

THE RETAIL MARKETER'S GUIDE TO LOYALTY

Tips, Strategies and Stories to Keep Your Shoppers for Life

Establish a critical foundation for loyalty with three key indicators of shopper growth and the strategies you need to get you there.

TABLE OF CONTENTS

Key Takeaways	3
Loyalty Defined	5
Foundation of Loyalty	8
Full Price Buying	8
Cross-Category Buying	11
Increasing Cart Size	13
From Ecommerce and Channel Metrics to Customer Metrics	16

KEY TAKEAWAYS

Loyalty is more than just total spend

There are **three key areas** you need shoppers to achieve to become loyal with purchase frequency as a baseline.

AI — powered by retail data — delivers the predictions you need to keep shoppers endlessly engaged.

Never let your shoppers get brand burnout

Measure the future, not just past purchase

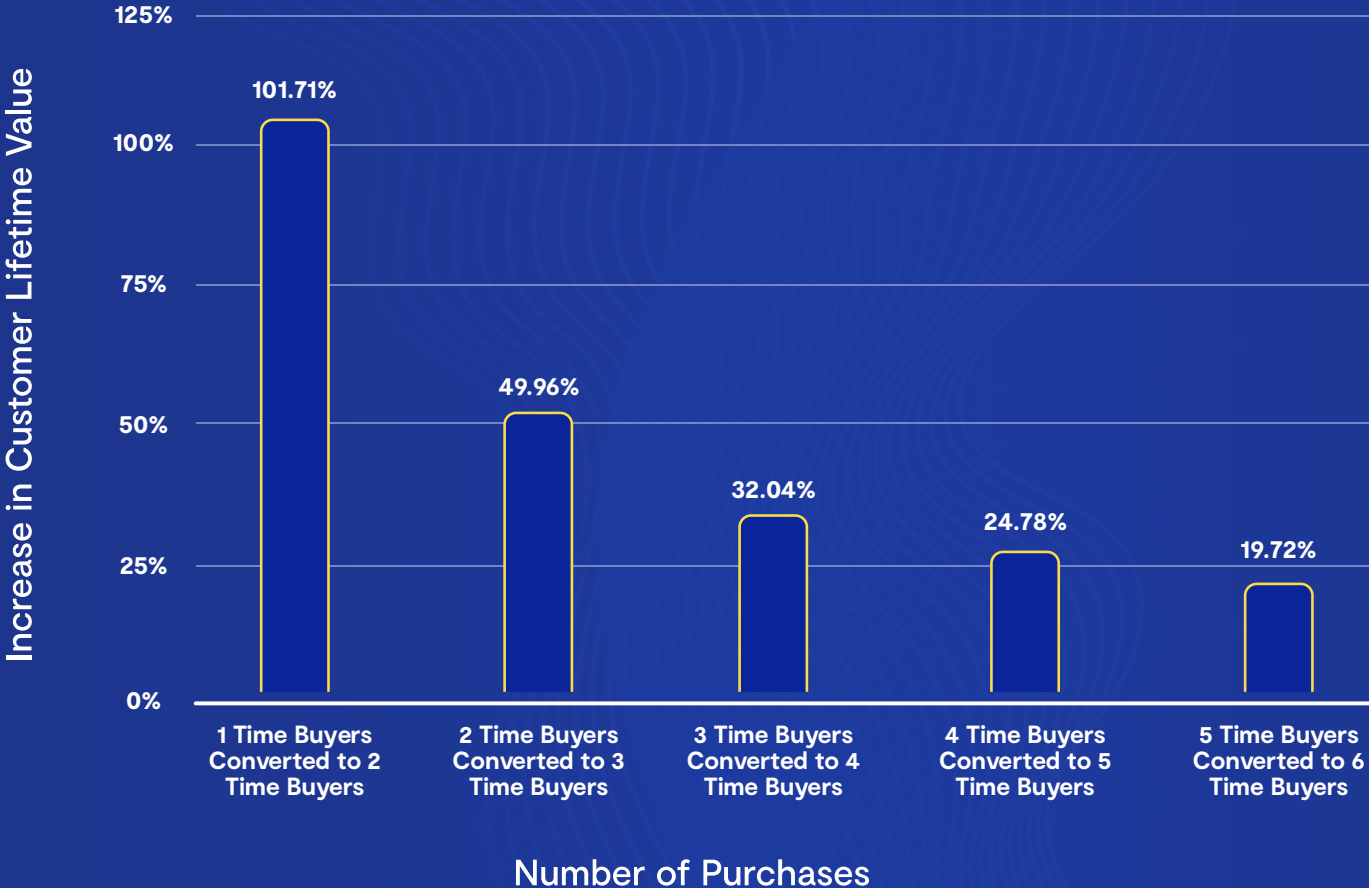
Your measurement of performance needs to be based on deeper, more intelligent context than just past purchase and surface-level metrics.

Retail is an industry traditionally focused on acquisition and snagging that first purchase. But what happens after the first purchase is actually much more important.

Every single time your shoppers buy, they become more and more likely to buy again, with 6th+ time buyers being **170% more likely to keep buying** than 1st-time buyers. And it doesn't stop there.

The increase in predictive customer lifetime value keeps increasing from the 1st purchase to the 6th purchase. **So what happens between the 1st and 6th+ purchase to keep shoppers motivated to come back to a brand again and again?** And more importantly, how do you keep that momentum going?

INCREASE IN CUSTOMER LIFETIME VALUE FROM INCREASING PURCHASE RATE



Your ability to stay competitive in a shopper-centric world relies entirely on your ability to answer those questions — there's a massive opportunity to tap into a wealth of revenue from your lapsed, lost and active buyers. And the answer might be more simple than you think.

Retention is important — but loyalty is better.

Loyalty Defined

Traditionally, loyalty is about total spend and perks, but that doesn't drive lifetime value that sustains brands. True shopper loyalty that delivers high engagement, high purchase frequency and high spend to your brand comes down to full price buying, cross category buying and increased cart size.

Loyalty is the key to profitability and performance in the digital world. And in a digital world, the data matters. While it seems like all these changes to how brands traditionally leverage data for marketing and business operations are far away, the time is now to start restrategizing and futureproof yourself against what's ahead. Because it's coming faster than you think — the deprecation of third-party cookies is changing the game forever and with the iOS15 updates and Google's impending end of support for third-party cookies, it's time to use all of the first-party data that you already have to get serious about shopper-centric loyalty.

In the new digital frontier, it's all about Personal Commerce. With the rise of Personal Commerce — acute and *truly* 1:1 personalization is what shoppers have come to expect *everywhere* they spend time online — including every single one of your digital channels. It's more important now than ever to focus on keeping your customers close and staying at the center of their lives as you compete with new brands to drive revenue and profitability.

What's Personal Commerce?

Personal Commerce is a new state of retail, defined by authentic, always-on experiences that meld to meet the shopper on their terms, turf and timeline with curated content, offers and recommendations.

To break it down a little further — the average consumer spends 7 hours a day online. You need to compete with every digital experience out there for that time. And shoppers expect the same personal touch from you that they get from experiences like Spotify, Netflix and the most advanced direct-to-consumer brands.

Driving each next purchase is important and purchase frequency is a good baseline for understanding growth. **But that's just the tip of the iceberg.** You could be driving a next purchase and simultaneously giving your shoppers brand burnout with the endless next purchase pursuit. Developing a marketing strategy that's reactive to shoppers and focused on just getting one more next purchase is drastically limiting your ability to actually keep those shoppers — and it's increasing your workload.

It's time to get those shoppers on track for life.

Let's start with a little bit of philosophy behind the two before getting into the data. Retention means that you're getting shoppers to buy repeatedly, and getting them to each next purchase. Loyalty looks beyond each next purchase into the entire lifecycle of the shopper.

Because it's all about Lifecycle Marketing

For shoppers, this is creating an evergreen loop of discovery, purchase and evaluation — all driven by **retail data**. Shoppers are raising their hands to tell you what they want to buy through all of that rich first-party data and you have the catalog details to get them where they want to be (and where they'll want to go next) with your brand.



Think about the first-party data you have on your shoppers. This tells you all about who they are and what their preferences are. Then think about all of the data you get from your shoppers' behavior on your site. They're raising their hands through clicks, searches and browses to tell you what they want to buy. They're also demonstrating behaviors beyond the obvious — think shopping cadences and channel preferences. Then, mix in the power of your product catalog with all of the details that make each product special.

You're already prepared to make loyalty magic — you just need to unlock it.

What this Looks like for your Shoppers:

Your shoppers spend a lot of time online and encounter new digital experiences every day. They have a lower and lower tolerance for boredom, navigation difficulty and endless scrolling to find what they're looking for. You can't let your shoppers get brand burnout.

Loyalty means that your shoppers seek your products to be a part of their lives and look to your brand to be a part of what they're going to do next. It means they can easily and conveniently discover the products they need (before they even know they need them), get all of the details for a seamless, personalized shopping experience and purchase — again and again.

Can I Get A Witness?

The more loyal your shoppers are, the more likely they are to recommend your brand to their friends, family and colleagues with **68% of shoppers** most likely to purchase from a new brand based on word of mouth than any other factors of influence.

Let's get Down to Brass Tacks.

Building a foundation for defining loyalty is where you start. There are three key shopper behaviors that drive loyalty and indicate greater lifetime value with your brand. Let's take a look.

FOUNDATION FOR LOYALTY

This is the part where we show you how easy this can really be. When you break down loyalty, there are **three fundamental behaviors and actions** you need to be looking for from your shoppers. That means all of your loyalty strategies should be nurturing actions that drive towards one or more of these three foundational buckets.

1 FULL PRICE BUYING

WHY IT IS IMPORTANT:

Believe it or not, more shoppers are actually interested in factors other than discounts. In fact, **73% of your shoppers care about things other than discounts**. So it doesn't make sense to give away your bottom line to shoppers that are motivated by other factors like free shipping, membership benefits and loyalty and referral rewards. As a start, understand your shoppers' motivations to start redefining value with your shoppers.

By leveraging the power of your product catalog, there are a few different strategies you can take to reinforce your shoppers to buy at full price. Shoppers who are committed to your brand will see the value of your products and naturally buy at full price — but it's going to take the right strategy to get them there.

STRATEGIES TO GET THERE:

When you're encouraging full-price buying, it's all about product-driven outreach. With that, you can dangle that shiny new object in front of your shoppers. The best way to do this and cultivate brand loyalists? Exclusivity and **new arrivals**. Showing off all of the new products available for customers to love will keep them looking forward to that next drop. And you can engage your most loyal shoppers exclusively in new arrival notifications so they have a chance to snag the newest and deepen their commitment to your brand. You should customize your audiences that get new arrivals emails based on their likeliness to convert based on their loyalty nurture audience, like subscription status, email frequency and any other customer attributes.



Don't leave your shoppers hanging with new arrivals (or any other product recommendations you're sending). If you have a limited inventory model, make sure that you are capturing product catalog updates in real-time so you aren't sending communications to your shoppers about out-of-stock products. This is a quick way to erode trust with shoppers and put a kink in your loyalty nurture.

Your **Best Sellers** are best sellers for a reason. There are a few different kinds of best sellers you can include when you're setting up new messaging and campaigns to nurture your shoppers into full-price buying. One kind of best seller could be your highest revenue products, another could be your high-converters that might have lower visibility in your marketing outreach and you could include products that are high-view and high-conversion. Different business objectives go with different approaches here. Whatever you go with, the key to these strategies is **product insights**. Having a deep context of each of your products and their performance gives you better context to connect shoppers with products that allow you to connect with shoppers and convert.

Product Insights to Watch

Every week, you should be monitoring your products to get insights into how you can optimize campaign strategy. Here are a few of our favorites.

ROCKSTARS	Products with the highest conversion rates and the most views.	What you can do: Go beyond digital channels and send your rockstars to in-store shoppers who showed an interest in those categories to optimize digital content.
CASH COWS	Products that have generated the most revenue.	What you can do: Surface more of these to discount-shoppers who have recently looked at these products to nurture conversions at full-price.
HIDDEN GEMS	Products with a moderate number of views but high conversion rates.	What you can do: Send hidden gems to shoppers who are likely to purchase the same category product.

All of these insights also help your merchandising team stay ahead of the game in selling through inventory.

Finally simply knowing your shoppers will help you encourage full-time buying. Send campaigns specifically to your high-value shoppers who have viewed your site but not made a purchase within a set time-frame to up the chances that they'll convert.

SEE WHO DID IT:

NOBULL

NOBULL noticed that some of their shoppers were only buying once. NOBULL doesn't offer discounts for their limited product drops, so they strategically optimized their marketing program to engage shoppers strategically across each of their lifecycles (without offering discounts). Their solution was to build a community with cross-channel personalization and in-the-moment, **product-driven** outreach. By providing recommendations based on shopper interests, they saw a 15.5% increase in trigger conversion with a 30% increase in lifetime value and a 46% increase in repeat buyers.

“ We also have total control over what we want to send, which has allowed us to build a lot of new flows for shoppers. For example, now we can find people with certain preferences, like those who are interested in specific colors or styles, and we've seen great success with that. ”

Joy Huang, Director of Loyalty and Retention Marketing | NOBULL



Okay, so maybe not every buyer will purchase at full price...

For brands who have always discounted, it's not realistic to do away with discounts completely — and you don't have to. You can provide discounts and protect your bottom line by reducing sitewide offerings in favor of personalized discounts.

By understanding those shoppers through behavior that exhibits a strong preference for discounts and knowing who absolutely needs them to convert, you can personalize discount offers in your marketing outreach across paid media, site and email. That way, people who can be nurtured off of discounts don't get them, and people who absolutely need them to convert do.

2 CROSS-CATEGORY BUYING

WHY IT IS IMPORTANT:

True loyalty means shoppers are exploring beyond their favorite pair of jeans or any other one single item within your brand's product catalog. They're knitting your brand into their lives in a much more permanent way and exploring everything you have to offer. They keep coming back to discover new products and for you, this means revenue. But old habits die hard. Knowing how to introduce shoppers to new categories at every stage of their lifecycle is critical in building loyalty with your shoppers and creating a welcoming experience in a digital world of endless aisles.

Product discovery that **always stays fresh** is fundamental in building loyalty and encouraging cross-category buying.

STRATEGIES TO GET THERE:

Cross-category buying is all about smart recommendations. By leveraging your product, behavioral and shopper data, you can go beyond static recommendations based on one product, but rather leverage all of that data together to predict the exact category your shoppers' will be likely to engage with next, enabled by the artificial intelligence models that are designed to glean insights specifically for such retail-specific use-cases. Beyond that, you'll be able to zero in not only on the next category that they're likely to buy, but also the next product. With that, you can provide your shoppers' next recommendation and continue to refine those recommendations with new data that you get on your shoppers. This way, you can create a cross-category engine that continues to surface the next great find for each of your shoppers based on their unique preferences.

Part of your smart cross-sell approach should be informed by the customers that have paved the way. By extending collaborative shopper data to similar shoppers' journeys with your brand through similar carts or views, you can identify products that a shopper will most likely purchase to get that next best action. You also need to understand your product catalog and groupings to identify how shoppers tend to move from one group of products to another.

SEE WHO DID IT:

GLOBAL BEAUTY BRAND

In a vertical like beauty that has more product categories than most retailers, it's critical to surface the best recommendations to shoppers to keep them coming back. Health and beauty is also notorious for having cult-like products and brands, so it can actually be quite a challenge to break that product status quo. By setting up campaigns that would **activate** that critical retail data and predict each shoppers' next best product (not a purchase of the same category, but rather a whole new product category) to cross-sell, a global enterprise beauty brand saw a **6.3% increase in conversions per client** and an **8.4% increase in revenue per client**. Not only that, but they also saw an increased customer lifetime value for each shopper that converted to a new category — putting them on the right track for life.

“Any time we can get a client to convert to another category, that's a big win for us. Cross-category buyers are more loyal and have a higher lifetime value, so trying to encourage more clients to purchase in multiple categories is top of mind.”

Director of Retention Marketing | Global Enterprise Beauty Brand



This isn't to say you should neglect those tried and true products that your shoppers love. With replenishment campaigns driven by technology that intelligently knows a shopper's buying cadence, you can make sure they keep buying their favorites. And you can keep building up loyalty by demonstrating that you know your shoppers so well that you know when they're ready to refill their favorites.

3 INCREASING CART SIZE

WHY IS IT IMPORTANT:

The more your shoppers explore and buy, the more likely they are to come back. In fact, we found that cart size actually has a high correlation with a shoppers' loyalty to your brand. Shoppers that add more products to their carts are more likely to continue to be loyal, from the very first purchase, with shoppers who have five or more products in their cart having a **20% higher lifetime value** than those with just one product in their cart.

The good news is that after the first purchase, you're armed with more data on your shopper's preferences to supercharge your efforts in growing a shopper's cart size. The more items your shoppers explore, the more likely they are to find more of what they're going to love, time and time again.

STRATEGIES TO GET THERE:

At a basic level — **product recommendations**. But they need to be smart (with a capital S) and they need to be timed to perfection. One of the best channels to increase shopper cart size is right on your ecommerce site. Your shoppers are already engaged, whether they're browsing new products or actively adding products to a cart. Popups are totally customizable, so it's an opportunity to get creative with where and when you use them. But the foundation of building cart size is in the product recommendations.

Creating modals on product pages that surface recommendations personalized to each shopper will not only demonstrate the possibilities with your product page but also demonstrate that you know your shoppers. By leveraging the details of your product catalog with what you know about your shoppers, you'll show them exactly what they're going to love and make the perfect outfit match. You should also include popup modals with personalized recommendations on the checkout page. This won't just increase cart size, but will also encourage cross-category buying.

Including additional product recommendations in triggered emails is a good way to increase cart size with shoppers. As shoppers become eligible for abandonment triggered emails, be sure to include personalized product recommendations within those messages. Doing so can help accelerate the discovery process and entice customers to add more to their purchase.

SEE WHO DID IT:

LANE BRYANT

Instead of ending the relationship with shoppers after their first transaction, Lane Bryant focuses on building long-term relationships with every new shopper by turning them into cross-category buyers. Achieving this goal starts with thinking through the broader customer experience, including regularly connecting customers with products they are delighted to learn about and tapping into those customers' own communities. Their technology enabled the team to continue adjusting these recommendations and the overall strategy as each shopper's preferences change over time.

“...We know that not everyone's path onsite will be linear, since every shopper behaves differently... we can establish multiple recipes to account for all kinds of paths to engagement. Ultimately, customers will qualify for multiple recipes at different points in time, and then Bluecore can help us use her behavior, like product or discount affinity, to determine which one we prioritize.”

Eric Gohs | SVP of Digital + Customer Marketing at Ascena Retail Group.



Strategies To Pack a 1-2-3 Punch

A well-timed campaign can support all three of these goals. Our best recommendation? A co-recommendation. With the power of your product catalog, you can send your shoppers a recommendation to make the perfect match with an item in their cart, on a product page or anywhere else across channels at any time during the purchase process. This way you can encourage a full-price buy, add more to your shoppers' carts and encourage cross-category buying. We call that a win-win (win).

Remember All is Never Lost

So you have your loyal, star shoppers and you have new shoppers you're trying to get to convert for this first time. **But don't forget your in-betweens!** Some of your future best shoppers are waiting for you to re-engage them for life. But, they aren't just going to come back by chance. You'll need a targeted and personalized approach to getting shoppers back on track.

SEE WHO DID IT:

CITY
FURNITURE

Take CITY Furniture, for example. Higher ticket items like furniture typically generate more one-and-done buyers, or shoppers who are less likely to be loyal. By assigning category preferences with just past purchase and browse behavior, CITY Furniture was missing insight into that next best product for their shoppers to buy. By instead leveraging predictive data modeling, CITY Furniture was able to tie all of that behavioral data — beyond just purchase and view data — to email addresses to better target shoppers. Specifically, the team looked at their shopper's preferred categories and fed that data into models that included co-view, co-purchase and co-cart data to discover relationships that may not be immediately obvious.

“ We wanted to move away from promoting one sofa to everyone and crossing our fingers that it would resonate — We needed to segment much further to what fits their price point, style, product preferences and more. Bluecore was a great fit to take all of those site, email and catalog interaction points and turn that into ammunition to drive revenue. ”

Justin Roisman, Managing Director of Digital Marketing | CITY Furniture



With these strategies, the CITY Furniture team didn't only **increase their repeat buyer rate by 118%**, but they got **30% of their inactive and at-risk shoppers back into the active stage.**

FROM ECOMMERCE AND CHANNEL METRICS TO CUSTOMER METRICS

But really, none of this means anything unless we're measuring and understanding performance in a way that propels business forward and has measurable influence on revenue. This requires you to have a depth of understanding that doesn't just drive revenue, but is easily replicable and gives you the insight you need to get better and better over time.

True shopper performance is where you're going to unlock the best definition and measurement of loyalty, shopper experience and incremental revenue.

The difference between key indicators and success metrics is really important.

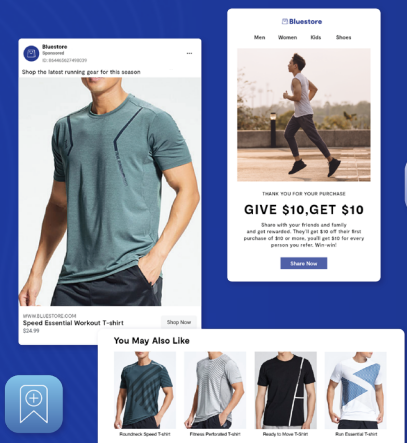
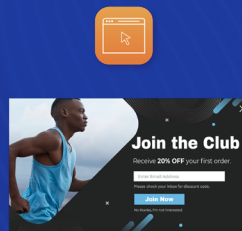
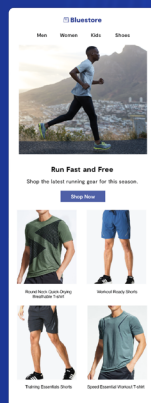
There are a few key **indicators of success** that's to come that are great as just that — indicators — but not necessarily great measures of success. Meaning your influence on actual dollars. These key indicators could include how many shoppers are logging into an app, how often they're frequenting your site through visits, how much time they spend browsing online, open rates, impressions and more. All of this should help inform you and your technology how often shoppers want to be engaged with, where they want to be engaged with and more.

So what can you measure to unlock true performance? **Three things:** identification, conversion and repeat purchase — these shopper metrics will all get you to loyal shoppers.

IDENTIFICATION → CONVERSION → REPEAT PURCHASE



- Andrew Smith
- Non Buyer
- Men's Active Wear



By creating every opportunity for you to identify your shoppers through identifiers across devices and connecting each identifier like loyalty numbers, backend customer IDs and SMS beyond just email. Then, you can begin building a critical pipeline for loyalty and a foundation for knowing your shoppers. The important thing to remember? Identification is more than just an endless pursuit of gathering more shopper identities. It's all about creating connections and getting to the next step with conversion and first purchase.

First purchase is your opportunity to bridge the gap from all of that connection to conversion. With technology that can automate on data received from identification measures, you can bring together everything you know about the shopper with the product to help customers navigate all of the products on site in as few clicks as possible and based on all of those shopper preferences, from channel to markdown affinity to category, product and sizing. And the more shoppers come back, the more you should be able to predict about your shoppers with the right technology.

Then Go the Distance with Predicted Customer Lifetime Value

The heartbeat of your success metrics should be Predictive Customer Lifetime Value. Measuring Predictive Customer Lifetime Value (PCLV) or Lifetime Value (LTV) is easier said than done. Depending on who you ask, everyone has a different opinion on what exactly this calculation should look like. So what's the best way to understand it? And what does it really mean for your brand? **Developing a clear, researched point of view on what that needs to look like going forward for your brand is critical.**

True shopper-centric metrics don't just rely on past purchase data and look beyond just who the shopper was to take into account who the shopper is going to be in the future. It also means that you don't just focus on your high-value shoppers, but you make an effort to bring every shopper back into the fold.

For retailers identifying who their most valuable customers are, it is crucial to ensure they nurture those relationships, as well as cultivate their less valuable customers into future high-value ones. Historic spend behavior is an important measure in identifying those customers, and it is a typical approach marketers use, but it doesn't provide the full picture. For example, consider a customer who historically used to place large orders once a month but hasn't purchased in the last four months. We would expect this customer to spend less, in the future, than a customer who has a similar spend and buying pattern but has made a purchase in the last month.

So when you're measuring PCLV, it's best to use a probabilistic approach and measure their predicted number of purchases with their predictive average order value. Modeling is different, but generally this measurement should include past purchase behavior. You should also measure a shoppers' likelihood to convert with your engagement data.

Build A Dynamic Lifetime Plan for Every Single Shopper

At the end of the day, the goal here is simple. Help shoppers discover what they're going to love and communicate with them like humans — if you do that, you'll keep your shoppers on track for life.

Shoppers will continue to change, along with their product, channel and timing preferences. But if you have the right strategies in place to meet shoppers wherever they are with the next best content, offers and recommendations, you can keep your shoppers coming back with the best of your brand.



Ready to meet the shoppers wherever they are with 1:1 personalized content, offers and recommendations? Request a Demo to learn how Bluecore can help you turn casual shoppers into lifelong customers.

[**REQUEST A DEMO**](#)

