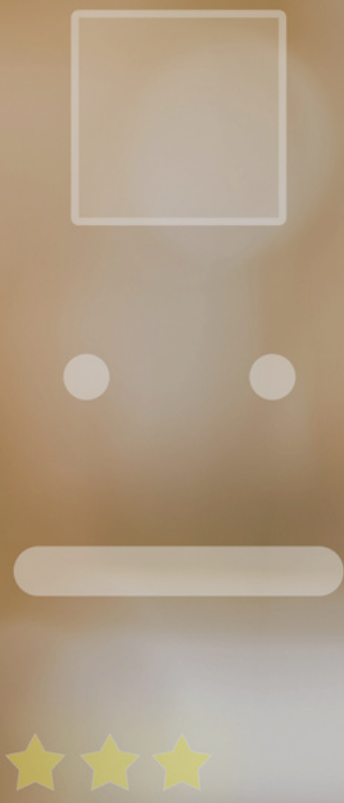


Beyond  
Likes



# REBOOTING CUSTOMER LOYALTY

*How to Build Enduring Loyalty in a Digital Economy.*



Differly

# REBOOT CUSTOMER LOYALTY

## Boost Revenue by Targeting Key Customer Growth Segments

It's safe to say that 2020 has not played out the way any business leader anticipated. And yet, to paraphrase Dwight D. Eisenhower, while plans may turn out to be useless, planning itself is indispensable.

As businesses head into 2021, make no mistake: the companies who will survive and thrive will be those who get out of neutral and make a plan - a plan centered around their best and highest growth-potential customers, a plan that will ensure they secure the revenue base they need for the year ahead, a plan that will strengthen the loyalty of customers to keep them invested and engaged in the relationship.

For many, 2021 will be a rebooting of plans crafted in 2020. Think of this reboot

not as the result of a 'system crash,' but instead as a 'remake' of a classic TV show - like Hawaii 5-0 ... without the idyllic Hawaiian setting. This isn't just hitting the reset button, it's a chance to revisit your approach to Customer Loyalty, considering the changes that 2020 has introduced and the continued shift to digital business models. This brings new opportunities (e-commerce, increased customer engagement, and personalized messaging), along with some challenges for businesses who traditionally built loyalty through in-person interactions.

In 2020, customer behaviour and buying habits have shifted dramatically. Plans must be adapted to match, and to demonstrate to customers that you are ready to engage with them on new terms. This will not only benefit them but your bottom line as well.

## Customer Loyalty Drives Revenue and Profitability

Customer Loyalty strategies, although always evolving, have been around for decades because they produce results.

### Retention



A 5% increase in customer retention can lead to a 25% - 95% increase in profit

(Source: research conducted by Frederick Reichheld of Bain & Company)

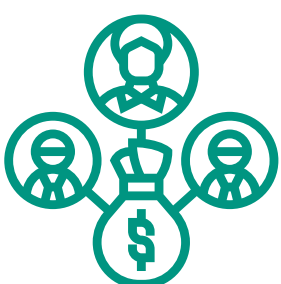
### Frequency



Highly engaged customers buy 90% more often

(Source: Rosetta Consulting Research Study)

### Acquisition Cost



Winning a new customer costs 16x more than cultivating loyalty with an existing customer

(Source: Social Annex)



## Points are not the point!

We firmly believe that although "points" are one way to entice behaviour, true loyalty is about so much more.

### It's about



A deep understanding of customers - behaviours, needs, wants & motivators



Relationships and relevance



Identifying "moments of truth" for customer growth and retention



Moving the middle: incremental improvements that drive big results



Achieving profitable, sustainable growth



*We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the guest experience a little better.*  
-Jeff Bezos

# Three Steps to Reboot Loyalty: Get Real. Get Ready. Get Revenue.

Loyalty strategies blend the science of segmented customer management with the art of marketing to optimize net revenue. When customer purchase behaviour data is combined with relevant, targeted, and personalized marketing, it drives results.

## Step 1: Get Real.

Start by accepting a core fundamental truth: all customers are not equal. When a business tries to treat every customer the same way, they end up under-serving some and over-serving others. This leads to lost opportunities to deepen relationships and win more business from deeply loyal and high growth-potential customers while investing time and effort into others who will never become frequent or high value customers and, in fact, may be costing more to the organization than they spend. Activity in this first step is focused on understanding your current state, based on the data available to you right now. You'll want to answer these questions as you develop your customer segments:

- Who are your best customers and why?
- How do you recognize them for their loyalty?
- What are you doing to ensure they stay with you?

To get these answers, you'll launch the first steps of an iterative process:



Customer segments need to reflect purchase behaviour, which may be a different approach than your existing segmentation. You're looking for three segments: Best Customers, Growth Opportunity Customers, and Lower Spend Customers (aka the 'rest').

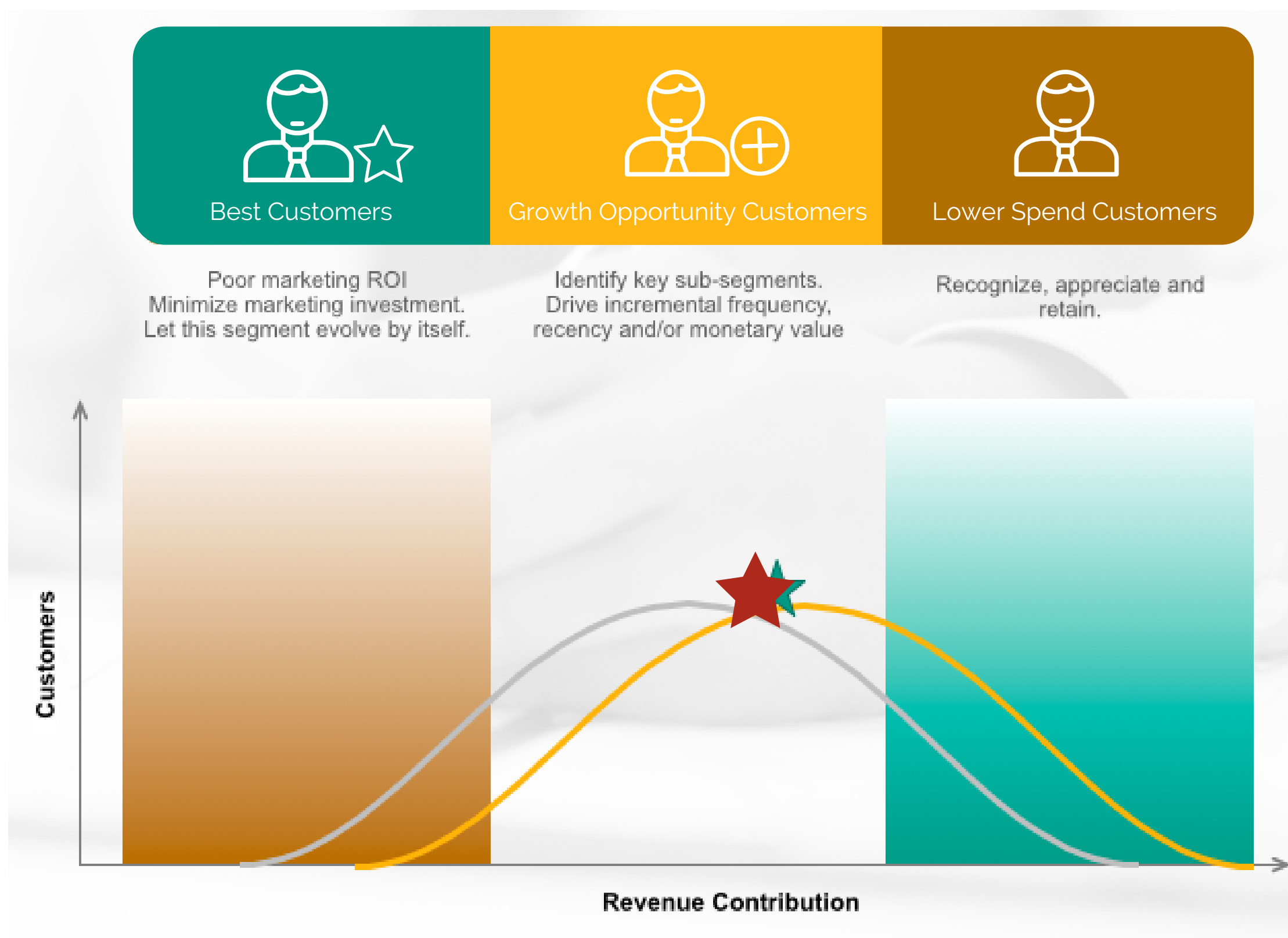


## Step 2: Get Ready.

Strategize to “Move the Middle”: driving incremental frequency and purchase volume from your Growth Opportunity Customers

With your segments in hand, the next phase involves preparation for targeted marketing, communications, recognition and incentive strategies. For your best customers, this means ensuring that they are appreciated and rewarded for their loyalty and their purchases. This group will become your brand evangelists, growing their loyalty over time and attracting new customers to you with their stories.

Your growth customers are your biggest opportunity. Too often businesses focus on the lower spend customers, investing significantly to try to boost their spend. The ROI here is generally low - while you want to recognize all customers and treat them well, the biggest revenue opportunity lies with your best and growth segments. At Differly, we call this “Moving the Middle.” Here, you can strategically grow your customers' average ‘basket size’ and frequency of visits, encouraging new product and category trials and incentivizing customers to add incrementally to their purchase behaviour.



- ★ \*Identifying sub-segments within this group will allow you to further personalize the communications, offers/incentives and marketing messaging, moving these customers more quickly along the continuum and adding them to the base of loyal/best customers.

### Step 3: Get Revenue.

The combined power of data and marketing are now at work. If all is going to plan, your best customers are sticking with you and recommending you to others, and your growth customers are buying more and becoming more loyal. Revenue will be increasing, and as an added bonus, you're learning about what works, so you can adjust tactics to optimize outcomes.



Loyal Customers generate 12% to 18% more in incremental revenue compared to non-members

(Source: Accenture)

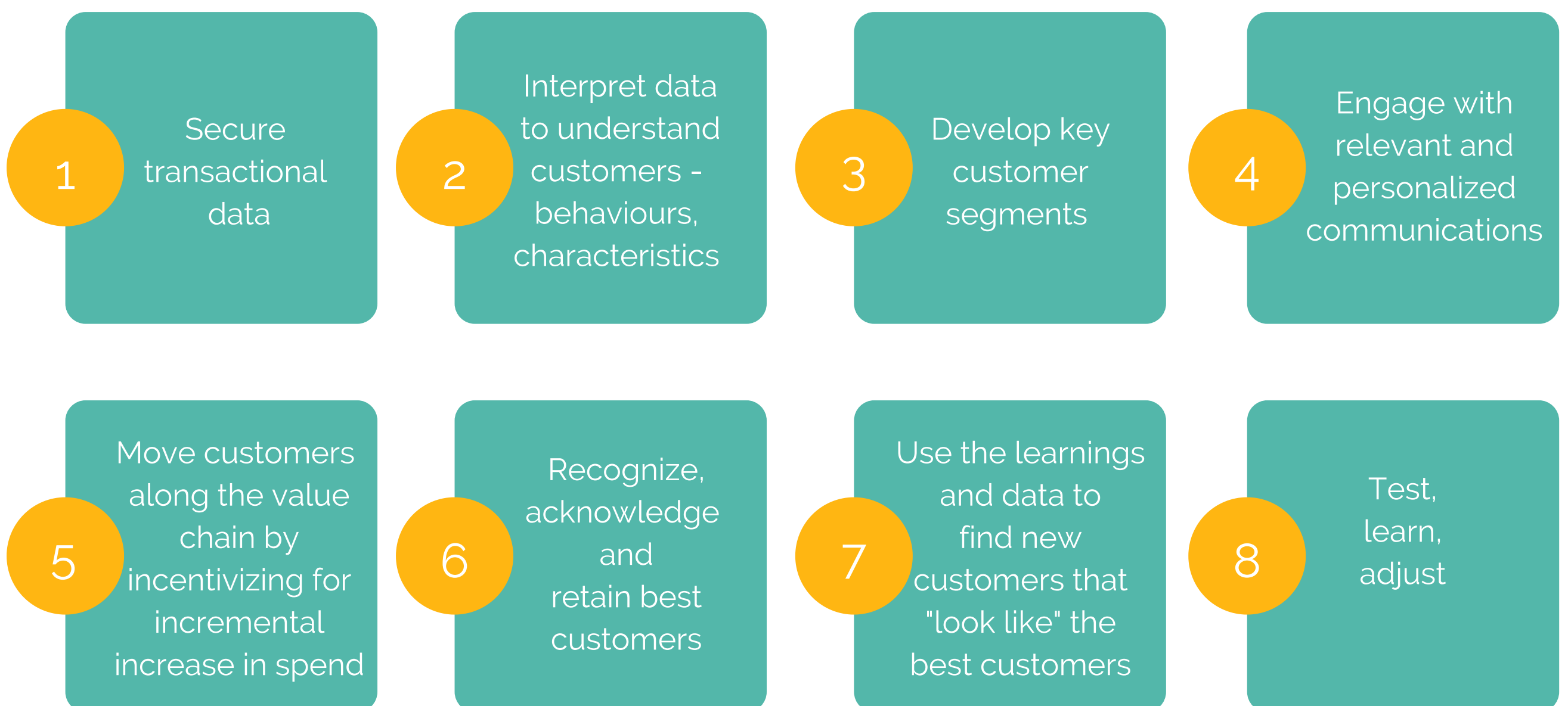


Personalized offers and experiences remain a key opportunity for loyalty strategies. Effective personalization results in 3.5X sales lift

(Source: Bond Brand Loyalty)

Don't take your eye off the ball. This is your chance to learn and refine, and to target 'lookalike' customers - those who most closely resemble your Best Customers.

#### Differly's 8-Phase proven process to build loyalty





## THE BEST TIME TO BEGIN IS NOW!

The best time to begin is now! It's never too late to reboot customer loyalty. Even if you've been "on pause" most of the year, you can start 2021 with a rebooted plan to understand, capture, and sustain the loyalty of your customers. Loyal customers will support you because you know them and serve them better than anyone else, even as you navigate new distribution channels.

Companies who implement data-driven customer loyalty strategies outperform those who don't. The benefits of retention, growth, and attraction are within your reach and our team is here to help..



**Vicky Freed**

Loyalty Practice Lead, Chief Data  
and Business  
Performance Strategist



**Jen Batley**

Lead, Customer Experience  
and Transformation



**Marc Fares**

Lead, Digital Strategy  
and Innovation

## The team at Differly is here to help.

We think big but start small, so you can capture early wins and focus on what matters most. Our proven process for Customer Loyalty can be executed in phases or all at once.

**Reach out for a 30 minute call: [Connect@Differly.com](mailto:Connect@Differly.com) or visit [Differly.com](https://Differly.com)**