



2019

# Customer Lifecycle Report

The retail shopper's journey to loyalty

## Introduction

All retailers aim to make loyal shoppers out of new customers. But what attracts consumers to your brand and keeps them coming back until they're loyal for life?

Beyond the products and services you offer, your marketing communication strategy can make or break your ability to generate long-term loyalty. Understanding how to communicate with your customers throughout all stages of the customer lifecycle is more critical than ever, especially as e-commerce giants like Amazon expand into brick-and-mortar and digital-native direct-to-consumer (D2C) retailers sway shoppers with their sleek branding and seamless shopping experiences.

Based on a survey of 1,000 retail shoppers, the following report details consumers' priorities as they progress along their journey with your brand – from their first interaction to their initial purchase and, ultimately, loyalty. Read on to discover actions you can take to gain new customers, retain repeat shoppers and effectively reward those most loyal to your brand.

## Key findings

- **The power of word-of-mouth:** Forty-five percent of respondents said they first heard about the most recent new retailer they purchased from through a recommendation from friends or family.
- **Comprehensive product information earns trust:** When asked about the factors that most influence their trust in a retailer they've never purchased from before, 36% of consumers ranked comprehensive product information as their top choice.
- **Marketers still miss the mark on frequency:** Nearly four in 10 consumers say they do not receive marketing messages from retailers at their preferred frequency.
- **Mastering loyalty pays off:** More than half of respondents (53%) say they would pay more to purchase from a retailer they're loyal to.



# Acquisition

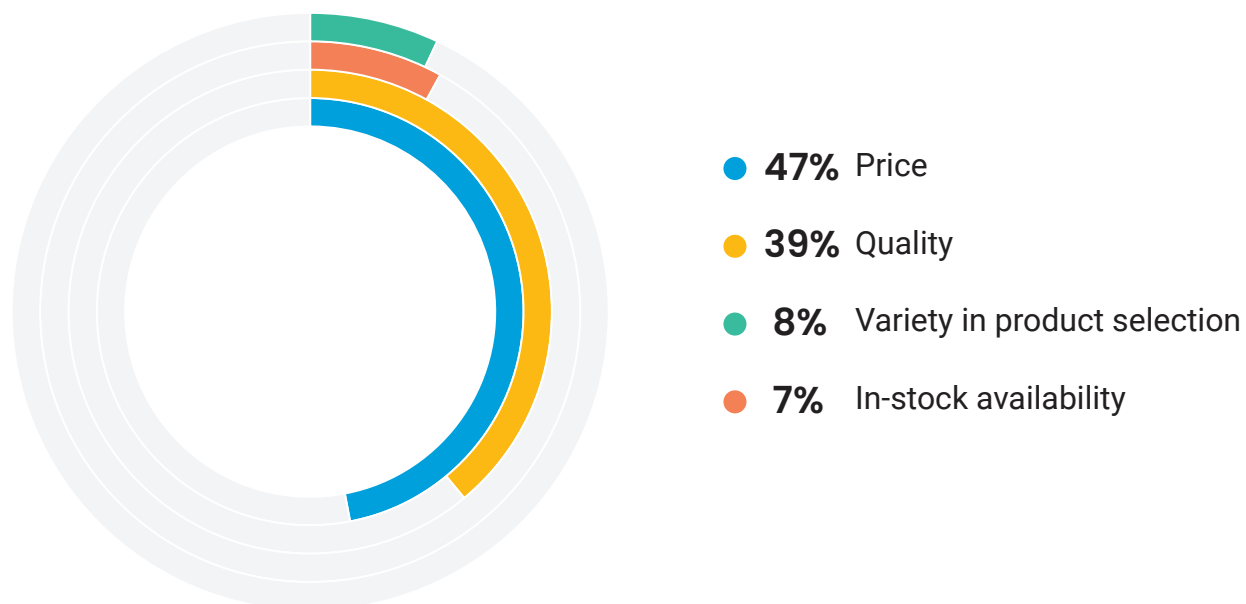
Prospective customers are highly skeptical – and rightly so. Before purchasing from a retailer for the first time, consumers need to be convinced that the products are worthy of their dollar. This is especially true for retailers in industries with more expensive products like luxury clothing and accessories, home furnishings or electronics versus grocery or discount products. Our data shows that emphasizing product factors like price and quality, and prioritizing convenience are most influential for acquiring new customers.

## Price and quality reign supreme



Price and quality play a significant role in consumers' decisions to purchase from a retailer for the first time. When asked about product-related features that most influence their decisions to purchase from a new retailer, price ranked highest (47% ranked it as their top choice), followed closely by quality.

*Product factors consumers rank most influential when purchasing from a retailer they're never shopped with before*



While there is only so much marketers can do about the pricing and quality of their company's products, they can incorporate messaging about price and quality on their website, in emails, social media posts and push notifications, all of which are effective ways to reach prospective customers.

## Turning findings into action

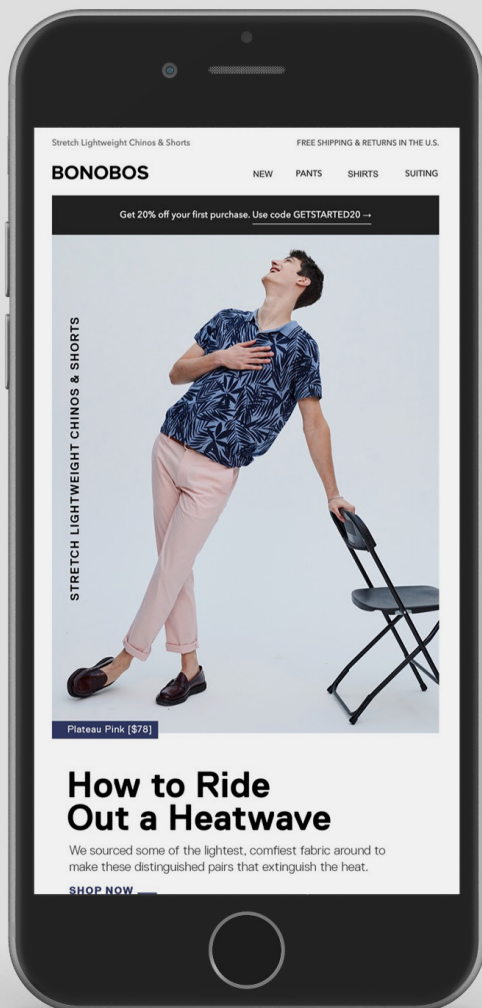
### Put your money where your mouth is.

Show that you're serious about the quality of your products by offering full refund guarantees – whether it's within the first 100 days or for life. Brands like Lands' End, Otterbox and Away promise lifetime guarantees for their products, highlighting their faith in their offerings and ensuring that customers don't have to gamble when purchasing from them for the first time.

### Try any suitcase for 100 days

Consider your first 100 days with your Away suitcase as a trial period. (Hey, you can get around the world in 80.)

You're free to return it for any reason, no questions asked. Love it? Perfect—it's guaranteed for life. We'll always fix or replace your bag if there's a problem.

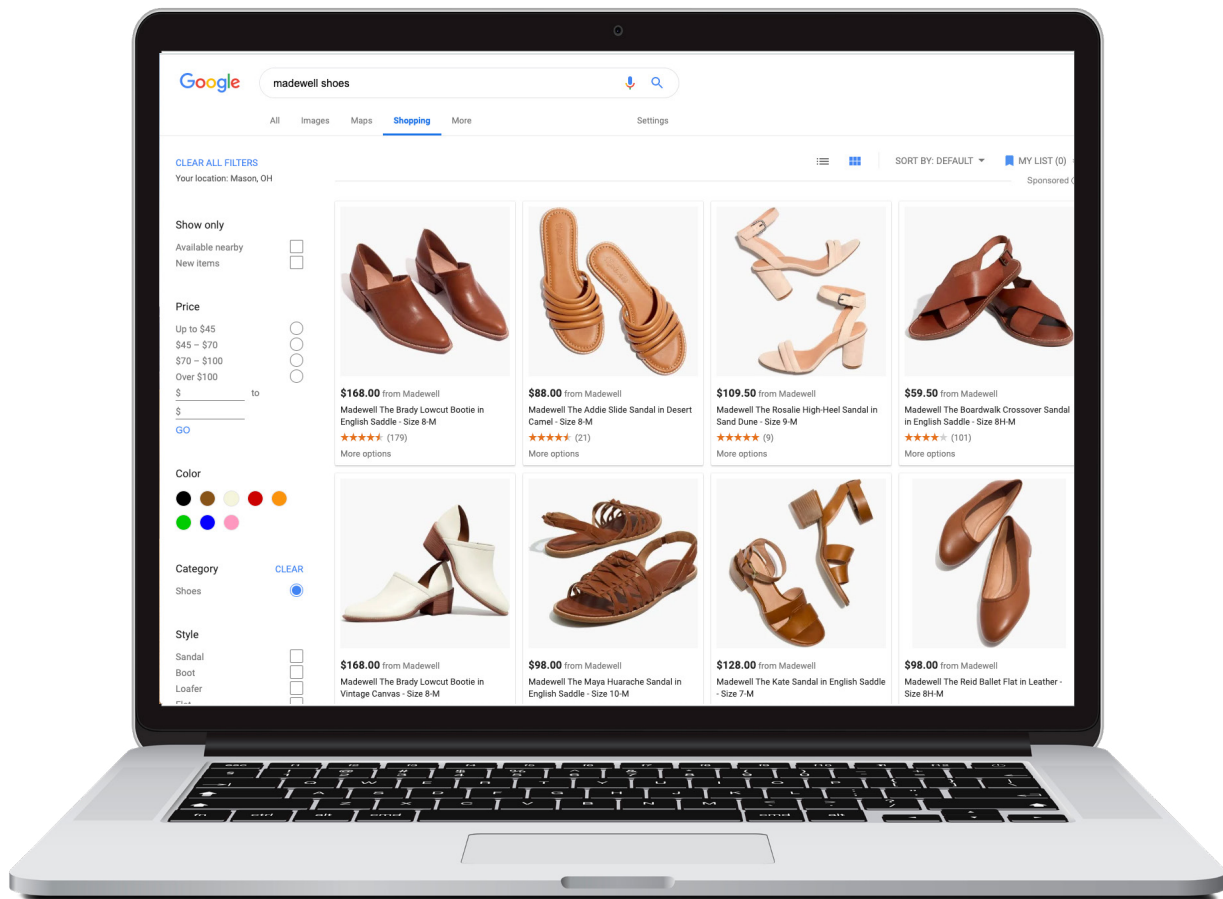


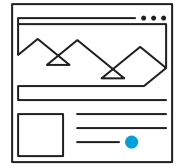
### Use offers strategically.

Since price may be the only thing holding some customers back from making an initial purchase from your brand, give them an offer for a percent or dollar amount off their first order. The right offer can get a new customer in the door. Like many D2C retailers, Bonobos offers prospective customers 20% off their first purchase.

### Incorporate product reviews in your acquisition campaigns.

Although your brand can tell potential shoppers about the high quality of its products, it's more effective to let them hear from actual customers. Incorporate reviews, ratings and other user-generated content in your acquisition campaigns (e.g., search, paid, display and social ads) to showcase the quality of your products and earn trust. For example, Madewell includes the average star rating for the products featured in its Google Shopping ads along with the number of reviews available for each product.

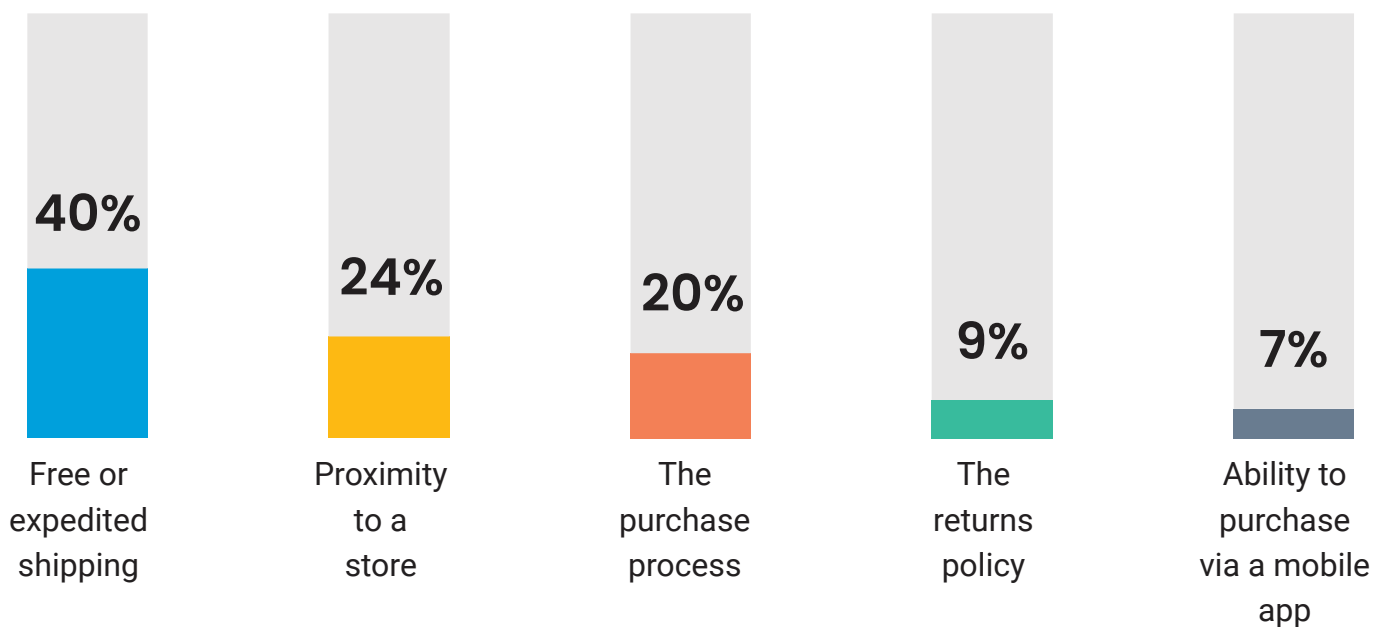




## The power of convenience

Convenience is also an influential factor in consumers' decisions to purchase from a retailer for the first time. Simply put, shoppers won't try a new retailer if it's not convenient for them to do so.

### *Convenience factors consumers rank most influential when purchasing from a retailer they're never shopped with before*



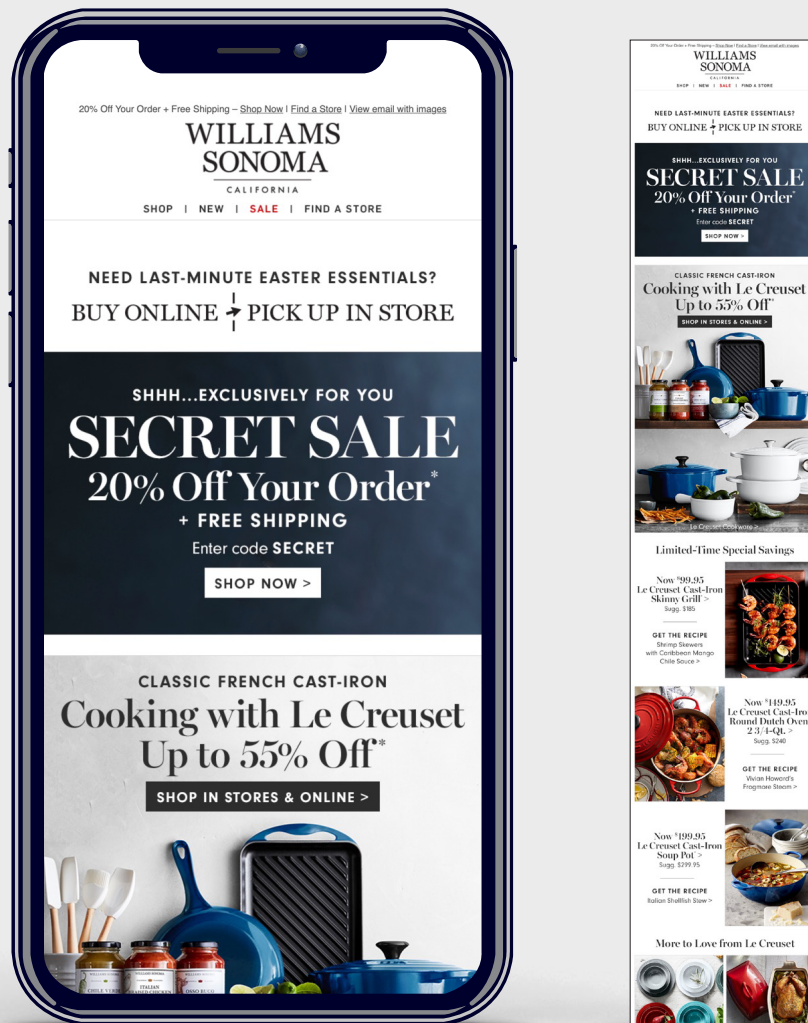
Forty percent of consumers rank shipping as the most influential convenience factor when considering purchasing from a new retailer; convenience of the purchase process is the next most significant factor. This demonstrates just how much Amazon's fast and free shipping policies have influenced consumer shopping behavior and preferences. Amazon's policy set a new standard for online purchasing. Before Prime, shoppers had more patience for long shipping times or shipping fees. Now that consumers are used to Amazon, they no longer think paying for shipping or waiting weeks for purchases to arrive is acceptable.

Consumers' desire for convenience extends beyond the digital realm. Despite the popularity of e-commerce, there is still considerable demand for brick-and-mortar. In fact, nearly a quarter of consumers (24%) say proximity to store is the top convenience-related factor that influences their decision to purchase from a retailer for the first time. Consumers are drawn to convenient locations with quick and easy purchase options, demonstrating an opportunity for retailers with established physical footprints.

## Turning findings into action

### Free shipping is table stakes.

Free shipping is non-negotiable for consumers who have been conditioned by major players like Amazon and Walmart to treat it as a given. If you can't promise free shipping all the time, at least offer free shipping for first orders and free ship-to-store options where consumers can pick up their items. In a recent email, Williams Sonoma offered free shipping as well as an option for customers to buy online and pick up in store on the same day. Providing a variety of convenient options allows you to significantly lower the barrier to acquiring new customers who have high expectations for convenient, free shipping.

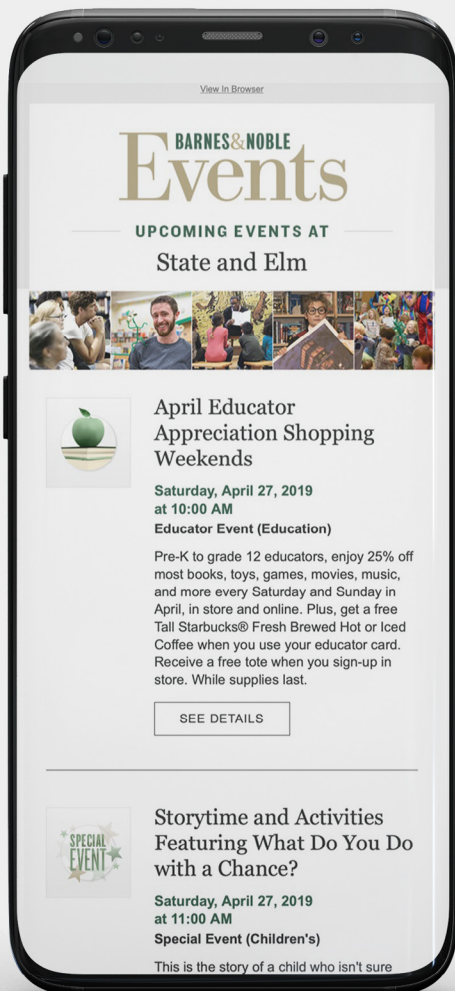


### Remove friction from the purchase process.

Get more people to the “thanks for your purchase” page by making the purchase process as frictionless as possible – and communicate that easy experience to prospective customers. Highlight “one-click” payment options like Apple Pay and PayPal so consumers who do not yet have an account with your company can make a quick purchase with the click of a button. Additionally, allow new customers to make purchases without creating an account so they don’t abandon cart due to too many required pre-purchase steps. To motivate them to create an account for future use, highlight benefits like faster checkout and easy order tracking or offer an additional incentive.

### Highlight proximity to brick-and-mortar.

Consumers value the convenience of brick-and-mortar locations. Provide easy-to-find local store information in digital and traditional channels. Some retailers also hold in-store events for locals that can help get people’s feet in the door (quite literally). For example, Barnes & Noble highlights local in-store book clubs or author signings in email messages sent to subscribers based on their location.



**Storytime and Activities Featuring What Do You Do with a Chance?**

**Saturday, April 27, 2019 at 11:00 AM**  
**Special Event (Children's)**

This is the story of a child who isn't sure what to make of a chance encounter and then discovers that when you're brave, take chances, and say yes to new experiences, amazing things can happen. Join us, and get a coupon from our Café for a grilled cheese sandwich with milk or juice for \$4!

[SEE DETAILS](#)




**Storytime and Activities Featuring High Five**

**Saturday, May 4, 2019 at 11:00 AM**  
**Children's Event (Children's)**

Limber up those hands and learn how to high five with finesse. Join us for Storytime and activities, and get a coupon from our Café for a grilled cheese sandwich with milk or juice for \$4! (Café stores only)

[SEE DETAILS](#)



**LEGO Star Wars Event**

**Saturday, May 4, 2019 at 2:00 PM**  
**Children's Event (Children's)**

Star Wars fans can storm troop into stores for an afternoon of collaborative LEGO play and imagining a galaxy far, far away. Take a photo with a cool standee, and get an exclusive collectible poster, while supplies last.

[SEE DETAILS](#)



**Storytime and Activities Featuring Oh, the Places You'll Go!**

**Saturday, May 18, 2019 at 11:00 AM**  
**Special Event (Children's)**

With his trademark use of humorous verse and illustrations, Dr. Seuss addresses the ups and downs life presents while encouraging readers to find the success that lies within them all. Join us, and get a coupon from our Café for a grilled cheese sandwich with milk or juice for \$4! (Café stores only)

[SEE DETAILS](#)

## Heard it through the grapevine

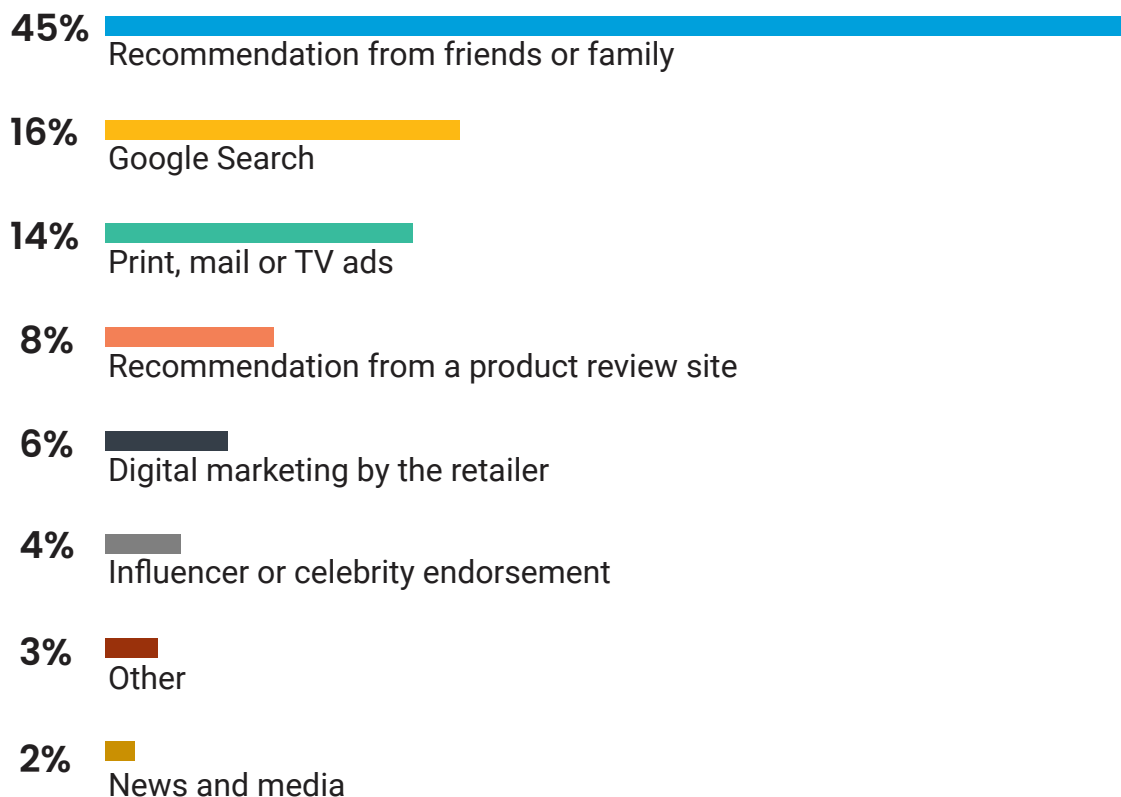


In a crowded marketplace, generating awareness among consumers can be difficult for retailers – especially those newer to the industry. So how do consumers hear about a retailer for the first time? More often than not, the first way a consumer hears about a new retailer is through friends and family. Word-of-mouth recommendations are crucial in building initial trust and credibility.

Forty-five percent of consumers said they first heard about the most recent new retailer they've purchased from through a recommendation from friends or family, significantly outranking options like product review sites (8%), influencer recommendations (4%) and news sites like Business Insider or BuzzFeed (2%).

In line with these findings, 69% say they have chosen not to use a retailer based on negative feedback from family or friends. This shows that trust can be broken early in the relationship and is hard to regain.

### *How did you first hear about the most recent retailer you've purchased from for the first time?*





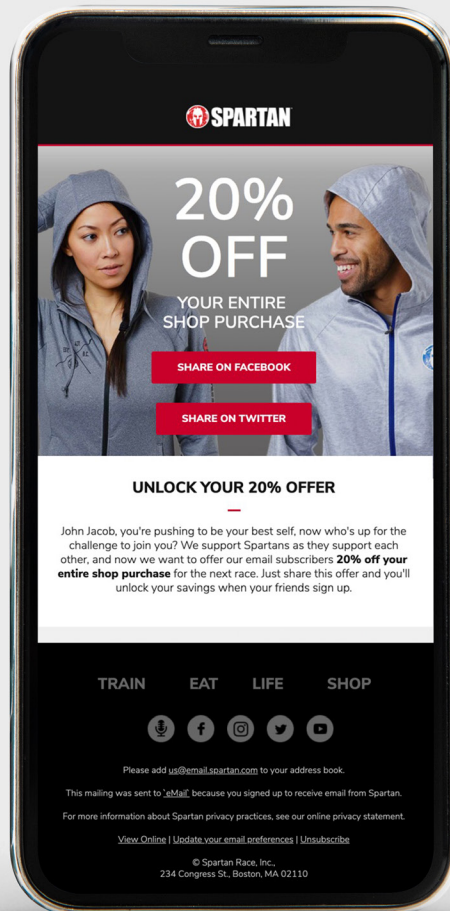
When they're not hearing about retailers from friends and family, consumers are finding brands through Google. Sixteen percent of consumers said they first heard about the most recent new retailer they've purchased from through Google. Since Google search results are the product of an algorithm, there's an opportunity for retailers to win over prospective customers with a robust SEO and paid search strategy.

It's also likely that consumers are turning to Google to do their own research after they hear about a retailer from friends/family. When they see that Google supports the strong recommendations made by friends/family, they are likely to choose that brand. So in some cases, Google can work in conjunction with other sources of information rather than as a stand-alone research platform.

## Turning findings into action

### Encourage current customers to spread the word.

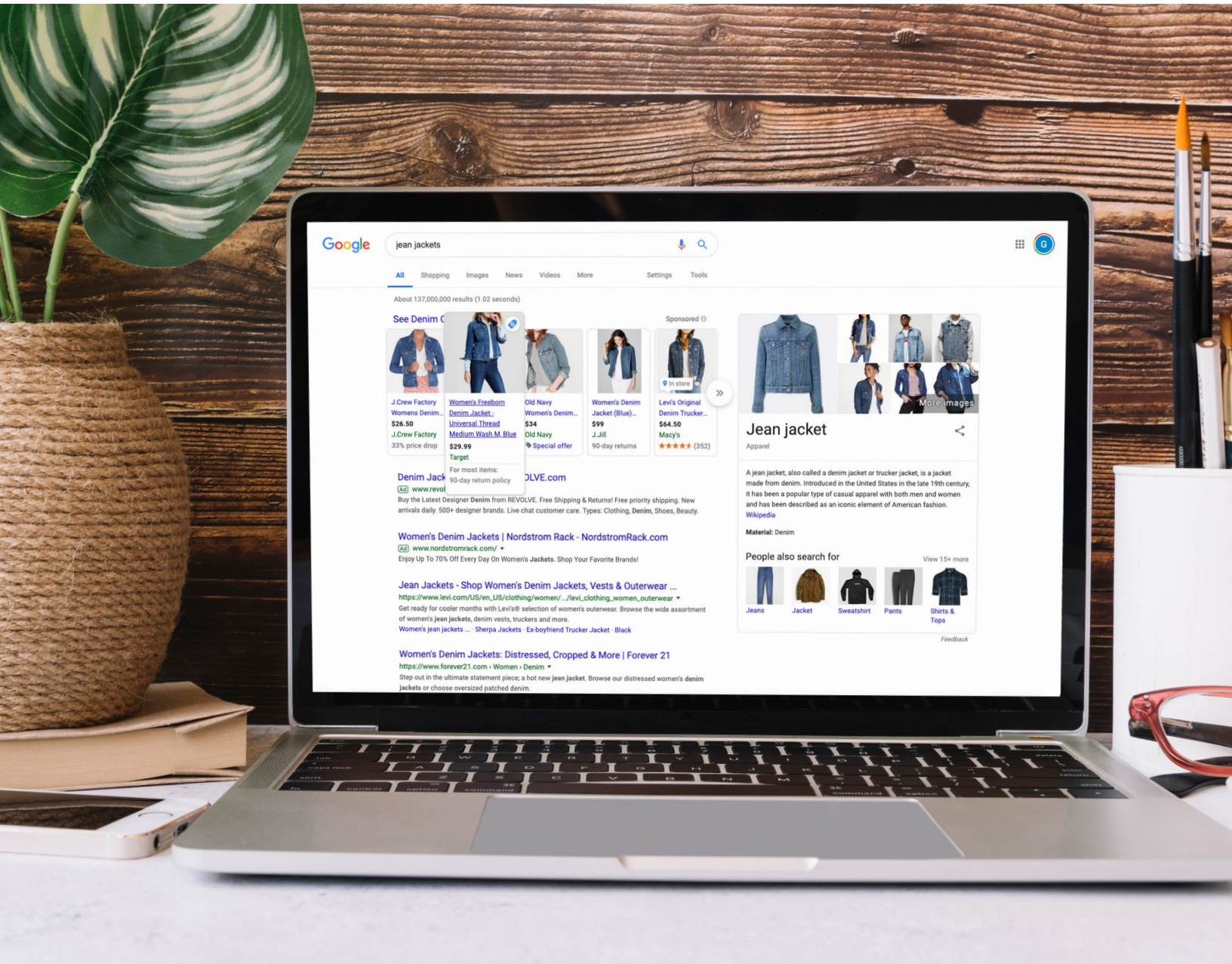
Word-of-mouth is a deal maker or breaker for your acquisition strategy. Encourage current customers to spread the word to friends and family with exclusive offers (percent or dollar amount off) for those who bring in a new customer. The obstacle race and endurance brand Spartan, for example, using smart and cost-effective technology gave 20% off to customers who shared their offer with friends and family on their social networks. The campaign generated 353% ROI and average order value for new customers that was 4.5 times higher than their cost per acquisition.



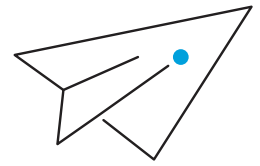
### Make it easy for consumers to find you through search engines.

Use a mix of paid tactics, including text ads and Shopping Campaigns, along with strong SEO strategies to dominate search engine results pages. [New Media Campaigns](#) found that PPC is more effective when used in conjunction with SEO, and PPC visitors are 50 percent more likely to make a purchase than organic visitors, according to [Unbounce](#). The more space your brand takes up, the fewer options consumers will consider, thus increasing the likelihood of them visiting your website and converting. In fact, [Google](#) reports that search ads can boost brand awareness by as much as 80 percent, making consumers more likely to remember your brand and initiate interactions. Finally, 65 percent of all clicks made by users who intend to make a purchase go to paid ads, according to [Wordstream](#).

For example, based on the result page below you can see how Macy's has effectively utilized a mix of Shopping Campaigns and text ads to appear at the top of the paid search results but leaves room for improvement when it comes to SEO strategy. Since Macy's does not appear in the organic search results, there is opportunity for others like Levi's to draw traffic away from Macy's.

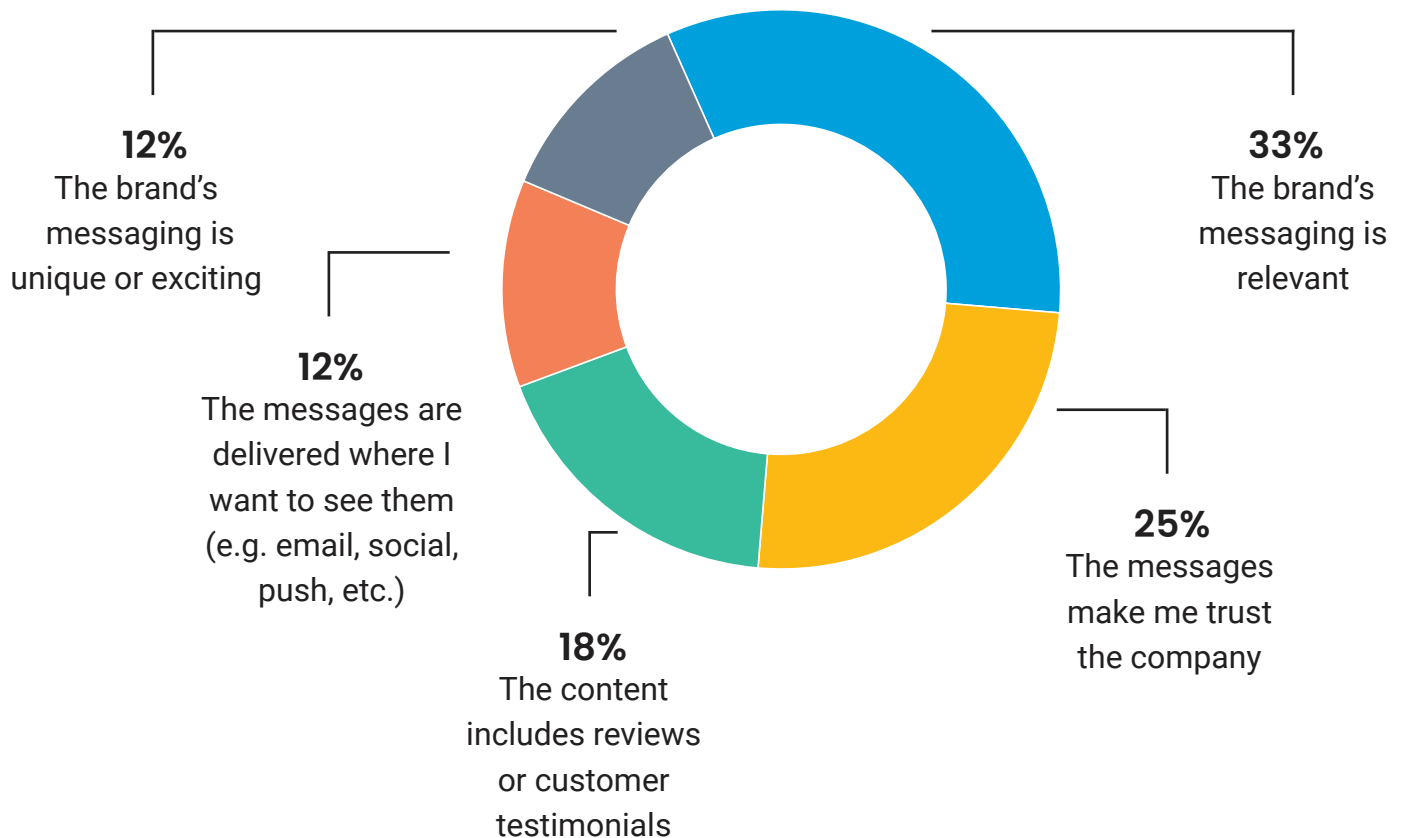


## Relevant, informative and detailed communications wins customers



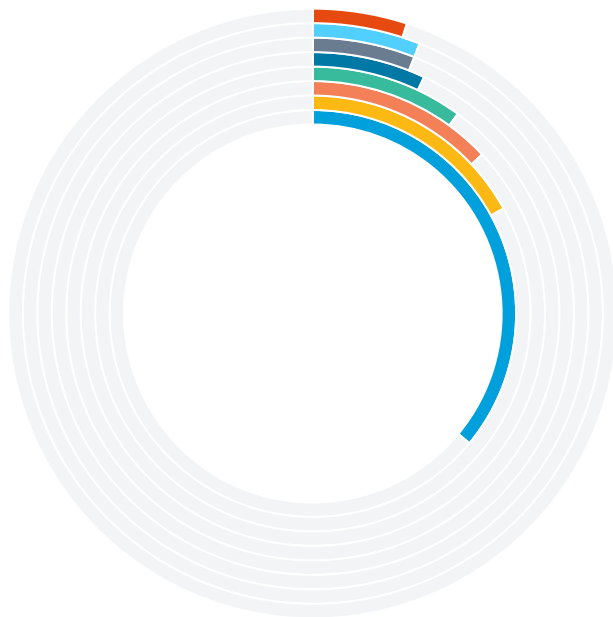
When it comes to the content of the messages that resonate with prospective customers, relevancy is key. Marketers need to show they know and understand prospective customers -- even those who have yet to purchase from their company. In fact, relevance is the most influential marketing factor for consumers purchasing from retailers for the first time.

### *Marketing factors consumers rank most influential when purchasing from a retailer they're never shopped with before*



Consumers also won't trust a retailer unless it provides thorough and accurate product information. The more information retailers provide to educate consumers during the consideration phase, the more likely consumers are to earn them. More than a third of consumers (36%) say having enough product information is the number one driver of trust.

*Which of the following would help you trust a retailer you've never purchased from before?*

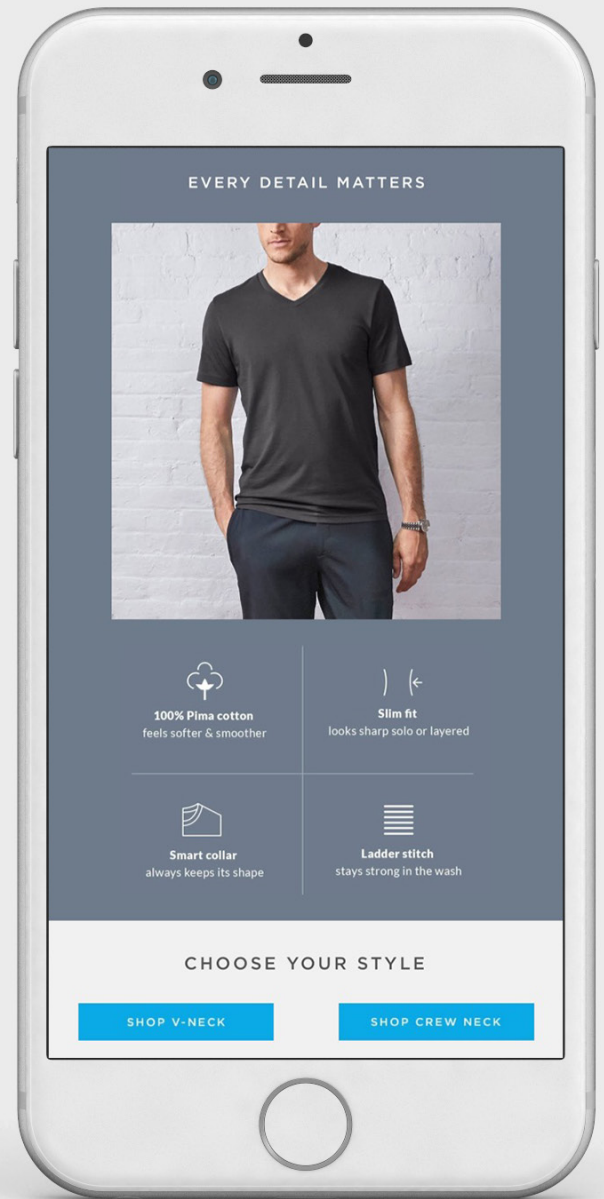


- **36%** The retailer provides enough information about its products
- **17%** The retailer promotes products and services that are relevant to me
- **13%** The retailer offers pricing on par with competitors
- **10%** Customer generated content or testimonials
- **7%** The retailer has a convenient returns policy
- **6%** The retailer offers free or expedited shipping
- **6%** Ratings from expert third parties (e.g. Consumer Reports, Wirecutter)
- **5%** Positive news articles about the retailer

## Turning findings into action

### The more information, the better.

Build prospective customers' confidence in your brand by helping them learn more about your products through marketing messages. Highlight multiple views, include all product specifications, offer FAQs about specific products and more. For example, Mack Weldon offers incredibly detailed descriptions of all products in marketing messages – even for products as basic as a simple T-shirt.



### Use a targeted acquisition strategy.

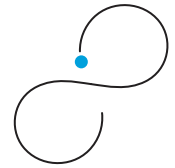
To ensure the relevancy of marketing messages to individual consumers, avoid sending mass messages to all potential customers during the acquisition phase. With the right strategy and technology partners that can link prospect data to execution through DMPs, CDPs, and data appends, you can access information about consumers you've never interacted with before, such as psychographic or demographic information. From there, you can tailor messages accordingly.



# Retention

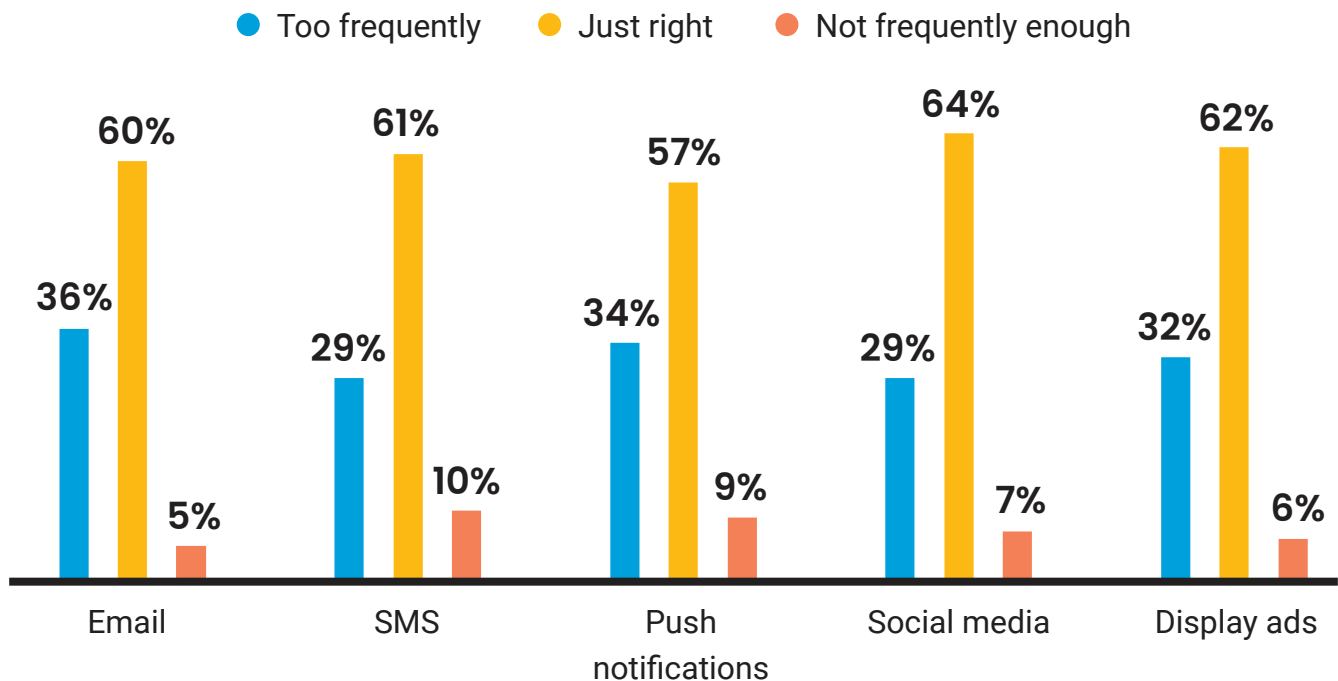
Current customers present the greatest opportunity for revenue growth. After all, it costs **five times more** to acquire new customers than to nurture the ones you already have. However, you can't rest on your laurels once you've convinced shoppers of the value of your brand. To retain customers, you have to consistently deliver relevant and personalized content based on their preferences and past behaviors.

## Refining frequency



After you acquire new customers, it's important to understand their individual preferences for the frequency of your communications. Too much content can turn off customers while too little poses the risk of your brand falling off consumers' top of mind. However, a well-timed cadence of marketing messages plays a role in driving repeat purchases. The window to retain customers is small.

*What do you think about the frequency with which retailers you've purchased from in the past communicate with you through the following digital channels?*



Still, there's room for improvement. If six out of 10 retailers are getting it right, 40% are not. Thirty-six percent of respondents say they receive emails from retailers too frequently, while 10% say they don't receive text messages frequently enough. While it's important to avoid inundating consumers, it's also worth noting that consumers would like to hear from you more often in some channels (i.e., SMS). The good news is that there are strategies for learning your individual subscribers' frequency preferences so you can segment and tailor your approach.

## Turning findings into action

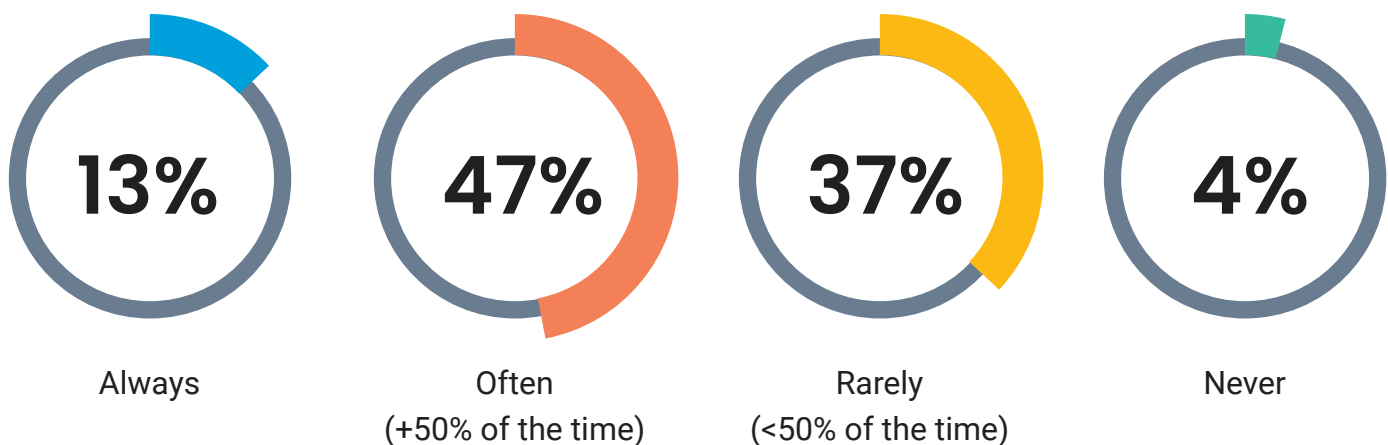
### Learn from customer behavior.

Analyze customer behavior to understand how they are engaging – and just as importantly, not engaging – with your emails, social posts, push notifications and more. This will help you understand when you're overdoing it and when consumers might be eager for more. Through an engagement analysis exercise you can identify consumer segments made up by people who want to receive either more or less frequent communications. You can deliver on those segments' preferences through communication governance hierarchies that tailor frequency and message content based on a consumer's behavior.

### Irrelevance poses a threat even during retention.

After a customer makes a purchase or engages with your brand, delivering relevant communications should be a given. Yet many marketers still miss the mark when it comes to understanding what current customers care about. Sixty percent of consumers say the content they receive from retailers is relevant at least half the time. But only 13% say they always receive relevant communications from retailers they've purchased from in the past, and about 4% say they rarely or never receive relevant communications.

*How often do you receive relevant communications from retailers you've purchased from in the past?*

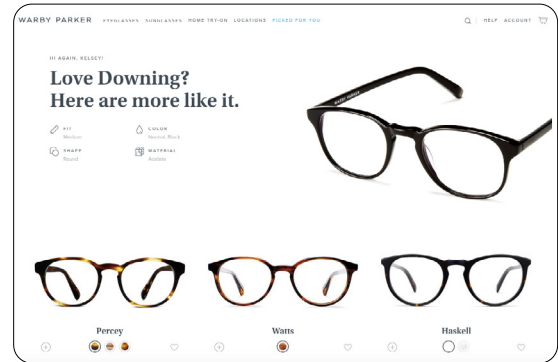


Lack of relevance, just like not having the right frequency, can be a major turn off – even for customers already familiar with your brand. For example, customers who have never made a baby-related purchase shouldn't receive communications featuring baby or children's items. Don't lose potential long-term customers to competitors by sending irrelevant messages.

## Turning findings into action

### Personalize marketing messages based on browse and purchase history.

As a marketer, you know the importance of using data to personalize emails and other marketing materials to increase engagement and make new customers feel special. Purchase history and browse behavior are good places to start. Warby Parker offers personalized recommendations on its site based on the frames customers have purchased in the past.

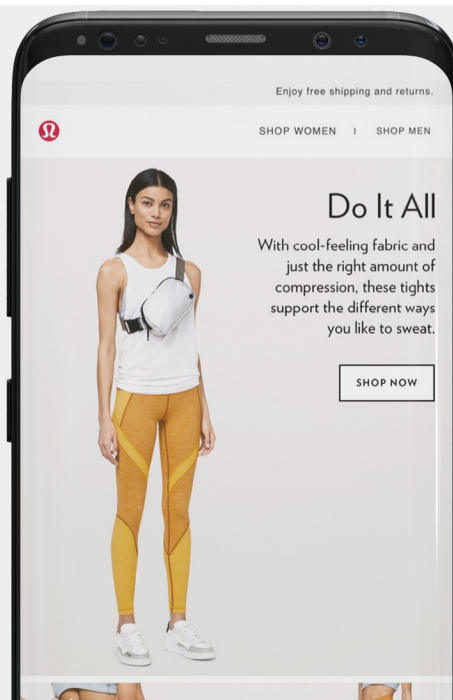
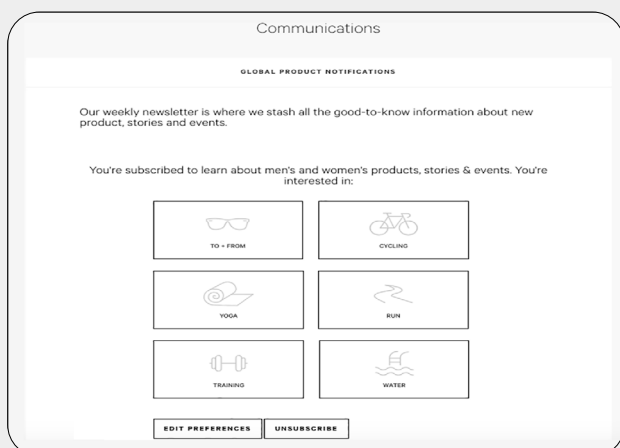


### Get more creative with customer data.

You likely have a lot of information about your customers beyond their browse and purchase history, such as their gender or zip code. Use this information to take personalization to the next level. For example, tailor marketing messages to subscribers located in Texas with an offer (i.e., a percent or dollar amount off) for warm weather items like sunscreen or sunglasses during a heatwave.

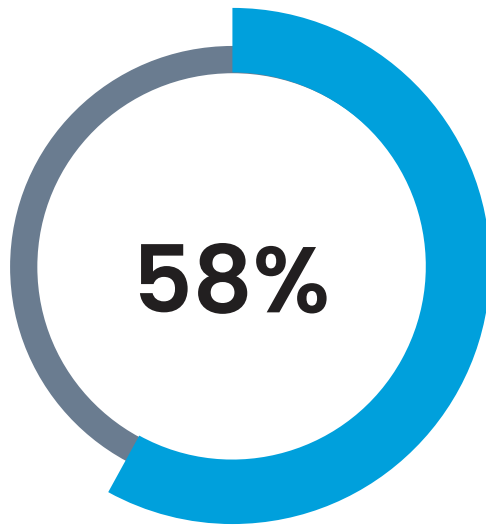
### Use preference centers to directly ask for feedback.

Give customers a chance to tell you what products interest them most. Through registration pages and preference centers on your website, you can gather more in-depth customer data like interests, birthday, product preferences or even who they typically shop for. Not only do preference centers give you an opportunity to learn more about your customers, but they also help earn your customers' trust by showing that you genuinely want to learn about them. For example, uses preference centers to ask customers about the athletic activities they're interested in. The brand then tailors product recommendations, imagery in emails and other content accordingly.





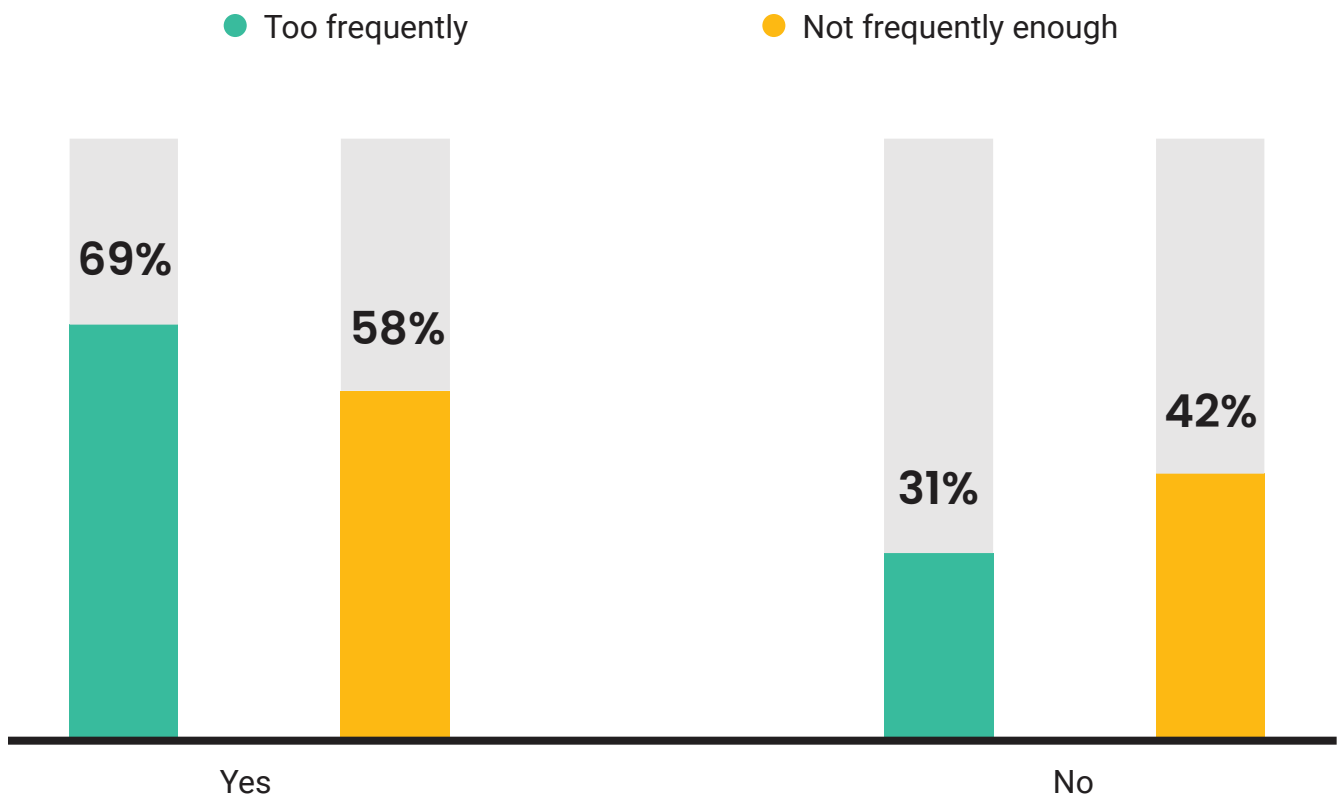
## Negative Influence



Fifty-eight percent of consumers say that negative reviews have influenced them to stop shopping with a retailer they've previously purchased from. So not only can trust be broken early in the shopper journey (as early as the awareness stage), but it can also be affected down the road.

However, the percentage of respondents who said they were influenced by negative reviews after they have already shopped with a retailer is lower during retention than it is during the acquisition phase, indicating that consumers are more influenced by their own experiences. This gives retailers an opportunity to sustain trust by offering the best possible experiences to current customers using the strategies outlined above.

*Do negative reviews or feedback from family/friends or news articles influence your decisions to not purchase or stop purchasing from retailers?*





# Loyalty

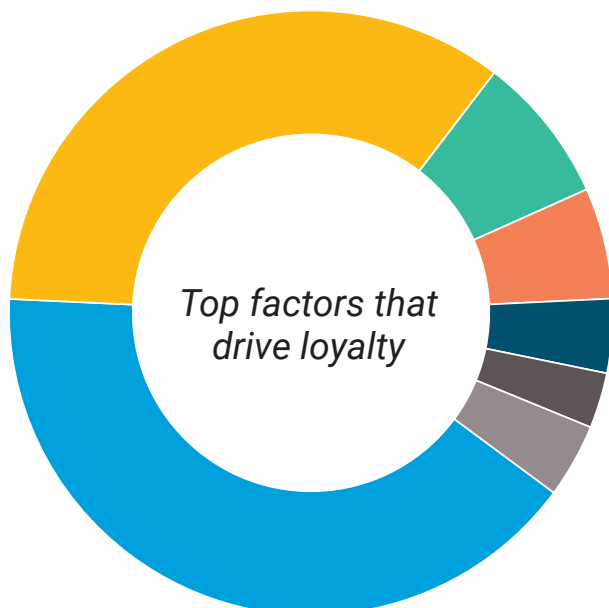
You have won over a customer and nurtured the relationship to keep him or her coming back. This is the holy grail: a loyal shopper. Loyal shoppers are less concerned about practicalities (like free shipping) and more eager to try new products and experiences with your brand. They're also more willing to spend – 53% will pay more to purchase from a retailer they are loyal to.

Even so, the stakes are high. You need to tailor your communications to your most loyal shoppers and reward them in ways that not only keep them coming back, but also encourage them to spread the word.

## Quality, price gain long-term loyalty



Once customers become loyal, they are slightly less influenced by price than if they were new (though it's still a top factor). They continue to have high expectations for quality. When asked what makes them loyal, 41% of consumers say quality and value lead to loyalty, while 35% say price is the most important factor.



- **41%** Value/quality of products
- **35%** Price
- **8%** Trustworthiness of the brand
- **6%** Great in-store experience
- **4%** Convenience of the purchase process
- **3%** Free or expedited shipping
- **4%** Other

Free and fast shipping options are also less important to shoppers at this stage, indicating that as long as retailers meet their customers' needs for consistent product quality, shoppers are willing to forego convenience.

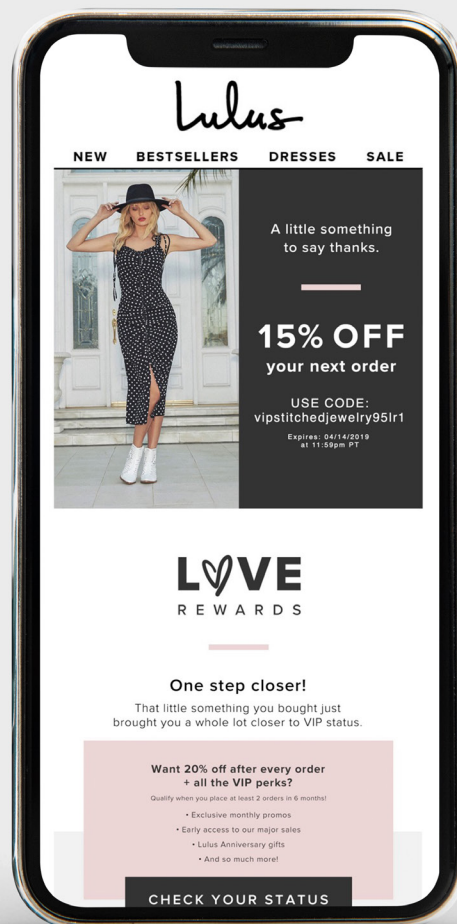
## Turning findings into action

### Emphasize quality in your loyalty communications.

While quality is important in the acquisition phase, it jumps to the top spot for loyal customers. Frame it in terms of your customers' own personal experience with your brand and reassure them they are making the right call. Phrasing like "As one of our most loyal customers, you know and love the quality of our products ..." can go a long way in reminding loyal customers why they became loyal in the first place.

### Send exclusive offers to your most loyal customers.

Even though 53% are willing to spend more, price is a major factor brands to use in driving loyalty. That means offers (i.e., a percent or dollar amount off) can effectively drive sales at this stage. Tweak your offers for loyal customers to make them feel special and emphasize exclusivity. For example, Lulus sends occasional percent off offers to its "VIP" customers (those who make purchases at a certain frequency) along with messaging like "you've earned it," which helps cultivate long-term loyalty and promote recurrent purchases.



## Keeping customers around for life



While retailers build loyalty through product quality, price and trustworthiness, that doesn't mean you should rely exclusively on these factors to keep customers coming back. Loyal customers want to feel rewarded for their loyalty. The key is learning how.

### *Top factors that make customers feel most rewarded*



- **39%** Dollar value discounts
- **23%** Early access to new products
- **18%** Exclusive promotions/dis-
- **9%** Free or expedited shipping
- **9%** Loyalty points toward specific rewards
- **1%** Access to exclusive events

When asked how they prefer to be rewarded for loyalty, customers ranked cash discounts highest, followed by exclusive promotions and early access to products. Programs from retailers like DSW offer cash discounts to loyalty program members as a reward for purchases over a certain threshold. Only 9% say points are their preferred way to be rewarded for loyalty.

**NOW THROUGH MAY 19**

**DSW**  
DOLLARS

SPEND \$75 OR MORE  
**GET \$20**

IN DSW DOLLARS FOR A FUTURE SHOPPING TRIP

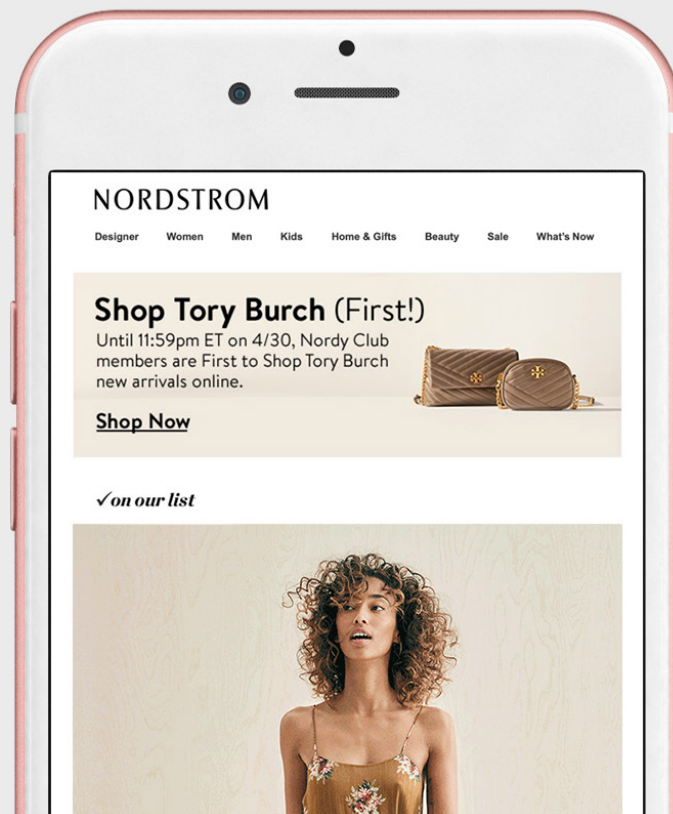
SHOP NOW

The good news is that 73% of customers say they feel that their favorite retailers adequately reward them for their loyalty. However, that doesn't mean you should forego opportunities to wow loyal customers. These are the customers you know the most about, so they represent your biggest opportunity to drive long-term sales. It's critical that you not only meet their expectations, but that you also surprise and delight them with communications that convey your value for them, and demonstrate that you understand them. Like human relationships, customer/brand relationships require continuous investment and maintenance; you can't set it and forget it.

## Turning findings into action

### **Prioritize exclusivity.**

Beyond the always-popular cash discount, prioritize exclusivity for your loyal customers. Give them early access to new products or even limited-edition products only available to them to convey your appreciation and earn their trust. Nordstrom, for instance, allows members of the Nordy Club to shop coveted brands like Tory Burch before the general public.



### **Don't be afraid to ask for feedback.**

Get to know your loyal customers on a more personal level. Don't be afraid to reach out to them directly to solicit feedback through surveys or focus groups. Ask them what would make them most happy with your company and more importantly, what would keep them around for life.

### **Learn the purchase frequency of your most loyal customers.**

You likely have a long history of purchase data for your most loyal customers. Analyze that data to learn their purchasing cadence. You can probably predict when it's time for them to replenish certain items, what they're most likely to buy next and how much they're likely to spend on each order. Personalize marketing messages based on this information to show loyal customers that you truly know them and care about their needs.



## Conclusion

### **You can't paint your customers with broad strokes.**

Your customers have vastly different priorities at each stage of their relationship with your brand. If you can understand what shoppers want at each stage in the customer lifecycle – whether it's what they value in a product or what inspires their trust – you can communicate with them more effectively over time and ultimately drive more revenue. With pressure mounting from giants like Amazon, there's no room for error when developing relationships with new consumers or working to perfect them with your loyal customers.

## Methodology

In April of 2019, Data Axle surveyed 1,000 consumers who have made a purchase with a retailer online in the past year.

The total percentage represented in the charts in this report may not add up to 100 due to rounding.

## About Data Axle

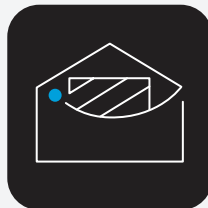
Data, applications, and services that help you make and save money. Our commitment to accuracy, service and innovation drive customer acquisition, retention, and product enhancement.

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