

THE SECRET TO BETTER CUSTOMER ENGAGEMENT



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When examining the various ways in which a business can improve its bottom line, many organisations may fall into the trap of believing that attracting new customers is the most crucial goal. It's an idea that makes sense - the more people interacting with your company and purchasing its products and services, the more cashflow you should see coming in.

That said, improving acquisition isn't the only side of the story as your existing customer base may be ripe with untapped engagement potential. According to research by Gartner, around 20 per cent of a company's current customers are responsible for as much as 80 per cent of future profits. With that much of your business' potential fortune lying with consumers you already have access to, focusing on customer retention may be a better path to take.

Taking into account statistics like this, it's somewhat surprising that more organisations are still neglecting their current customer base, instead devoting huge amounts of energy into capturing new clientele. A marketing survey carried out by research firm eConsultancy found that just 15 per cent of respondents were more focused on retention, compared to 40 per cent concerned with acquisition. That's despite the fact that the same survey revealed 82 per cent of companies agreed that retention actually cost them less than acquisition in the long run.

If this research is to be believed, the source of most of your profits will come from a market that can be engaged in a much more cost effective manner. The trick, however, is how you earn the loyalty and repeat business of that market.

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THE INGREDIENTS OF AN EFFECTIVE CUSTOMER LOYALTY PROGRAMME

In technical terms, Pricewaterhouse Coopers says the balance between incremental revenues generated by profit and incremental costs is how one can gauge the profitability of their customer loyalty programme. The financial impact on your business from delivering communications, soft benefits including perks and member events or general business overheads such as payroll should be weighed against additional revenues you take in from running the programme.

With the right customer loyalty scheme, that balance should be measured and easily observed or adjusted. Just as you should be constantly monitoring the behaviour and buying habits of your customers to find new avenues of engagement, how the service is delivered should be agile and easily tweaked to improve ROI. To achieve this, you will need to make use of the information collected over the lifespan of a customer, starting with the initial sign-up process.

CONNECTING WITH YOUR CUSTOMER BASE THROUGH ANALYTICS

Customer engagement strategies can take a number of forms, however the end goal should always be the same - to deliver an incentive that encourages further interaction.

"A compelling customer experience meets customer expectations and then exceeds them," says David Raab, principal at a marketing technology consulting firm Raab Associates. In a study by Forbes Insights into effective engagement, he notes that using collected data to read the demands of clientele before they even make them is incredibly valuable.

"Assuming you know what your customer wants is the worst. Asking is better than assuming. But observing real behaviour to determine preferences is the gold standard."

It's relatively easy to say all of this, but somewhat more difficult to put it into practice. As the world increasingly moves towards the data-driven future, knowing the channels where the most relevant customer information can be gathered is what separates a profitable programme from one that struggles to perform.



SOCIAL MEDIA: Gone are the days of networks like Facebook and Twitter being simply personal status or photo sharing platforms, social media has evolved into a powerful marketing tool. Speaking to TechTarget for its eBook 'Taking action on analytics: Using data for customer loyalty and retention', Gartner research director Adam Sarner says "the back-and-forth collaboration with things like social media, where you can have that two-way communication, [means] you can understand what a customer wants and needs and how to anticipate them over time." Opening up a dialogue on social media can yield an endless stream of customer information; data that can be leveraged into crafting a better loyalty programme.



GAMIFICATION. Research by Microsoft has shown that the average human attention span is shrinking rapidly, from 12 seconds at the turn of the century to just 8 seconds in 2013. Obviously figures like this don't bode well for an organisation trying to keep people interested over a sustained period, but the possible cause of our dwindling attention presents its own opportunity. With vast segments of the population - particularly people under the age of 30 - constantly distracted by technology, introducing elements of gamification into your loyalty programme can offer a fun hook to keep customers engaged.



PERSONALISATION In the battle for brand supremacy, reaching out to customers as individuals may be an important strategic move. While there is undoubtedly a large segment of the population concerned about the collection of private data for commercial use, a study by business intelligence firm Verint learned that over half of consumers prefer a personalised shopping experience. Essentially, the consumer desires a simpler model of interaction, and were found to be more forgiving of brands that they feel understand them. A careful use of customer information to deliver personalised rewards can build that connection, and strengthen engagement.



FROM LOYAL CUSTOMER TO BRAND ADVOCATE

As mentioned above, eConsultancy learned in their survey that acquiring new clientele can be a costly endeavour. According to Invesp, it may cost as much as five times more to attract a new customer than to keep existing ones. But what if you could rely on your most loyal supporters to shoulder some of that acquisition burden for you?

By focusing on the presentation of a service or product to those select few highly engaged champions of your brand, the possibility of word-of-mouth referrals has been observed to increase significantly. Given the aforementioned power of social media networks such as Facebook and LinkedIn, the reach of one well connected customer can translate to invaluable exposure for your brand. As Frederick F. Reichheld and Phil Schefter eloquently phrased it in an article for the Harvard Business School, “word of mouse spreads even faster than word of mouth.”

While so many organisations dedicate large amounts of their marketing budgets to acquisition, by carefully implementing an effective retention strategy you are essentially cultivating ambassadors to attract new business for you. These brand advocates may in fact be the most valuable agents for driving growth, with a Nielsen survey finding an impressive 92 per cent of consumers trust recommendations from friends and family over all other forms of advertising.

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HOW POWER2MOTIVATE CAN HELP WITH CUSTOMER ENGAGEMENT

There's little argument that the world of customer loyalty has changed, as digital technology continues to seep further into all aspects of the modern business environment. To meet the demands of your customers and develop them into engaged brand advocates, you need an innovative, forward-thinking loyalty programme in place.

Power2Motivate has worked with hundreds of clients across the globe to improve customer loyalty, and strives to deliver the best engagement solutions available. Social recognition and points-based rewards drive the customer to be more active, while our three-click reporting system allows you to track the progress of campaigns, and easily assess ROI.

Having a fully engaged clientele is within your grasp - speak to Power2Motivate today about how your organisation can unlock the potential of customer loyalty.