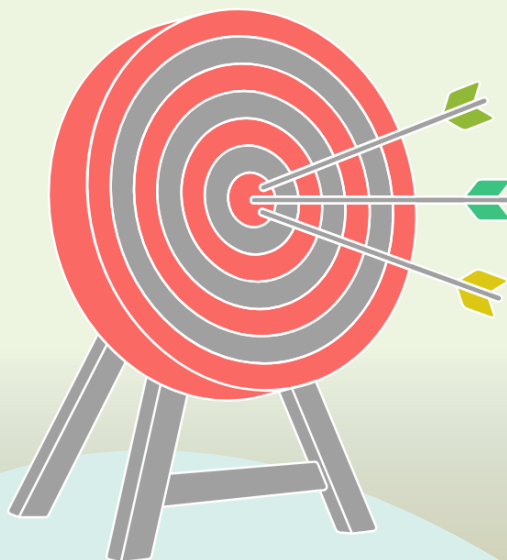


THE STARTUP WALLAH

Fueling Ideas, Connecting Futures!

# BUILDING CUSTOMER LOYALTY

*(Created by a Marketing Leader)*



Advocacy



Emotional Connection



Repeat Transactions





## Understanding Customer Loyalty

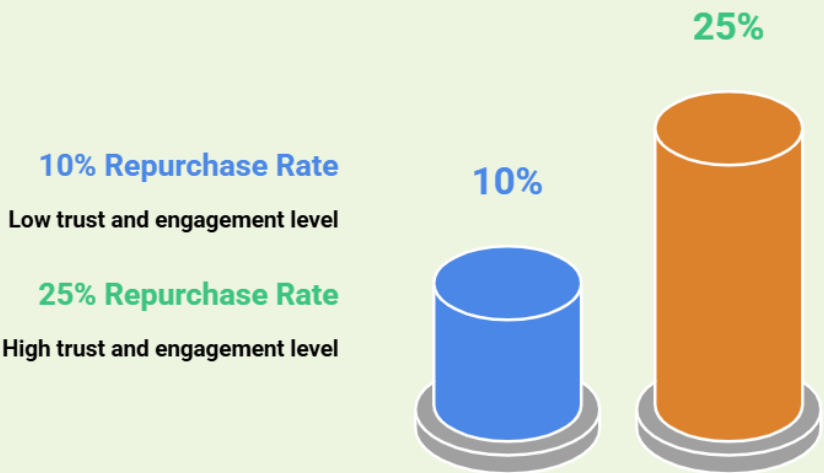
Loyalty is built on both rational factors (pricing, convenience) and emotional bonds (trust, shared values).

### Key metric

The key metric here is the Repurchase Rate—a higher rate indicates a deeper customer connection.

### Example:

If a business can increase its repurchase rate from 10% to 25%, it indicates a stronger emotional connection with customers, leading to higher profitability.



## **The True Cost of Customer Retention vs. Acquisition**

Winning new customers is costly, but keeping existing ones is where real value lies.

Research reveals that increasing customer retention by just 5% can enhance profits by 25% to 95%. Investing in customer experience, personalized communication, and proactive service can significantly reduce churn and create loyal advocates for your brand.

### **Enhancing Profits Through Customer Retention**



#### **Invest in Experience**

Improving customer interactions and satisfaction



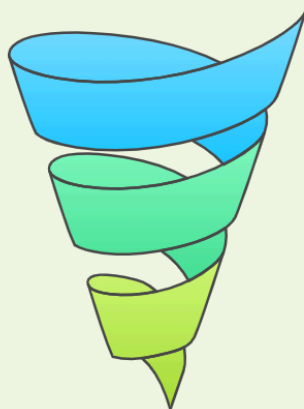
#### **Personalized Communication**

Tailoring messages to individual customer needs



#### **Proactive Service**

Anticipating and addressing customer needs



## Understanding Customer Behavior Before Purchase

Anticipating customer identifying their needs, researching options, comparing alternatives, and evaluating potential benefits, all to predict and influence their purchasing choices.

- **Problem Recognition:** Identifying a need or want that requires a product or service to fulfill.
- **Information Search:** Gathering data about potential solutions through various channels like online research, reviews, recommendations, or consulting with others.
- **Evaluation of Alternatives:** Comparing different products or brands based on features, price, quality, and other factors.
- **Decision Making:** Choosing the final product to purchase based on the evaluation process.

By identifying these patterns, businesses can personalize interactions and offer timely incentives, nudging potential buyers toward conversion.



Identify Patterns



Personalize Interactions



Offer Timely Incentives



Nudge Toward Conversion

## Measuring Customer Satisfaction Effectively

A satisfied customer is a repeat customer.

### NPS (Net Promoter Score)

Net promoter score (NPS) is a metric used to measure customer loyalty and satisfaction.

### What do the NPS categories mean?

- Promoters: Customers who are very satisfied and likely to recommend the company
- Passives: Customers who are satisfied but not enthusiastic about the company
- Detractors: Customers who are unhappy with the company and unlikely to recommend it

### How is NPS calculated?

- Ask customers to rate their likelihood of recommending a company on a scale of 0 to 10
- Categorize customers into promoters, passives, or detractors based on their rating
- Calculate the NPS by subtracting the percentage of detractors from the percentage of promoters



## Upselling and Cross-Selling

Upselling and cross-selling are sales strategies used to increase the value of a customer's purchase by suggesting a higher-end product (upselling) or related complementary items (cross-selling), thereby enhancing the customer journey by providing them with products that better meet their needs while maximizing the business's revenue potential.

### How to implement upselling and cross-selling effectively:

#### Understand customer needs:

- Thoroughly assess the customer's requirements to identify which upgraded products or complementary items would be most beneficial to them.

#### Timely suggestions:

- Present upsell and cross-sell options at the right moment during the buying process, such as when a customer is reviewing their cart or nearing a purchase decision.

#### Clear communication:

- Explain the added value of the suggested product, highlighting its benefits and how it can improve their experience.

#### Personalized approach:

- Utilize customer data to tailor offers based on their past purchases, browsing behavior, and demographic

#### Upselling

Encouraging customers to choose a premium version of a product.



#### Cross-selling

Suggesting complementary products that enhance their purchase.





## Crafting Loyalty Programs That Truly Work

Crafting a loyalty program involves understanding your customers, offering relevant rewards, and making the program easy to use.

### Understand your customers:

- Use data to learn what your customers value
- Tailor rewards to match their preferences
- Personalize offers based on their shopping history

### Offer relevant rewards:

- Provide discounts if your customers like them
- Create exclusive experiences if your customers want them
- Offer rewards that matter to them

### Make the program easy to use:

- Avoid complicated rules or lengthy sign-ups
- Make it easy for customers to earn and redeem rewards.

### Add gamification elements:

- Utilize customer data to tailor offers based on their past purchases, browsing behavior, and demographic



#### High Engagement

Indicates a valuable program



#### Perceived Value

Customers see program benefits



#### Increased Redemption

Customers redeem rewards

