

"Hello Again!"

An eCommerce Guide to Building
Customer Loyalty & Improving Retention



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Introduction

When Apple launched its iPad, thousands of people stood in queues outside Apple stores across the world. Most of them having camped out overnight just to have a chance of getting an Apple product. The same happened in 2011, 2012, 2013, and so on with nearly every Apple product ever released.

But why?

What makes people stand in front of a store for more than 12 hours just to get a chance of buying a product on launch day?

The short answer is customer loyalty.

The long-answer begins on the next page.



iPhone 5s Launch Day [source](#)

Chapter 1: The S in Customer Satisfaction Stands for Science

The long answer: Steve Jobs knew what his customers wanted not because he had a sixth-sense for this but because he always tested and verified his intuitions. A big part of the “Apple Experience” is the packaging - it's premium and it is satisfying to unbox an Apple product because the boxes were created to be satisfying.

To fully grasp how seriously Apple executives sweat the small stuff, consider this: For months, a packaging designer was holed up in this room performing the most mundane of tasks - opening boxes.

One after another, the designer created and tested an endless series of arrows, colors, and tapes for a tiny tab designed to show the consumer where to pull back the invisible, full-bleed sticker adhered to the top of the clear iPod box. Getting it just right was this particular designer's obsession.

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Source

While there is a lot of science you can base your next customer satisfaction strategy on, there is just as much noise.

After separating the science from the noise, we are left with the following:

Easy Returns

3 out of 4 shoppers would buy more in the long run if retailers offered easy returns.

Fast Shipping

3 out of 5 customers say faster shipping would motivate them to invest in paid loyalty programs.

Customer Experience

3 out of 4 customers will seek a different provider after the first bad customer experience.

Informed Delivery

1 out of 4 customers will abandon their order if a delivery date isn't provided on checkout.

Customer Feedback

More than half of all customers believe that more companies need to act on customer feedback.

Chapter 2: Nail Down Customer Experience

Improving customer experience should be on the top of every retailer's list but most retailers are unsure about the feasibility or value of customer experience (CX).

So let's bust some myths.

Myth	Facts
Customer experience has no ROI	On average, companies can expect a 70% increase in revenue within 36 months.
Improving customer experience raises product prices and customers are not willing to pay more.	60% of customers say they are willing to pay more for better customer experience.
In 2020, it's better to compete on price- customers are not paying attention to CX.	Only 38% of customers feel they're getting good customer experience, down from 45% in 2017.
Customer experience is hard.	No, it's not. You just need an action plan.

The Action Plan:

Timely Shipping

54% of customers say that same-day shipping is the number one purchase driver. While this may not be possible for many retailers, the takeaway here is that faster shipping is always better.

A good track record of speed and accuracy will not only bring in repeat customers, but it would also help in developing your loyalty program (more on that later).

Accurate Order Fulfillment

Focusing on speed is important but delivering the right order is just as important (if not more). Accurate order fulfillment involves

- accurate inventory tracking and management
- accurate order processing
- order tracking
- avoiding logistical issues

This might seem like a lot but all you have to do is find the right inventory management system or better, partner up with a reliable 3PL/order fulfillment provider.

Easy Returns

Easy returns is an essential component of a successful order fulfillment system. Retailers should work on increasing the efficiency of their returns to make it a seamless process for the customer while keeping costs low.

Not to mention easy returns instills good faith and loyalty. If you're having trouble handling returns, partnering up with an order fulfillment center can improve efficiency.

Customer Feedback

Customer feedback is a goldmine of information that can help identify underperforming areas (sometimes doing a better job than in-house analytics).

Install various points of communication to ensure customers' voices have a direct route to the decision-makers.



Chapter 3: Customer Retention... Keep 'em Coming!

Let's begin with some facts.

- Increasing customer retention by 5% can lead to an increase in profits of 25% – 95%
- The chance of converting a customer you already have is 60-70% while the success rate of converting a new customer is only 5-20%
- It costs nearly 5 times more to acquire new customers than to retain old ones.
- 25% to 40% of the total revenues of the most stable businesses come from returning customers.
- Repeat customers drive 3-7 times the revenue per visit as one-time buyers.

The key takeaway here is that you want to **focus on customer retention** just as much as on customer acquisition (if not more).

The Most Effective Customer Retention Strategies

Engaging Newsletter

Out of all digital channels, email marketing has the **best ROI**. For every dollar spent on email marketing, you should expect returns of \$40, compared to just \$22.24 on SEO and \$2 on banner ads.

A newsletter or communication calendar will keep your customers in the sales funnel by giving them actionable advice and notifying them of new products, sales, what's in their cart, etc.

Customer Accounts

Customer accounts are complicated. If your customers have an account, they can create wishlists, save payment and shipping details, and get information on past orders, instantly.

But forcing your customers to create an account can increase cart abandonment rates as creating an account might be too big of a commitment.

The solution to this is often quite simple - allow users to **checkout as a guest**.

Customer Loyalty Program

Promo codes on first purchases, loyalty points, referral programs, etc. are all different ways to use customer loyalty to increase customer retention.

We'll explore customer loyalty programs in more detail in Chapter 6.

Customer Support

Even an unhappy customer can be turned into a repeat customer if their problem is solved instantly. But to do this you need fast customer service - which is not always cheap.

A workaround is to create automated replies and chatbots to ensure pre-sales and post-sales experience are without delays. Of course, also have a customer rep on standby for additional support, if needed.

Difference between Customer Retention and Customer Satisfaction

At this point, you might be wondering what's the difference between customer retention and satisfaction. Doesn't one imply the other?

Not quite. Customers can be satisfied but the company needs to take action to bring back old clients into the sales funnel since they otherwise might not return on their own.

Remember that **marketing is 60% just retargeting**.

Watchfinder, the UK's largest online watch dealer started running their retargeting campaign with the goal to increase sales. In just six months, they were able to achieve 1,300% ROI. [source](#)

Useful Customer Retention Tools:

Here are some tools which you can use to develop customer retention and retargeting campaigns:

- Google AdWords - allows you to customize paid ads and target people who've already shown interest.
- AdRoll - a more feature-rich version of AdWords with more use-cases
- MailChimp - a highly rated platform for email marketing.
- Retargeter - offers multiple retargeting uses
- Optimizely - allows you to create multiple versions of pages for A/B Testing)

Chapter 4: Email Marketing: A Powerful Tool

Every email you receive from other businesses is part of their email marketing campaign.

“But I don’t make purchases right after seeing those emails. So they’re not very effective.”



Email marketing works at a deeper level. Every email you receive from the shaving cream company ensures that the next time you need shaving cream, you'll think of *that* company.

There are two approaches to email marketing. The first is to just blast out hundreds of *useful* emails a year (mostly product recommendations and sale notifications). We call this the Amazon Way.

The second way is sending out a company newsletter. This approach can be easier to pull off as it doesn't require as much data and is definitely the way for smaller retailers. Company newsletters tend to provide as much value as possible with as little of the "sales vibe" as possible. The goal here is to direct traffic to the store and build trust with the customer.

Let's take a deeper look at each of these approaches.

The Amazon Way

Amazon's emails convert significantly more than Amazon's on-site recommendations -- which is a big deal considering that Amazon's on-site recommendations conversion to sales ratio can be as high as 60 percent. [Source](#)

Amazon sends out *millions* of emails *every day*. This led to the creation of Amazon SES, Amazon's own email marketing service provider.

Amazon has personalized their emails to near perfection by **tracking their customer's every action**. Data collection can be hard and interpreting that data can be even harder but as made evident by Amazon, it can be a worthwhile investment.

If you've ever purchased something from Amazon, you've got a *minimum* of 9 emails.

The following emails to be precise:

1. Welcome
2. Receipt
3. Shipping
4. Thank You
5. Invite
6. Upsell
7. Sale notification
8. Review
9. Browse catalog

Takeaway: Amazon sends *a lot* of emails but they all provide a lot of value. Most users don't mark them as spam because Amazon's recommendations are stellar and users like what they see, which is only possible because Amazon tracks a lot of data.

Company Newsletter

Eight out of 10 marketers employ newsletters in their content marketing strategy and four out of 10 believe that it's a critical element in their strategy. And while a company newsletter is less of a logistical nightmare than what Amazon does with their emails, there are still some things to remember.

Here are seven tips you can apply directly to your email marketing strategy

1. Stick to shorter and somewhat vague subject lines, as these tend to perform better.
2. Open rates are good to track, but clickthrough rates are a better performance metric.
3. Focus on when to hit send. 8:00 pm to midnight is a good starting point if you don't have much data on your target demographic.
4. 61% of all emails are opened on mobile devices, so make sure your emails are mobile-friendly.
5. Don't be afraid to experiment. A/B test subject lines with different segments/audiences.
6. Include outbound links to your store, blog, and/or social media.
7. Retarget inactive subscribers with a special "we miss you" email and offer an incentive to shop again.

Chapter 5: Social Media

Engagement: Acquire, Engage, Retain

Customers who experience a positive social media interaction are nearly 3x times more likely to recommend that brand.

78% of customers believe that social media is the future of customer service.

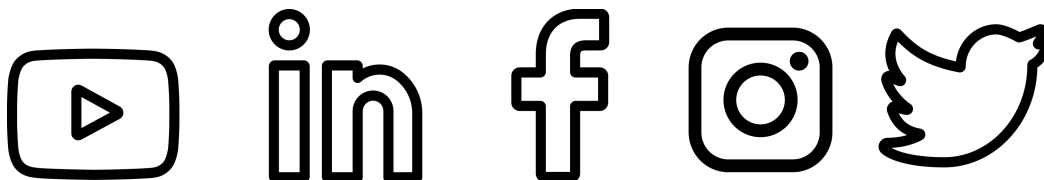
54% of social media browsers use social media to research products.

55% of adults aged 18-65 bought products within the last three months after discovering them on social media – either immediately (11%) or later on (44%)

88% of customers are less likely to buy from a retailer if their social media complaints are left unanswered.

If eCommerce retailers had to focus on just one marketing channel, it should be social media.

Customers can be acquired, engaged, and retained all through a few social media accounts. Let's find out how.



Improving Brand Awareness

Just a few hours of creating and posting content on social media on a consistent basis is all it takes to increase brand awareness.

Choose the content form that best speaks to your audience. Video marketing is spreading like wildfire as its convenient and often more personal.

In fact, short 1-2 minute videos are particularly effective on social platforms..

Engaging pictures with witty captions remain effective on social media, but be sure the content is tailored for your audience.

Here are some social media campaign examples:

- Celebrate an upcoming festival or holiday
- Create a useful weekly series.
- Create a challenge using hashtags
- Start a discussion using hashtags
- Live stream behind-the-scenes content

Engaging with an Audience

Engaging with an audience is the best way to grow a social media platform.

The truth is customers don't expect great customer service anymore. In fact, **1 in 3** consumers in the United States **do not expect a response** when asking a question of a company's social media.

But if you're one of the few companies that respond to its users - you'll be showered with appreciation and positive attention since **1 in 2 customers praise companies** for good customer service on social media.



Netflix's Twitter does more than solve customer queries. [Source](#).



Replying is great. Being funny is a bonus. [Source](#)

The key takeaway here is to be active on social media, engage with users, and keep an eye on notifications for mentions.

Social Media Engagement Strategies

Though there is a wealth of knowledge and case studies into engagement strategies, the effectiveness of social media tactics can differ from business to business.

Here are some **simple but effective tactics** to test out and get people talking about your online store.

- Create a poll
- Post a question
- Ask for feedback
- Start a contest or host a giveaway
- Offer discounts and free stuff (with no strings attached)



Chapter 6: Ecommerce Loyalty Programs

Here's what has been done so far.

Acquire customers? Check.

Satisfy them? Check.

Engage them? Check.

Retarget them? Check.

But sales haven't gone through the roof yet.

That's because one more piece needs to be added to the customer loyalty puzzle before calling it a day - loyalty programs.

"60-80% of customers who describe themselves as satisfied do not go back to do more business with the company that initially satisfied them." [Source](#)

Loyalty Programs: the Do's and Don'ts

What makes an eCommerce loyalty program really stand out? Actually, there are three things:

1. Easy to use
2. Offers great discounts
3. Easy to understand

And what should loyalty programs steer clear of?

1. Rewards that take too long to earn
2. Rewards that are not appealing to their customers
3. Too many communications
4. Communications that are irrelevant or not valuable

Effective Loyalty Program Strategies

Points Program

It's a simple concept - spend more to earn more. This type of loyalty program is widely used thanks to its simple implementation and has a surprisingly high ROI.

Some interesting statistics about the points/rewards system:

- 69% of consumers say the choice of retailer is influenced by where they can earn customer loyalty/rewards program points
- 57.4% of consumers join loyalty programs to save money
- 37.5% join to receive rewards.

Referral Program

"People are 4 times more likely to buy when referred by a friend." [Source](#).

Referral programs are a great way to take advantage of word-of-mouth marketing. Word-of-mouth is the most effective marketing strategy with the highest ROI of any other program.

The concept is simple too. Offer incentives to preexisting customers to spread the word and convert people they know into paying customers. Often this is done through a special referral code or link.



Membership Program

37% of customers said they didn't mind paying a fee for access to special perks such as free shipping. [Source](#)

When consumers are given extra benefits at an additional fee, they are more likely to make repeat purchases. Mostly because they want to get the max out of that member's fee.

But there's a caveat. This strategy might not work as well if the incentives offered aren't enticing enough or the membership fee is too high.

Nailing this balance down can be hard but it's certainly not impossible.

Take inspiration from these membership benefits:

- Offer access to paid services at a discounted cost
- Free shipping or expedited shipping
- Extra discounts on purchases
- Exclusive pre-sales
- Cashback offers

Conclusion

When dealing with the topic of customer loyalty, there are many strategies and tactics online retailers can leverage to keep customers coming back. Here are the key takeaways.

- Ecommerce retailers should invest in customer retention strategies just as much as they do on customer acquisition strategies.
- Customer experience can be improved exponentially by working on timely shipping, accurate order fulfillment, easy returns, and customer feedback.
- Retention, engagement, and retargeting are all a little different but equally important in maximizing customer loyalty.
- There are some great free and paid customer retention tools that eCommerce retailers can take advantage of.
- Email marketing has the best ROI of any marketing channel and company newsletters are an easy way to start.
- Companies engaging with customers through social media can significantly improve brand awareness and loyalty.
- Loyalty programs are essential to the success of a customer loyalty strategy and can be quite simple to implement.

And there you have it - the secrets of nailing down customer loyalty for your eCommerce business.

Looking for more actionable advice to increase sales and scale your business? Head over to our blog at www.rakutensl.com/blog-landing.

To learn more about optimized fulfillment as part of your customer loyalty strategy, contact Rakuten Super Logistics at 866.955.7793.

About Rakuten Super Logistics

Founded in 2001, Rakuten Super Logistics (RSL) is a leader in eCommerce order fulfillment, assisting leading eCommerce retailers to increase speed of delivery, improve order accuracy, decrease shipping costs, and increase customer satisfaction. RSL's cloud-based fulfillment platform for order and inventory management features integration with popular eCommerce platforms, and automatic order importing from online marketplaces and shopping carts, including: Shopify, Amazon, Magento, and WalMart Marketplace. RSL's 2-Day Delivery Network of wholly owned and operated fulfillment centers allows for 1-2 day delivery via ground shipping to 98 percent of the U.S.

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