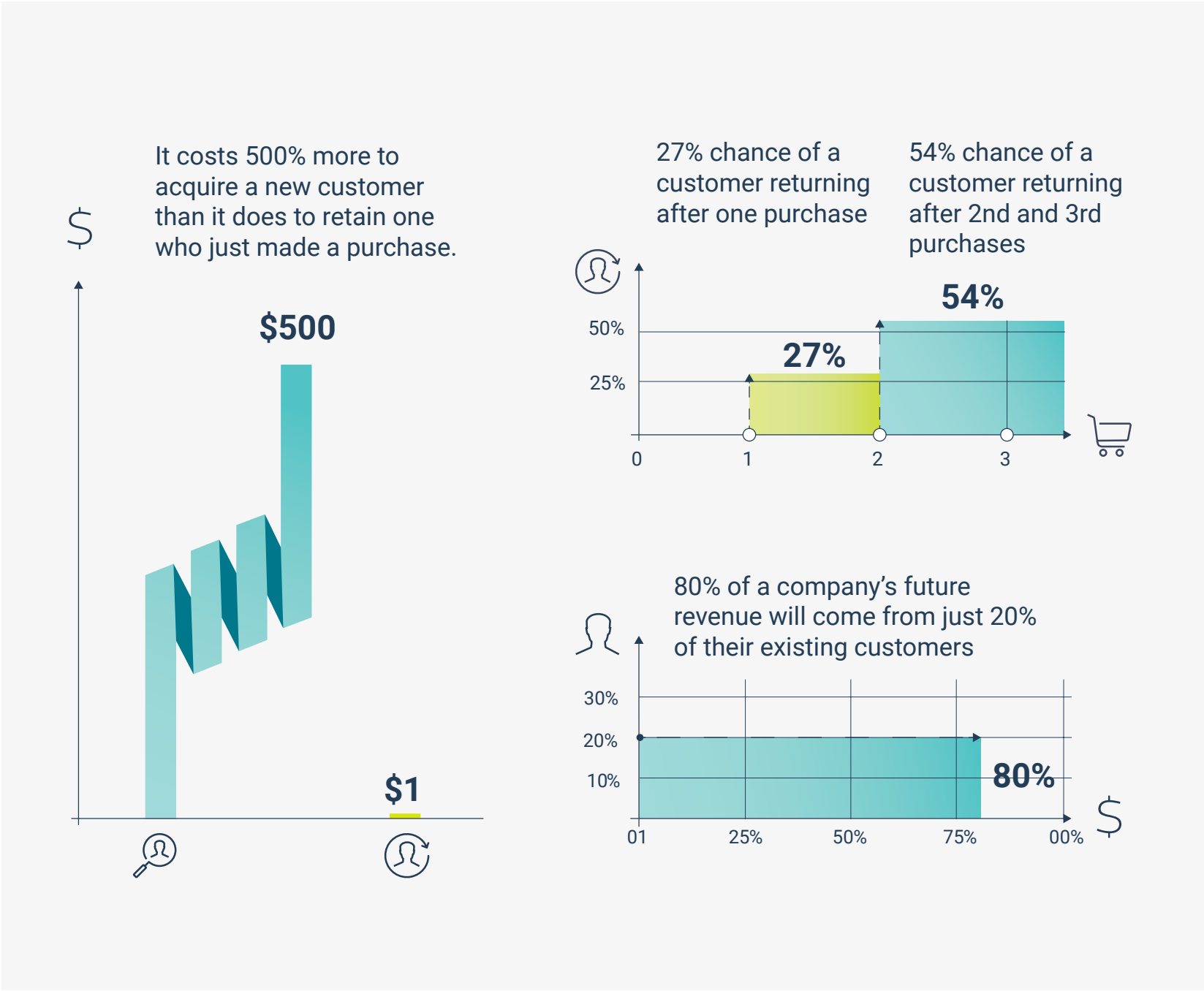
Driving Second Purchases from First-Time Shoppers

Repeat customers are 9x more likely to convert than new customers and spend an average of 67% more when they have more than two years of loyalty with a brand. And, 80% of customers will only buy *once*.

Because it's 5x easier to retain a customer than to try and acquire a new one, providing special offers to existing customers will play a major role in retention.

As the digital sphere becomes increasingly more saturated, consumers already facing choice overload will need a good reason to engage or buy on repeat.

Following up with first-time customers that recently bought is crucial — and arguably the most important piece of the retention puzzle to get right. Get 'em in, get 'em coming back, and keep 'em loyal!



Emarsys customer and fashion retailer LUISAVIAROMA saw a 37.5% increase in post-purchase campaign conversions. Outnorth, an outdoor Scandinavian clothing brand, saw a 25% uplift from first-time buyer programs.

When it comes to post-purchase and post-first purchase after the holidays, there are five key strategies to encourage first-time buyers to buy again and ultimately become lifetime brand advocates:

- **Double Opt In and Re-Subscription**
- **Thorough Data Analysis for Loyalty Programs**
- **Precise Segmenting and AI-Powered Personalization**
- **Smart Incentivization**
- **Educate and Inspire After 1st Purchase**

Let's look at each of these in a little more detail and explore tactical ideas to leverage them to drive retention.



"It's a sad fact that many brands still struggle to convert customers from first-time to repeat buyers. Sadder still — many don't even have a strategic goal to measure and optimize toward that goal. 70%-80% of a typical e-commerce business' customers are single-order customers! Ensuring you optimize the post-purchase flow to understand the experience, build on the engagement, and drive to the second purchase is perhaps the biggest problem in marketing. It's also a problem that many brands aren't even focused on."

Alex Timlin, SVP Verticals, Emarsys

Using Resubscription Campaigns and Double Opt-in to Garner More Engaged Subscribers

GDPR and other regulatory legislation is in full effect, and will not be slowing down any time soon. Apple’s “opt-in for IDFA” will go into effect early in 2021 and Google recently announced that third party cookies – and thus pixel tracking – will be phased out by 2022.

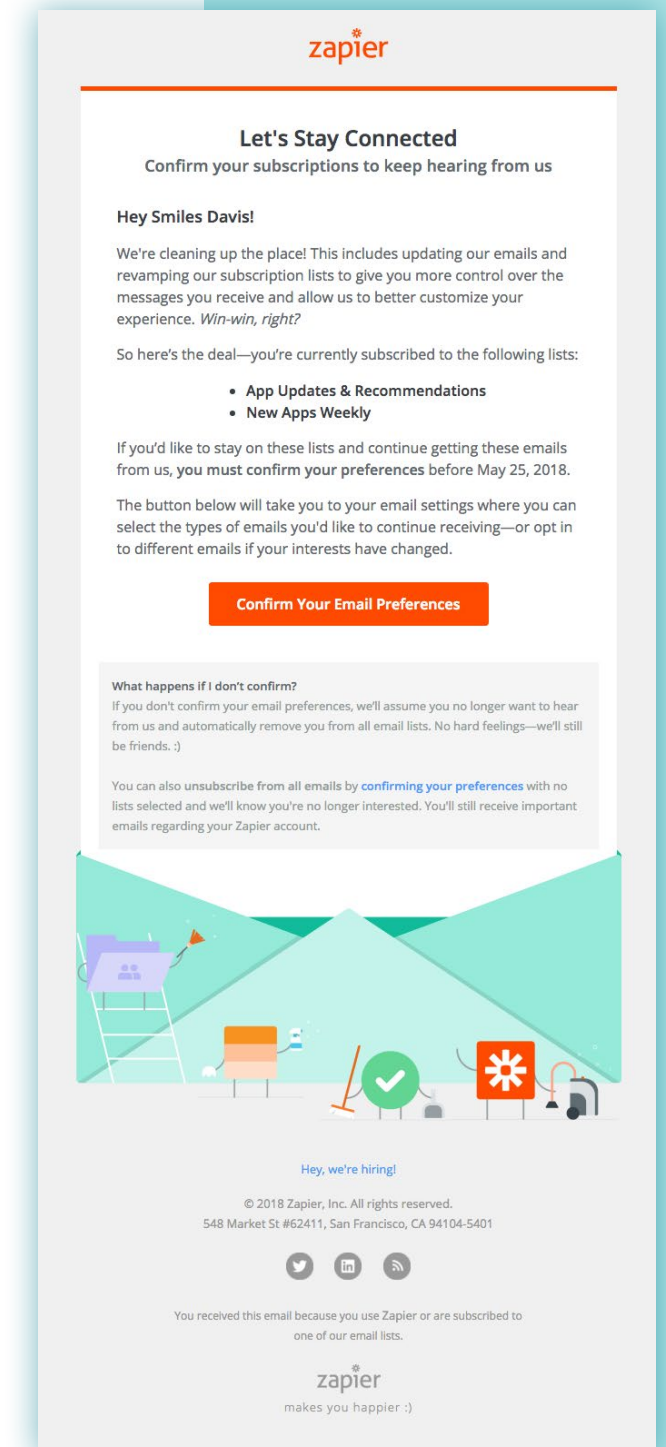
So, we’re slowly shifting from attracting high quantities of new contacts to cultivating better *quality* interactions with *existing* ones.

If your organization relies on consent as the lawful reason for processing personal data, you must make sure that data you hold is GDPR-complaint in order to continue using it.

You must also have an audit trail of how, when, and where consent was obtained, so that you can provide evidence if required. If you don’t, you likely need to create some sort of re-permission campaign. The post-holiday lull as we move into a new decade is the perfect time to do a little housecleaning and ensure accuracy in your database.

Drive Repeat Purchase & Customer Loyalty

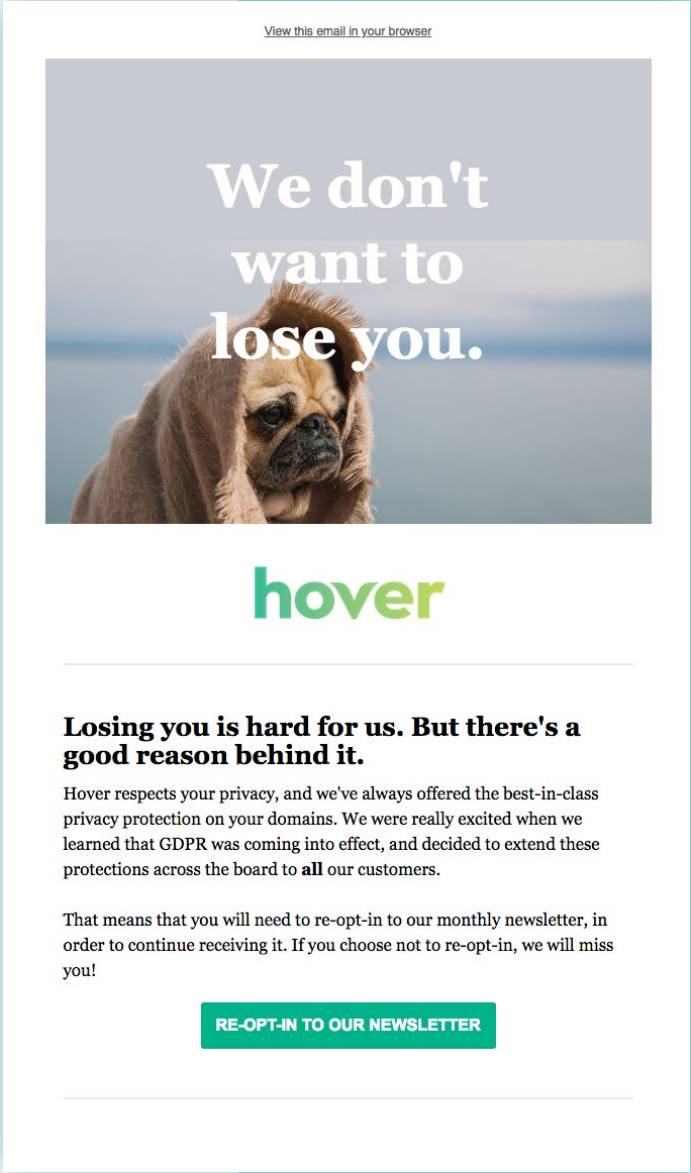
5



If you handle the transparency requirements correctly, you'll increase the likelihood that subscribers will provide you with more information because they'll have greater confidence in how their data will be used. This means that you can build a deeper and more accurate understanding of your subscribers, provide them with a better experience, and retain their advocacy for a longer period.

Don't take it for granted that you'll maintain your current list size when many consumers sign up as part of their transaction (or for that one-time discount) but have no intention of remaining subscribed.

You're going to have to work smarter to gain permission, and carefully test to see what format, number of fields, signup process, copy, position, benefits, tone of voice, and elements of persuasion work best for your audience.



Analyzing New Data With Granularity and Transforming It into Actionable Insights

What can you do with the data collected?

During a new customer's first purchase, determine how they are interacting (web, mobile, app, email, social). Are they continuing to engage post-purchase or do they just go cold? Regardless, bring them into the lifecycle and begin with relevant product recommendations.

Begin analyzing content inside emails to track clicks and engagement, too. What did they buy and look at (for logged-in users) before completing the sale? Can you see last browsed, last purchased, or affinities of segments/audiences for products? Another idea is to do some hand-picked or personally curated content to stand out during this busy time of year.

And, loyalty is a key strategy to drive a first-time buyer to a second purchase.

Drive Repeat Purchase & Customer Loyalty



How Bowlero Uses Data to Drive Repeat Engagement & Loyalty

For Bowlero, data is everything. Their multi-pronged approach is a testament to the potential of data harnessed in the right way.

- 1. Restructuring Google Analytics.** Made sure that all of the right goal funnels were set up. Better understood how customers move through the cycle.
- 2. Online-to-Offline.** Installed technology to track the individual device ID of every cell phone that entered the store. If they do sign on to Wi-Fi, the email is captured.
- 3. Target lookalikes.** Run ads against known audiences. Determine when a customer who is exposed to that ad walks through their doors.
- 4. CRM Ads.** Identified anyone who entered into their marketing flow via email, activating automatic and retargeting sequences on both email and paid social to pull people back into the funnel if they drop out. Built sequencing and automation from an email and ads perspective around this existing process.

Loyalty programs are about further personalizing the experience and providing ongoing value, deals, and rewards that reflect that personalized relationship. Here are three examples of how leading retailers have used customer data in a broader sense to re-engage and retain consumers.



Cue Clothing's Online-to-Offline Data

Australian retailer Cue Clothing Co. recently launched a "multichannel wishlist." It allows in-store staff to capture customer behavior and add it to a digital profile. The customer profiles, which include transaction history, are used to generate personalized product recs that are fed into marketing emails as well as store systems to enable in-person upsells.

CIO Shane Lenton revealed the retailer is also working with payment providers and marketing automation tech to launch a buy-from-email feature in 2021. Cue has done a lot of interesting things with data and loyalty to help provide seamless online-to-offline experiences (in-store kiosks to ID customers, offer in-store suggestions). Learn more about their journey [here](#).



Corelle Brands Inspiring First-Time Buyers

Correlle looks at current repeat customers to predict what kind of action new first-time buyers will take. They then build out automations based on what those customers do from an email (sending them down different routes for a truly personalized experience). If that customer was in a retail store and talking to a salesperson, they would be able to have a relevant conversation and recommend products. The brand is determining this from what the customer reveals via their actions.

As these brands' work demonstrates, the move to a predominantly permission-based marketing approach using first-party data will become more common. Having a strategy to capture customer information during that initial purchase is the foundation to further personalizing the CX and driving repeat purchases.

What else can you do? Here are a few quick ways to drive immediate wins and maximize data already collected while the timing is still right.

THE WHAT:



Additional cross-sell items.

Bad post-purchase emails simply offer the same product customers bought — and more retailers are doing this than should be the case. Good post-purchase content includes content, offers, and information related to prior purchases, usually as recommended items. Since you have a slew of new customers online, you can follow up with them to share complimentary cross-sell products for the new year.

Cross-sell opportunities can be used during and right after any transaction. Showcasing relevant recommended products using predictive marketing technology caters to individuals' recent purchases to complement what they just bought.



Test engagement frequency.

Timing of post-purchase up-sell and cross-sell emails differ depending upon industry, products, and mostly, the tendencies of individual customers.

Even after one purchase, you can begin to identify customers' purchase patterns and behavior and drive them toward their second purchase to help them advance in their loyalty status.

THE HOW:



Abandoned Browse.

If shoppers abandon the cart or even abandon the browser, you should retarget them. If someone comes into your store or website, tries on or clicks on five items, then leaves without converting (maybe they're not quite sure, not quite ready to buy, or they've found another option), you can craft a wishlist for them or find another non-invasive way to follow up (e.g., notify them if inventory is low, if products are back in stock, or if there's a price drop).



Abandoned Cart.

To give yourself the best chance of converting cart abandoners, you'll want to encourage this segment to complete their transaction using reminders and personalization with a *slightly new appeal*. Here are the top reasons people build carts but fail to check out:

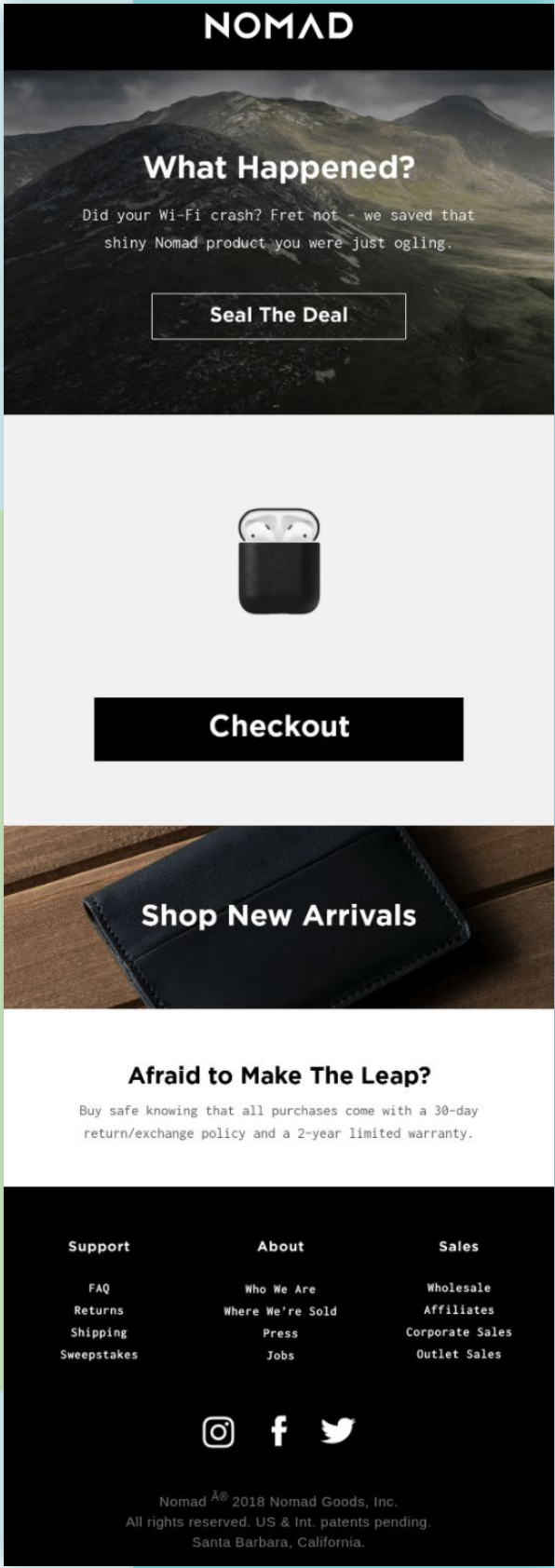
- 34% were just looking and weren't quite ready to buy. They likely chose not to purchase anywhere or found a better deal.
- 23% had an issue with shipping. The value exchange was not worth the shipping cost.
- 18% just wanted to compare prices.

When you integrate website behavior to your email program with a unified platform, these emails can be fully automated (so there’s no need to think about them once they’re active) and can include dynamic incentives based on the value of the cart.



“We analyze the behavior of each individual customer or user. We look at what they shopped, what they browsed, and all the categories and products in our catalog at that moment in time. And then [\[the AI solution\]](#) makes connections between customers that have bought or have some sort of event and activity attached to their accounts. And then it looks and sees that it can find contacts with customers of this similar behavior...”

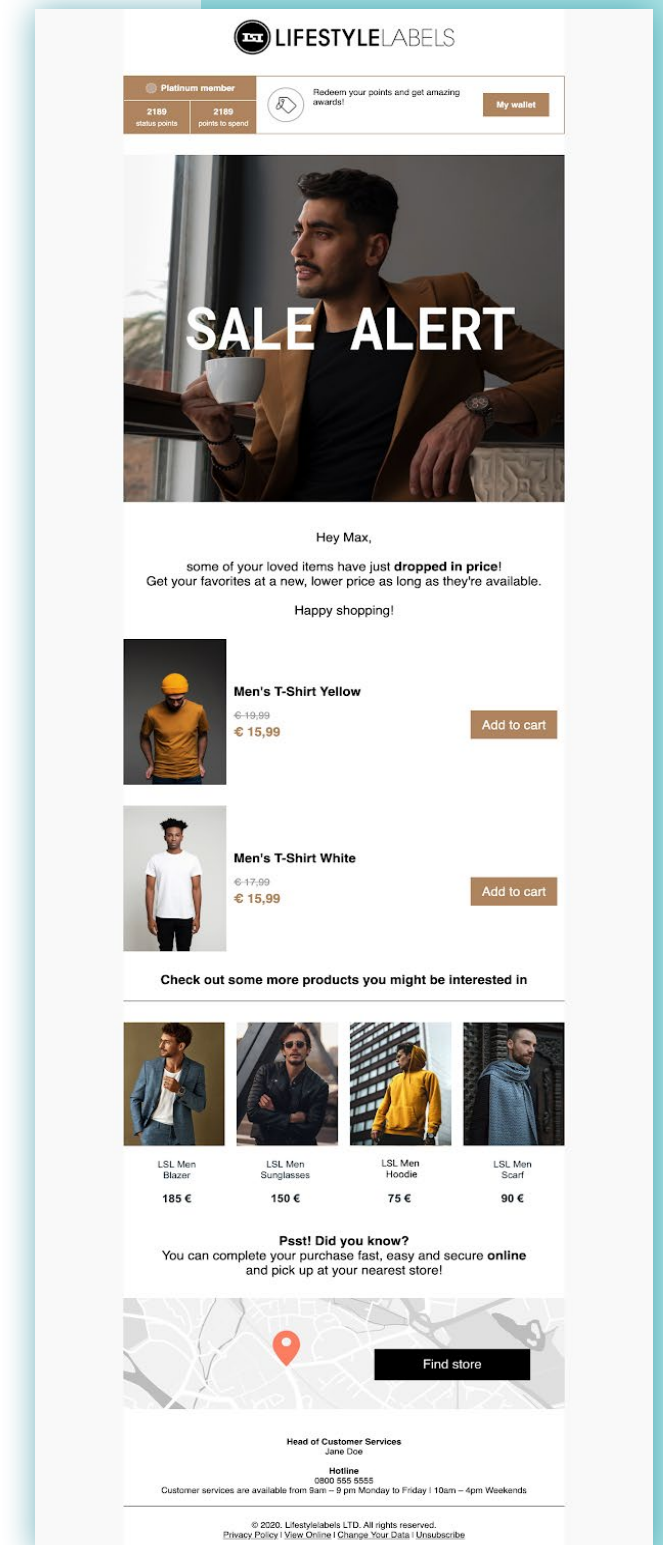
Alexandra Vancea, Head of Marketing, Brand Alley



Using Advanced Segmentation For Enhanced Personalization

As an extension of your thorough data analysis, what else can be acted upon, and how can you create even more highly segmented groups?

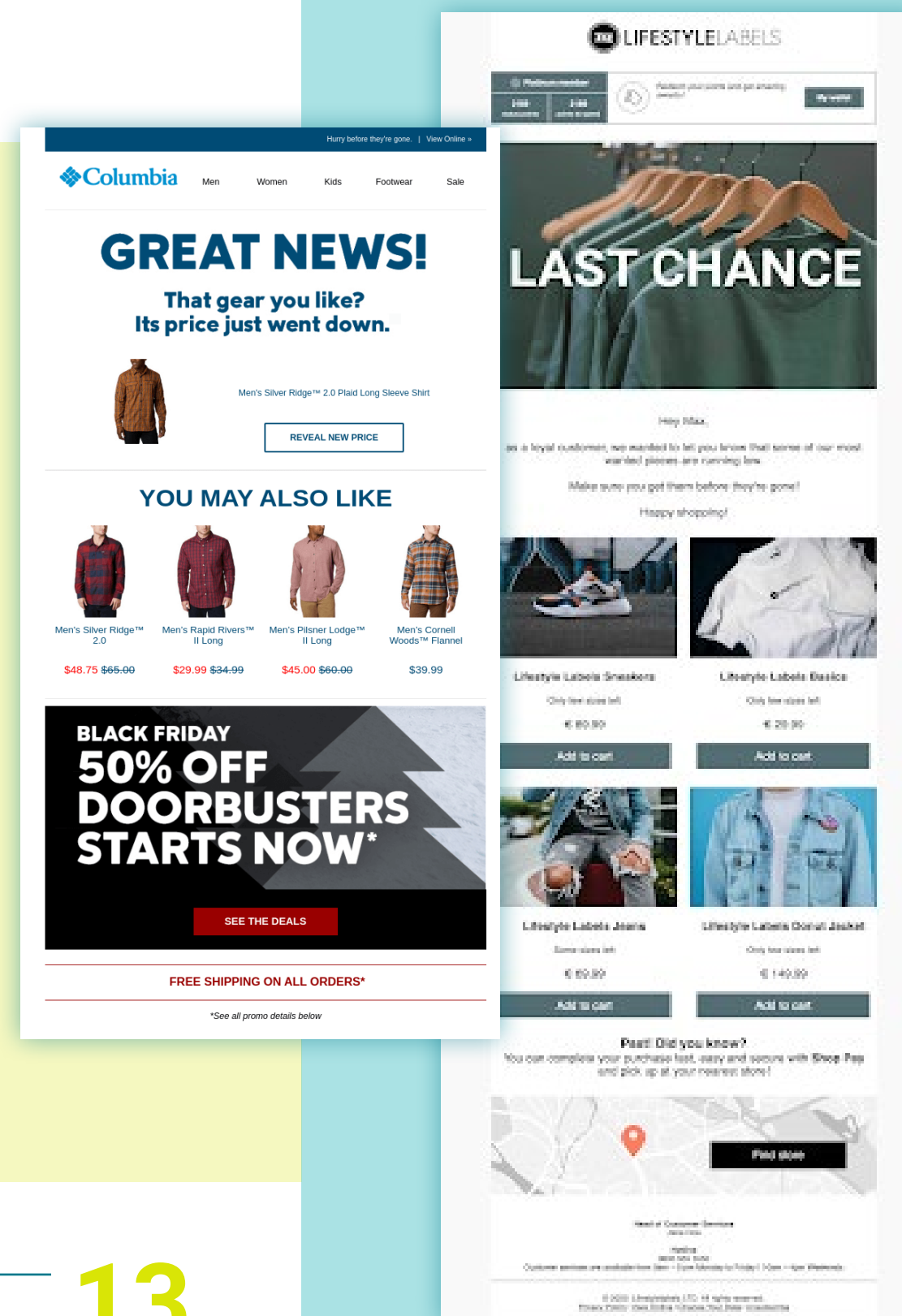
- ▶ **Time-sensitive offer.** Create a sense of urgency with countdown clocks. You can do a clearance event to get rid of excess inventory and make it time sensitive, for instance.
- ▶ **Live CSS feed (Twitter, Instagram).** Cross-promote your social channels to get subscribers and customers engaging with you on Twitter and Instagram.
- ▶ **CTA and new offer.** It goes without saying — every follow-up email or e-newsletter you send, especially to those who have already bought, should include recommended products, offers, and a clear CTA.
- ▶ **Back in stock and price drop.** Some savvier shoppers often use wish lists to save items around the holidays, especially. For these customers, you can send alerts via email and/or SMS (if they've opted-in) to let them know that their saved item's price has dropped. You can select various predefined discounts to pull your customers back and drive them toward completing the purchase.





"We've been optimizing our replenishment program. We've already had a kind of replenishment in place which looks at when you're likely to run out of a particular product. What we've done with Emarsys and using their MAX AI segments, which allows you to talk to customers based on if they're likely to respond to email if they're likely to go to the website in the next 30 days -- [is understand if customers] are likely to turn churn or if they're likely to actually buying the next stage. We were able to split out that replenishment program and so customers who were unlikely to buy without something extra [received] an extra voucher, which was amazing, and the customers who weren't likely to engage with our emails. We were able to put an SMS in that program or a CRM ad through Facebook."

Amy Smith, Head of Customer Marketing, Bulk Powders



Personalization at scale is only possible with technology like AI and machine learning. And, you don't need mounds of data to start automating personalization.

"...You may not need all that much data to start making productive use of machine learning. The performance of most machine learning systems improves as they're given more data to work with, so it seems logical to conclude that the company with the most data will win... But if success is defined as significantly improving performance, then sufficient data is often surprisingly easy to obtain."

— Harvard Business Review, 2017

Ztore, an online supermarket based in Hong Kong, wanted to break their audience down into segments in a way they had never been able to before. These segments allowed Ztore to craft more personalized messages for their target groups. Through their segmentation strategy, Ztore earned an enormous 20% increase in conversions and an astounding 600% increase in email revenue.



At Emarsys, we're not just building simple segments based on the data clients share with us. We calculate and extend segmentation to be meaningful, precise, and fully automated. Segments are dynamic and can be refreshed before they are used. You can use dynamic segmentation for defining target groups based on the properties or behavior of your contacts and for specific targeting in future marketing campaigns. Segment types might include: Contact, email behavior, geolocation (you can create a segment based on the attributes, email behavior, geolocation and customer lifecycle data of your contacts), Mobile Engage segments (you can create a segment based on mobile app device and behavior data collected by Mobile Engage), and Web behavior segments (you can create a segment based on web behavior using data collected by the Web Extend scripts).

Then, you'll have the foundation for ongoing advanced segmentation techniques like RFM modeling.



Using RFM Modeling

Ongoing customer retention is predicated on a good segmentation strategy.

[RFM modeling](#) can help you gain visibility and understanding of the influence that marketing has on driving repeat revenue, preventing churn, and winning back dormant clients.

RFM allows you to start scoring your customers based on the recency, frequency, and monetary values of their purchases. Once you've got that down, it's time to start crafting messages for your segments and monitoring to see what works and tweaking what doesn't.

Using this innovative methodology, you can better understand the true health, activeness, and engagement of the various segments of your database. You can also define opportunities within repeat segments to fill revenue gaps.



1-to-1 Incentives and Deals Drive Follow-Up Action

If you're just relying on discounts alone, you're behind the times.

Discounts in-and-of themselves aren't bad. The problem is that — especially during peak shopping periods — consumers are conditioned to expect steeper and steeper discounts in order to buy.

But, according to userlike.com, 50% of customers won't make a purchase unless it is part of a promotion or special offer.

It's time to get smarter *and* more personal with your incentive approach now that your buyers have been effectively desensitized to the slashes in price.



"Things like welcome programs, re-engagement programs have been a real success for us and those engagement programs are really important now that we started to get those new customers... into that second and third purchases. [Also], not everybody just interacts with e-mails. And I think we're starting to get better at targeting those customers that don't necessarily engage first with an email and making sure that we're following up in two or three different ways, trying to get customers converted and over the line [again]."

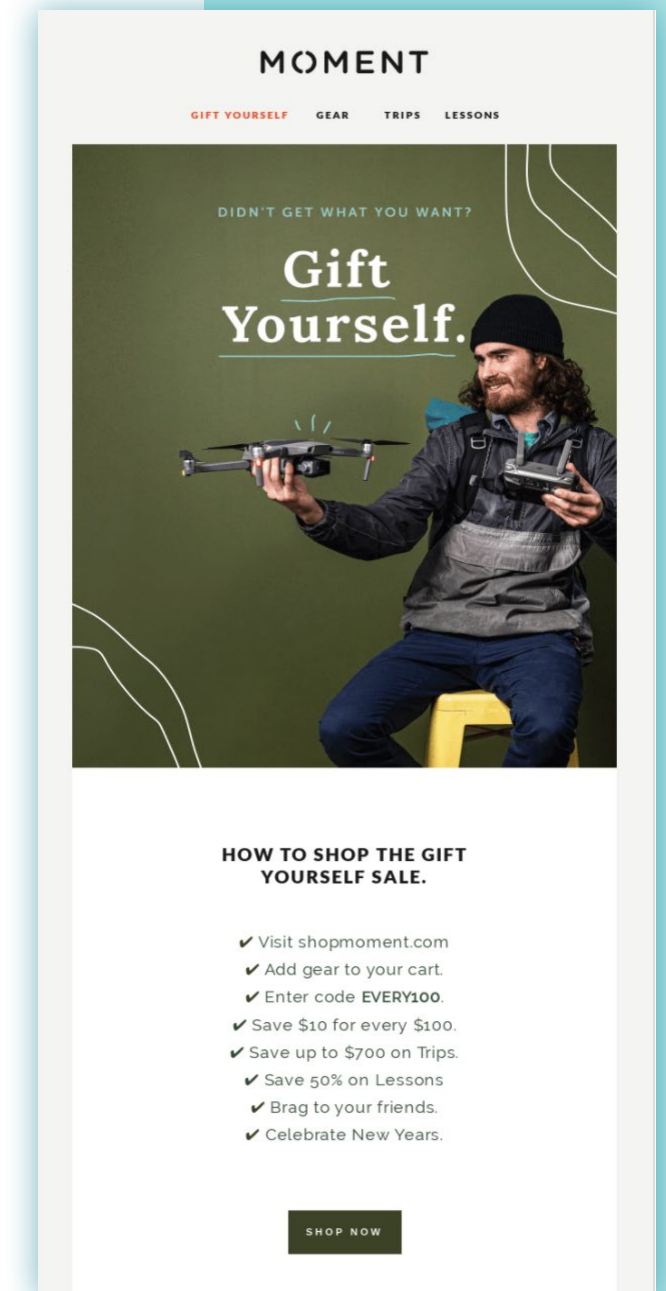
**Paul Gunn, Head of Digital Marketing & CRM,
Frasers Group**

It's clear that using incentives might result in higher revenue than no incentives at all, but the challenge of assigning the right incentive to the right consumer is a totally different story, one that is not so easy to solve.

As a result, many marketers nowadays still struggle to define incentive strategies, and end up using a blanket approach for all their consumers, such as 10% off, for the pure reason that even a one-size-fits-all incentive performs better than no incentive at all. While this logic may be true, it leads to missed revenue, as some consumers might not need an incentive at all to buy.

Instead of sending the same incentive to the whole launch list, or grouping them into broad categories, you can simply define the range of incentives desired. That's exactly where AI marketing comes into the picture, by bridging the gap between data science and execution.

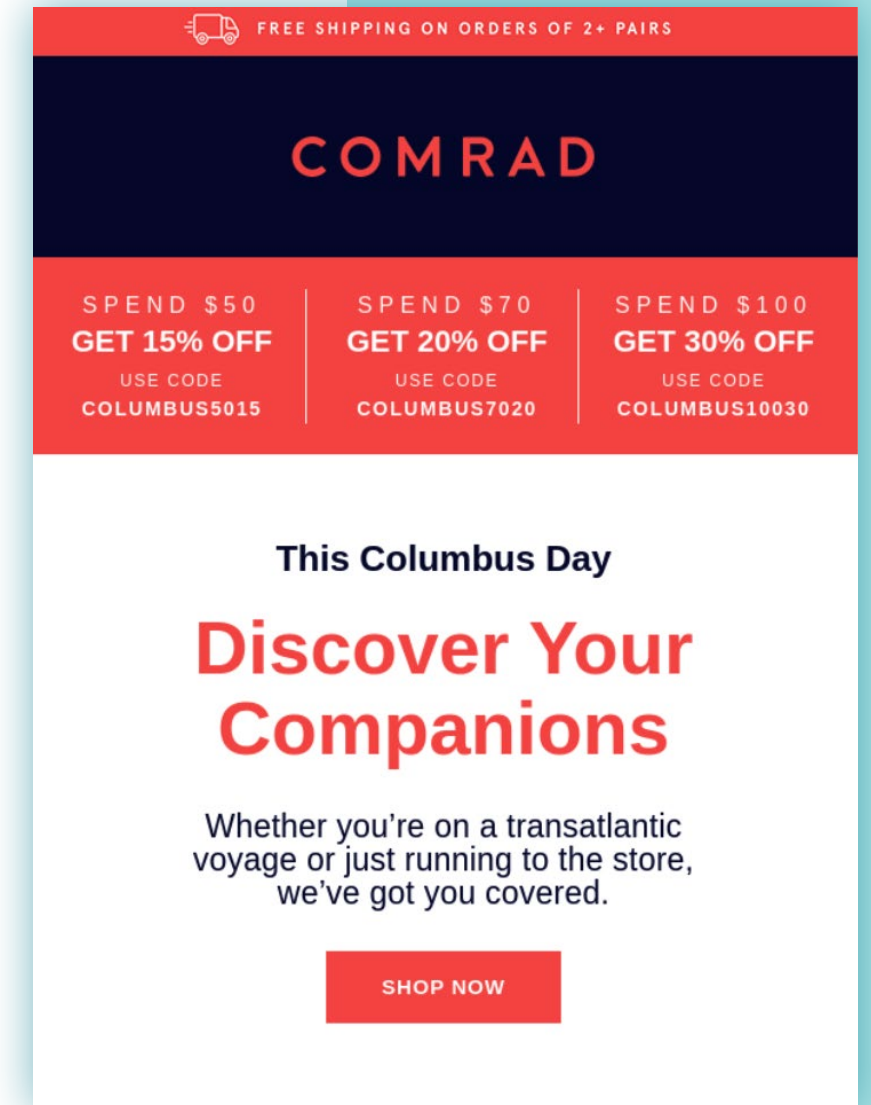
AI can then make the best possible decision, given the information available, as to which incentive will resonate best with each customer on a case-by-case (or you could say, cart-by-cart) basis.



Without automation, there is a severe limit to the amount of granularity that can be applied due to the enormous time overheads required to match users to the appropriate incentive on an individual basis. The best that can be expected is broad-stroke segmentation, which still misses a huge amount of potential revenue.

Incorporated with best-decisioning AI tech, a few tactics to use to inspire action with your post-Holiday incentives include:

- ▶ Scarcity (e.g., displaying “low stock” items)
- ▶ FOMO, or Fear Of Missing Out (e.g., displaying items already “sold out”)
- ▶ Social Proof (e.g., number of purchases made, or “top reviews”)



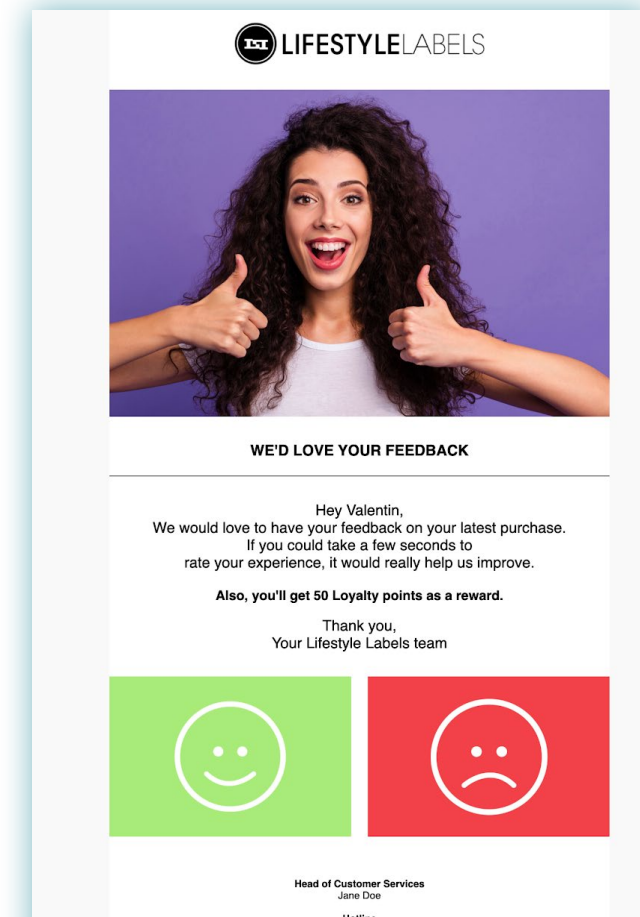
Engage: Create Better Brand Advocates with Inspiration, Altruism, and Education

The turn of the decade is occurring in the wake of the worst pandemic and economic recession in years. More than ever, people want to spend on things they care about and with brands they can feel good about supporting and that operate ethically.

Consumers are likely going to remain stingy with their spending into 2021, so consider taking a soft sell approach in addition to the ideas above. Here are four ways to show your customers you're the kind of brand they will be proud to shop with (and advocate for):

- ▶ **Seek donations.** Even though shoppers might be frugal due to job losses, pay cuts, and the like, people may be willing to donate for that exact same reason.
- ▶ **Donate a percentage of sales to charity.** If you can align with a cause and share why you're asking for help, people may be willing to buy and help out.

- ▶ **Ask customers what *they* want.** You can use this opportunity as a new beginning to see what consumers actually want... whether on social media, email or SMS.
- ▶ **Seek feedback.** Feedback is the single biggest category of qualitative (unstructured) data you can get. What better time to seek reviews or to share a brief survey than after a first-time purchase?
- ▶ **Ask customers' opinions via email.** Seeking qualitative/quantitative feedback is a great way to get first-time or repeat customers to share their experience with you. Include an open-ended form or a button/scale for customers to indicate the quality of their experience with you.



Education and Access

How can you educate customers on how to live better, spend smarter, or boost their life? How can you make them a top-tier customer? How can you reward members with exclusivity or points? How else can you bring value aside from a monetary discount?

One way to add an element of educational exclusivity to the customer experience is to start using premium content or offer VIP access.

- 1 Premium content.** Membership club, loyalty group, or special access e-newsletter with premium content.
 - Special tips or early access to new styles.
 - Special stories, tips, or tricks for club members.

- 2 VIP access.** Access to place, activity, or store.
 - Quick pass for in-store entry and checkout, or first-to-know about new items in stock.
 - Access to inventory or a new product line before general release.

The whole idea here is to really stand out post purchase by going beyond thanking them for buying. Try something else that builds the relationship beyond another deal, discount, or incentive. Also encourage customer loyalty with gamification, free gifts, loyalty rewards, and an extended return policy for returning customers.

Try honoring and helping first-time buyers and go for the long-term play as opposed to the outdated “buy, buy, buy” mentality. “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.”

Conclusion



Times are changing, and in-person shopping isn't what it once was.

As we navigate the supposed retail brick-and-mortar apocalypse, the need to drive business via digital channels is clear. More and more retail sales are expected to be made via mobile devices as we move forward, and e-commerce is in the forefront of consumers' minds, which means your digital channels are now even more lucrative, and primed for customer engagement.

The chance to re-engage new contacts is a can't-miss opportunity to drive the revenue and customer growth you need to meet company-wide objectives.

