Engage Existing Customers:

Four Key Strategies

LIFERAY®

The New Challenge for Companies

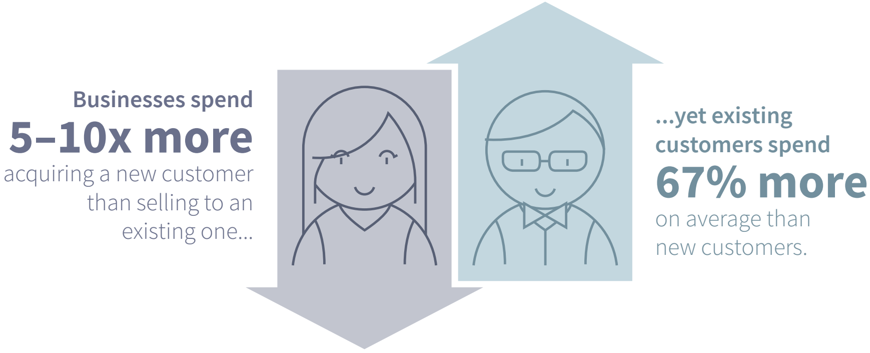
For digital businesses, brand loyalty is no longer a given in today's competitive landscape. Increasingly, customers are making purchases based on the experiences that companies offer, rather than products or price. This means that customer experience has become a defining differentiator for digital business. In fact, Gartner calls customer experience the new battlefield for companies, and writes, "As competition and buyer empowerment compounds, customer experience itself is proving to be the only truly durable competitive advantage."

In a study from Forrester, 78% of companies agree that they are trying to differentiate themselves through customer experience, and for many, this means a renewed focus on the early stages of the customer lifecycle, specifically the pre-purchase and purchase stages. However, as soon as one company delivers a great experience, customers expect to see that same level of care everywhere. Look at the best example of customer experience in your industry — that is now table stakes for you and any other competitors. In order to gain new advantages in the current digital economy, companies need to find ways to continually differentiate their services across the entire customer lifecycle, including later stages that still have untapped opportunities for engagement.

Customer Experience Doesn't End After Purchase

People have grown used to doing their own research on products before engaging with a brand. One study shows that 72% of millennials research a product online before going into the store to buy it. This means that the opportunities a company has to influence customers in the early stages of the customer lifecycle are being cut down.

But there are still ample opportunities to reach out to customers post-purchase and continue to engage them as a way of preparing them for the next purchase with your company. Research has shown that existing customers are both easier to sell to and more profitable than new customers.


Businesses spend
5–10x more
acquiring a new customer than selling to an existing one...
...yet existing customers spend
67% more
on average than new customers.

Source: inc.com/guides/2010/08/get-more-sales-from-existing-customers.html

Rather than focusing on the narrowing opportunities to influence new customers, businesses should find ways to nurture their existing customers, ultimately turning them into advocates that will come back to purchase again and again.

Changes in Customer Loyalty

If existing customers are so profitable, why do businesses neglect them in favor of new customers? Often, the answer comes down to the changing nature of customer loyalty and how difficult it is to turn people into repeat customers.

Companies used to be able to develop lifelong brand loyalty in their customers through big campaigns or traditional loyalty programs. The idea of lifelong brand fans meant that loyalty was defined as buying solely from that brand — like a staunch supporter of Coca-Cola that refused to drink Pepsi.

Now, it is incredibly easy for customers to switch brands, and they don’t hesitate to exert that right. Millennials will cite anything from poor customer experience to feeling that a brand no longer fits their identity as reasons for moving on from a previously favorite brand. Experiences are what earn customers’ loyalty today, and businesses will need to adjust their strategies in order to account for this reality. The more information and differentiators companies are able to offer with their experiences, the more loyal customers will be.

4 Key Strategies to Engage Your Existing Customers

New technology, particularly around data-gathering, analytics and digital experience delivery, enables companies to understand their customers better than ever. Companies that are already investing in this technology can find great opportunities to extend their investment by building out and improving their experiences for the later stages of the customer lifecycle. These four strategies will help you focus your efforts on engaging your existing customers in a way that creates loyalty for your brand.

1. Collect the right data.

Companies need to collect information that is actionable, not just interesting. There's no value in asking customers to give up personal details if that data cannot be analyzed for new ways to advance your business. Companies would do better to focus on tracking behaviors that give them a better understanding of their customers. For example, GameStop used its loyalty program to track information on existing customers that visited its website and what they did next. It found that 26% of web visitors that didn't purchase online showed up in store to buy something within 48 hours. Armed with this level of insight, companies can choose to alert store reps, confirm product availability before customers show up, offer free delivery if they give online purchasing a try, or send a reminder that, if the customer comes in a day early, they'll be able to take advantage of the store's annual sale. These are the kinds of detailed insights that differentiate experiences, the way a mom and pop shop would be able to simply by familiarity with its customers.

2. Go beyond segmenting.

As of 2014, Facebook has at least 58 gender identities for customers to choose from. That number should give most companies pause. People identify themselves with incredibly granular categories today. Do your targeted segments account for that level of detail? One of the benefits of refocusing on engaging existing customers is that you have an opportunity to gain deeper insights by continuing to collect and analyze data over time. Track the way customer behavior changes throughout repeat purchases, and use that to inform the experience you're creating for newer customers. Eventually, you should also be able to use this data to more accurately identify who your top customers are, and what it is that keeps them consistently engaged with your company.

3. Turn service culture into a process.

Great customer experience often comes down to a story about exceptional one-on-one employee-customer interactions (like this story about a Virgin Atlantic employee who personally handled a customer issue over the phone). While it's valuable to establish a service culture that encourages this attitude in employees, companies still need to find ways to scale this approach so that every customer has access to this experience, not just the lucky few. Part of great customer experience is maintaining consistency across interactions through the use of technology. Take a local sandwich shop as an example; if its customers pay through a mobile app, the store will automatically have a record of their usual orders. If that information is shared with the POS system when the customer walks into the store, then it doesn't matter if they come at a different time of day or go to a different location — the cashier still knows their usual order. Customers have access to the same great experience, and it's consistent for all customers, instead of being dependent on the regular cashier remembering a customer's face and preferences.

4. Integrate loyalty initiatives into your digital strategy.

The goal of focusing on existing customers is still to drive profit through excellent services, and that might look different than a traditional loyalty program. Take Amazon Prime as an example; technically, they lose money on shipping costs (at least $1 billion annually), but their goal isn't to trick customers into paying for shipping they wouldn't use, in a gym-style membership approach. Paying extra for shipping is often a barrier to purchase; by removing that for regular customers, Amazon delivers a valuable benefit that gives people a reason to keep purchasing on Amazon's platform. The additional Prime benefits — video, music, lending library — build on that value and keep customers engaged with Amazon's platform. This means that their recommendations for entertainment ("Hey, have you watched this new show yet?") are likely going to link back to Amazon ("Yeah, it's free with Prime."), which opens up more opportunities for future purchases. The lesson learned here is that companies need to assess the success of loyalty initiatives within the context of their entire digital strategy, rather than assuming loyalty programs will be profitable on their own.

The Future of Customer Experience

As new digital channels open up, companies will need to be prepared to manage data in a way that eliminates noise and focuses on valuable insights that can enhance the customer experience. Digital leaders are focusing heavily on transforming their companies so that their technology solutions are part of a unified platform. Business systems need to be able to tap into the many disparate touchpoints customers are interacting with and process that data quickly and efficiently. The future of customer experience depends on taking this detailed customer knowledge to scale, and using that to consistently deliver personalized experiences on the individual level.

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> Data not only matters, it is thought to be among the most precious assets most organizations have.

92%

of companies expect data to contribute even more to their advertising and marketing efforts in the coming years.

Source: accenture.com/us-en/insight-global-review-data-driven-marketing-advertising

Modern software, such as digital experience platforms, will be necessary to support this model of continuous engagement and personalization. This category of enterprise software is capable of tracking customer data such as behaviors, patterns, preferences and social media interactions, and bringing it together in a way that is valuable to your business. Companies that can gather data efficiently and use it to inform the experiences they’re creating will develop competitive advantages over others in their industry.

H&M
LG
U.S. POLO ASSN.
LIVE AUTHENTICALLY
UNFORGETTABLE
Shades of You
sunglass hut
ON smart media
TOSHIBA
TDK
DUNKIN' DONUTS
BUD LIGHT
RAISE ONE TO RIGHT NOW
FOX
SONY
ADHDadulthood.com
56 years in the making
äah
Häagen-Dazs
THE LION KING
swatch
Aeropostale
POLICE
ONLY

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Conclusion

The only way to turn customers into advocates is to keep them happy between purchases. Because of this, retention strategies should be a top priority for digital businesses, and they should be characterized with personalized experiences targeted for the later stages of the customer lifecycle. The companies that are able to increase customer retention will benefit from a more durable competitive advantage in a marketplace that's becoming increasingly complex.

It all comes down to focusing on people, not personas. Companies today have the ability to view their customers at the individual level. Now, the challenge is to bring together the right systems, technology and strategies to deliver experience that are valuable across the entire customer relationship, from prospect to advocate.

What's Next?

See how the Liferay Digital Experience Platform can help you create exceptional experiences across the entire customer lifecycle. Visit liferay.com/products

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