

# Digital Marketing 101: Customer Lifecycle

## Study Guide

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## Section Overview

Understanding customer lifecycle is an important aspect of digital marketing. It explains how the customer moves from considering a product to buying the product. The main steps of customer lifecycle include acquisition, engagement, conversion, and retention. This means you need to get the attention of potential customers, tell them about your products and services, turn them from interested customers to paying customers, and nurture the relationship with existing customers to turn them to loyal customers.

In this section, digital marketing expert Stephane Hamel explains the stages of a customer lifecycle and the various digital marketing channels that can be leveraged based on the stage of the lifecycle that the customers are in.

### Lesson 1—Acquisition



## Objectives and Learning Outcomes

- Define customer acquisition
- Identify the different marketing channels and their benefits
- Identify the techniques to choose the right marketing channels for the right end goals
- Discuss how to leverage Big Data and Automation for customer acquisition



## Key Takeaways

### Defining Customer Acquisition

#### What Is Customer Acquisition?

- Customer acquisition is the process of identifying the right audience and attracting them to your website or other owned media.
- A customer acquisition strategy defines the best mix of media and engagement tools (lead

generation and product offers) to gain new customers by targeting them and reaching them through online and offline customer journeys.

## Different Marketing Channels and Their Benefits

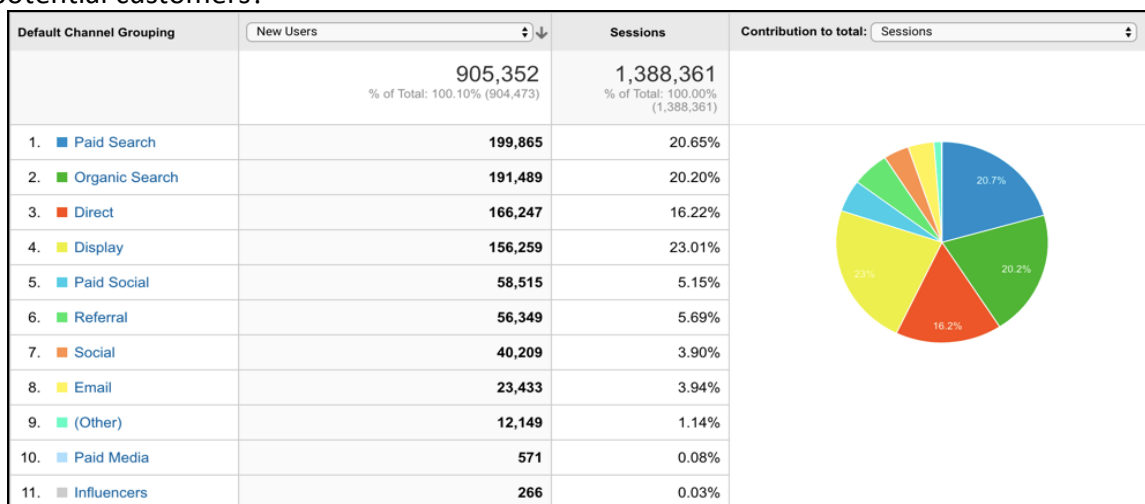
### Top Marketing Strategies for Acquisition

- A frequent question from marketers is, “Which tactic or channel is best for acquiring new customers?”
- Observing the digital analytics data of any website reveals information about the source of traffic.
- When people search on Google, for example, they might search for generic terms, or specifically for your brand. When people don’t know your brand, how do you reach them through digital marketing strategies?
- Most frequent tactics for customer acquisition:
  - Search Engine Optimization
  - Pay Per Click
  - Affiliate and co-marketing
  - Online advertising
  - Online PR
  - Social media marketing

### Most Effective Marketing Channels

**Example:** Google Analytics data for a startup that needs to gain visibility.

- The question you are trying to answer is, “Which channel is most effective at acquiring new potential customers?”



- This company is investing in Paid Media on a number of channels such as Display, Paid Social, Paid Search, but is also gaining visibility from other channels such as Organic Search, Social, and

Referrals. The company is also working with Influencers, a custom-defined channel;

- This represents a very high-level overview of acquisition channels. From this high-level overview, you can leverage other data.

### AdWords Brand Building Campaigns

- Distinguish between campaigns that are very generic, like electronics or apparel, and campaigns that mention your brand.
- In your AdWords campaign, it is important to consider the acquisition cost.
- Acquisition cost is how much you have to spend on advertising, discounts, incentives, closing cost, and other expenditure in order to gain a new customer. Key metrics include:
  - Cost Per Click (CPC) = Cost/Clicks
  - Cost Per Acquisition (CPA) = Cost/Conversions

### Impact and Priority

- It is important to organize your marketing mix and decide on the priority and budget you assign to each channel.
- You can find benchmarks for some industries and numerous claims of outstanding results, but it is best to benchmark against yourself:
  - Know your customers
    - ✓ Identify your USP
    - ✓ Identify your target audience
    - ✓ Identify your position based on competitor analysis
  - Experiment
    - ✓ Choose acquisition channels based on customer profiles
  - Use multiple tactics
    - ✓ Combine tactics with KPIs

### Search Console Queries

- Search Console Queries report reveals the search terms people use, if your own website is showing up in results (impressions), and if they click on the link (Clicks).
- This is “organic search,” as opposed to “paid search.”

## **Techniques to Choose the Right Marketing Channels**

### Marketing Automation and Big Data

- Marketing automation and Big Data are becoming inextricably linked.
- Combining the two can create an effective way to collect, sort, and gain insight from thousands of data points about customers, campaigns, and products or services.
- Example: G2 Crowd
  - G2 Crowd provides user reviews and tools to assess solution fit and offers a ranking of leading marketing automation software.
  - Regardless of company size, it positions HubSpot, Marketo, and Salesforce as leaders that provide high user satisfaction.

Each of those products offers Customer Relationship Management, Marketing Automation, campaign management, lead management and other tools to manage campaigns on mobile, social, and web. These products also enable you to make extensive use of Big Data technologies and machine learning.

Admittedly, terms like Big Data, Machine Learning, and Marketing automation are sometimes bloated buzzwords.

In our context, Big Data is the underlying technology, and machine learning is what makes the most sophisticated marketing automation possible.

## **How to Leverage Big Data and Automation for Customer Acquisition**

### CRM and Marketing Automation—Example

- A website visitor becomes a lead through a whitepaper landing page. Two weeks later, the customer follows the company on LinkedIn and Twitter. Now what?  
In the past, these two actions – though highly relevant to each other – would have been siloed. The lead would have been placed in a “bucket” based on the whitepaper download, but the social actions would have gone largely unnoticed. With the right data and marketing platform, it’s now possible for those social interactions to trigger all sorts of new campaigns and touch-points. Companies can start to create entire campaigns around leads who have engaged with them on multiple platforms.

### Lead Generation, Content Marketing, and Automation—Example

A brand’s latest Twitter campaign is generating increased activity (retweets, likes, comments), as well as a generating a high number of leads. Now what?

- For a long time, metrics around lead generation and social media were quantified independently.
- Today, not only can brands attribute leads to social channels with extreme precision, they can also pinpoint what types of content subject matter generate said activity.
- With this data, brands can segment leads based on content preference and move them along the buyer journey with offers that are directly related to what interested them in the first place.

In both scenarios, there is nothing revolutionary about the actions being taken to engage potential customers.

- Basic email and social media campaigns, content marketing, etc., are being applied.
- These campaigns become game-changing only when actions are triggered based on specific, unique, and proprietary data. This is what Big Data and marketing automation allow.

## Lesson 2—Engagement

# Objectives and Learning Outcomes

- Define customer engagement
- Recognize how to engage customers through content and functional components
- Discuss micro conversion and the metrics used for its measurement
- Identify why retargeting is an important strategy for engagement

## Key Takeaways

### **Defining Customer Engagement**

- Engagement refers to the ability to "move the needle" from mere curiosity and interest toward purchase intent.
- Customer engagement is an important aspect of customer lifecycle and the step that ultimately leads to conversion.

### Top Marketing Strategies for Engagement

- Content is king. Content in all its shape and forms, like images and videos, product descriptions, and reviews, remains the most critical element that can convince people to convert.
- Engagement used to be only, or mostly, about content.
- Now, engagement has grown to be a much more complex mix of technical site architecture, performance, and off-the-page attributes such as trust, history, and level of interaction.
- Search Engine Optimization (SEO)
  - Black Hat SEO: Aims to break the algorithm and essentially cheat the system to rank higher in search results
  - White Hat SEO: Primarily targets the audience instead of the algorithm
- If you aim to engage with your audience, that is, if you are customer-centric, you will win in the long run.
- While visitors of your website consume information about your company and your products, data can reveal the extent of their engagement.

### Signals of Customer Engagement

- Once you have gained attention from prospective customers, how do you entice them with the right offer?
- Engagement is demonstrated in various ways. Some of these include:
  - Bounce rate
  - Number of page views
  - Average session duration

- Pages/sessions
- Number of sessions per user

## **Customer Engagement through Content and Functional Components**

### Functional Components of Apps and Websites

- Measuring engagement through “soft” metrics like bounce rate, session duration, or page views is a bit risky.
- There are a number of “functional patterns” on websites:
  - Promo items on the home page
  - A site search feature, often with advanced parameters
  - A newsletter subscription workflow
  - Account creation and signup
  - “Contact Us” page
  - A “build and price” tool to help you choose the best configuration
  - Social follow links
  - A shopping cart
- By looking at your website, you can identify specific content or actions visitors can take. These are indications of “moving the needle” toward conversion.

### **Micro Conversions**

- A “micro conversion” is a small step on the path of a user toward your primary conversion goal (a business objective).
- Marketers often confuse the immediate goal of an action on a website, which might be the call-to-action of their marketing campaign, with the actual business goal that represents the core business.
- Sometimes, campaigns aim to increase results for a micro conversion knowing that these will eventually lead to an increase in business conversions.
- Any action that demonstrates positive progress toward an end business goal can be considered a micro conversion. Examples:
  - View a Product page
  - Email signup
  - Create an account
  - Download a white paper
  - Follow us on social media
- Metrics to measure micro-conversions:
  - Goals completion
  - Completed steps of a funnel
  - Conversion rate

### **Use Goals to Measure Micro Conversion—Example**

- Using a web analytics platform, you can look at goals and measure micro conversions. You can use

this data to optimize your campaigns.

- Example: Google analytics report from Google Merchandise Store
- You see channels and the three major measurement metrics: Acquisition, Behavior, and Conversions.
- If you look again at your Acquisition/Channels report, you can identify the relevant signals of engagement and you can even define a goal for “engaged users.”
- In this example from the Google Merchandise Store, you see that Organic Search brings most Users, but Referral has the lowest Bounce Rate, highest Pages/Session, and the longest Session Duration. The custom-defined engagement indicator is the highest. What does it tell us?

	Default Channel Grouping	Acquisition			Behavior			Conversions Goal 2: Engaged Users		
		Users ?	New Users ?	Sessions ?	Bounce Rate ?	Pages / Session ?	Avg. Session Duration ?	Engaged Users (Goal 2 Conversion Rate) ?	Engaged Users (Goal 2 Completions) ?	Engaged Users (Goal 2 Value) ?
		55,823 <small>% of Total: 100.00% (55,823)</small>	51,095 <small>% of Total: 100.10% (51,043)</small>	69,482 <small>% of Total: 100.00% (69,482)</small>	46.56% <small>Avg for View: 46.56% (0.00%)</small>	4.21 <small>Avg for View: 4.21 (0.00%)</small>	00:02:40 <small>Avg for View: 00:02:40 (0.00%)</small>	9.96% <small>Avg for View: 9.96% (0.00%)</small>	6,923 <small>% of Total: 100.00% (6,923)</small>	\$0.00 <small>% of Total: 0.00% (\$0.00)</small>
<input type="checkbox"/>	1. Organic Search	32,428 (56.53%)	30,051 (58.81%)	36,749 (52.89%)	52.69%	3.49	00:02:04	6.85%	2,518 (36.37%)	\$0.00 (0.00%)
<input type="checkbox"/>	2. Referral	9,141 (15.94%)	6,641 (13.00%)	13,662 (19.66%)	24.26%	6.86	00:04:30	21.65%	2,958 (42.73%)	\$0.00 (0.00%)
<input type="checkbox"/>	3. Direct	8,990 (15.67%)	8,477 (16.59%)	11,109 (15.99%)	50.18%	3.80	00:02:39	8.07%	897 (12.96%)	\$0.00 (0.00%)
<input type="checkbox"/>	4. Paid Search	2,746 (4.79%)	2,351 (4.60%)	3,346 (4.82%)	40.26%	4.60	00:02:49	10.40%	348 (5.03%)	\$0.00 (0.00%)
<input type="checkbox"/>	5. Social	2,649 (4.62%)	2,468 (4.83%)	2,892 (4.16%)	62.90%	2.55	00:01:26	3.67%	106 (1.53%)	\$0.00 (0.00%)
<input type="checkbox"/>	6. Affiliates	1,135 (1.98%)	1,033 (2.02%)	1,357 (1.95%)	59.84%	2.61	00:02:23	3.32%	45 (0.65%)	\$0.00 (0.00%)
<input type="checkbox"/>	7. Display	273 (0.48%)	74 (0.14%)	367 (0.53%)	32.97%	5.38	00:03:38	13.90%	51 (0.74%)	\$0.00 (0.00%)

## Retargeting

- Identify visitors who have accomplished something specific on your site and remarket to them with a targeted offer on other sites they visit.
- This powerful marketing tactic leads to:
  - Reduced cost-per-impression
  - Better conversion rates
  - Improved ROI
  - Precise targeting
  - Cost-effective branding

This can be done through Google Display Ads, for example.

Once a specific user action is detected, you can specify the targeting criteria and launch a specific campaign for this audience.

- You may sometimes feel that an ad follows you everywhere you go on the web. This is often the result of retargeting. Marketers using this tactic should avoid “over exposure” and set a maximum exposure or a delay.
- There should also be a way to identify when the users have converted and stop trying to sell to them; the focus should then be on serving the customers and getting them to spend more.
- Remember, a marketing campaign should always be tied to a desired outcome that can be measured.

### Complex Engagement—Example

- A wide variety of companies, ranging from automotive and mobile phone manufacturers to travel agencies, offer configurators through their websites.
  - In this case, BRP Can-Am offers a configurator where customers have the option to configure their dream machine even if they can't purchase online.
  - In the automotive industry, the actual purchase decision is often done online – all that is left is to go to the dealership and confirm your purchase.
  - Consequently, the sales process is now very different for car dealers. Consumers often come in with very high expectations. They want clear answers and are very well-informed.
- Have you ever configured your dream car and then realized it was way too expensive? What do you do next? You make compromises.
  - From a marketing standpoint, “the last compromise” has a huge value. Passing it on to the dealer, who will know exactly what to upsell, can have a huge financial impact.
  - The “Build your own” process is a website conversion (closest to a business outcome), but the real business conversion is an actual sell.

### Lesson 3—Conversion

## Objectives and Learning Outcomes

- Define conversion
- Discuss macro conversion and its metrics
- Discuss how marketing touchpoints play a crucial role in evaluating channel effectiveness
- Explore conversion for non-e-commerce or subscription-based companies



## Key Takeaways

### Defining Conversion

#### Top Marketing Strategies for Conversion

Conversion is a very crucial step in the customer lifecycle.

Top marketing strategies for conversion include:

- Remarketing
- Conversion rate optimization
- Merchandising and personalization

### Macro Conversion and Its Metrics




- Macro conversions are clearly defined end goals that can impact the bottom line of your business.  
Examples:
  - Complete a purchase
  - Generate a qualified lead
  - Contact the company
  - Apply for a job
- Macro conversions are measured with metrics like:
  - Goal Completions
  - Transactions
  - Revenue
  - Average Order Value
  - Conversion Rate
- The only end goal of any website is to create value along one of the ultimate goals: increase revenue, reduce costs, increase satisfaction. This in turn leads to profitability and long-term sustainability (and survival).
- Not every business is conducted online, but we should identify the closest indicator of conversion (always from a business standpoint).
- In this respect, subscribing to a mailing list or sharing on social media are micro conversions; they are too far away from the real desired business outcome.

## Marketing Touchpoints for Evaluating Channel Effectiveness

### Assisted Conversions

- Assisted Conversion is a concept that focuses on the touchpoints a customer goes through in the buying process. It shows whether a channel is effective early in the process or later before a conversion
- By default, the last touch point - the last click - will be credited for a conversion.
- This can lead to an inflation of some channels to the detriment of others, obfuscating the fact that some marketing activities happened early on and were the ones that caused the user to come back.
- As users use multiple devices like desktop, tablet, and mobile, it is difficult to attribute conversions to the right channels.
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	<p>In this example, you can see that:</p> <ul style="list-style-type: none"> <li>• Display is most effective at assisting conversion.</li> <li>• Paid search and social networks are most effective at bringing new traffic to the site.</li> </ul>
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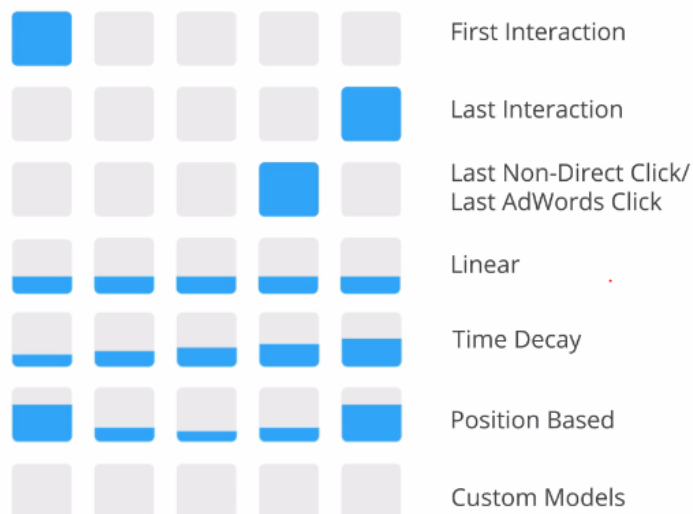
<input type="checkbox"/> MCF Channel Grouping ?	Assisted Conversions ?	Assisted Conversion Value ?	Last Click or Direct Conversions ?	Last Click or Direct Conversion Value ?	Assisted / Last Click or Direct Conversions ?
<input type="checkbox"/> 1. Display	91 (0.86%)	\$1,026.69 (0.34%)	50 (0.29%)	\$159.94 (0.04%)	1.82
<input type="checkbox"/> 2. Referral	4,207 (39.54%)	\$123,466.90 (40.64%)	5,217 (30.09%)	\$137,763.27 (37.82%)	0.81
<input type="checkbox"/> 3. Other Advertising	54 (0.51%)	\$49.95 (0.02%)	79 (0.46%)	\$18.99 (0.01%)	0.68
<input type="checkbox"/> 4. Direct	4,411 (41.45%)	\$146,335.62 (48.17%)	7,815 (45.07%)	\$203,870.34 (55.96%)	0.56
<input type="checkbox"/> 5. Organic Search	1,530 (14.38%)	\$27,408.21 (9.02%)	3,334 (19.23%)	\$17,230.37 (4.73%)	0.46
<input type="checkbox"/> 6. Paid Search	274 (2.57%)	\$2,990.70 (0.98%)	663 (3.82%)	\$4,668.96 (1.28%)	0.41
<input type="checkbox"/> 7. Social Network	74 (0.70%)	\$2,540.03 (0.84%)	182 (1.05%)	\$571.64 (0.16%)	0.41

### Channels and Their Impact on Business Outcomes

- A campaign may be good at bringing new viewers to your website, but do users convert and generate value for your company?
- Attribution is a science of accrediting marketing touchpoints that lead to conversion.
- Ultimately, marketers want to understand the effectiveness of their campaigns.
- Bringing traffic to your website may not get you far in your optimization process.
- Thus, you need to know which activities are contributing the most to conversion.

### Attribution Models

There are various attribution models:



- “First Interaction” refers to marketing tactics aimed more at awareness, i.e., “upper funnel” tactics to attract new audience.
- “Last Interaction” refers to tactics focused on “lower funnel” activities, where only a little incentive is required to convince the customer to make a conversion.
- “Last Non-Direct Click” excludes Direct traffic.
- “Last AdWords Click” is excellent to optimize your campaigns for those terms that converted best.
- “Linear” is a good tactic when you have multiple marketing tactics aimed to keep a recurring

contact with your audience.

- “Time Decay” is a good tactic when there’s a very long or very short consideration cycle before a purchase. Customize it to your custom lifecycle duration.
- “Position-based marketing” is appropriate where you want to credit the channels that initially raised awareness and the ones that lead to conversion.
- Custom models are based on one of the default ones, but you can adjust the loopback window (number of days), adjust based on user engagement (time on site or page depth), or even apply complex rules.
- Purists say the only valid attribution model is the one built from your data. The solutions are expensive as they need more investment, more resources, and historical data.

### Attribution Models: Best Practices and Example

- You can refine your marketing mix with the help of Attribution Model Comparison Tool.

Ex.

This example shows first-interaction and last non-direct click for an e-commerce transaction. It shows the conversions and value, sorted by change in conversion value. You can clearly see that Display is much more effective as a direct-response channel than a brand awareness one (this is not surprising as Display is used as part of remarketing campaigns). Conversely, Paid Search is slightly more effective as a brand awareness channel.

- You don’t have to work at the abstract “Channel” level; you could drill down into the specific source and medium, campaign, and any other dimension to answer questions such as “Is Google or Bing better to do a paid search campaign aiming to increase revenue?”
- You can also create your own custom attribution model rather than a data-driven attribution model (which is closer to a data-science approach).

MCF Channel Grouping ?	Conversions & Value ▾				% change in Conversion Value ▾ (from First Interaction)	
	First Interaction		Last Non-Direct Click		Last Non-Direct Click ? ↓	
	Conversions ? ?	Conversion Value ? ?	Conversions ? ?	Conversion Value ? ?		
1. Display	127.00 (0.69%)	\$14,345.44 (0.42%)	119.00 (0.65%)	\$81,316.79 (2.40%)	466.85%	↑
2. Social Network	99.00 (0.54%)	\$9,952.40 (0.29%)	123.00 (0.67%)	\$12,119.79 (0.36%)	21.78%	↑
3. Referral	8,101.00 (44.16%)	\$1,452,765.33 (42.93%)	9,077.00 (49.48%)	\$1,658,072.07 (48.99%)	14.13%	↑
4. Organic Search	2,584.00 (14.09%)	\$251,264.78 (7.42%)	2,658.00 (14.49%)	\$264,806.60 (7.82%)	5.39%	↑
5. (Other)	1.00 (0.01%)	\$9.99 (0.00%)	1.00 (0.01%)	\$9.99 (0.00%)	0.00%	○
6. Other Advertising	7.00 (0.04%)	\$547.65 (0.02%)	7.00 (0.04%)	\$536.66 (0.02%)	-2.01%	↑
7. Paid Search	371.00 (2.02%)	\$43,583.50 (1.29%)	391.00 (2.13%)	\$41,283.46 (1.22%)	-5.28%	↑

- You can focus on specific sources, mediums, and campaigns to know the efficiency of your channel.
- You can have a customized attribution model.
- There are many factors to consider before you trust attribution data.

### Attribution Challenges

- Challenges of attribution:
  - Online-to-store transactions are difficult to track
  - Requires perfect marketing campaign taxonomy and tracking
  - Attributing ROI to specific touchpoints doesn't reflect true customer lifetime value
  - Requires a way to identify users
  - Multiple screens/devices are difficult to track across digital and non-digital channels
- Measuring assisted conversions provides a quick check.
- Attribution works at the campaign level.
- Customer lifetime value works at the customer level.
- The type of campaign used affects attribution.
  - Flighting:
    - ✓ Quick and short-running campaign
    - ✓ Run ads at specific moments
  - Continuity:
    - ✓ Long-running campaign
    - ✓ Run ads all the time

### Media-mix Modeling

- Media-mix Modeling is the optimal combination of communication channels to meet marketing objectives.
- Media-mix Modeling answers these questions:
  - How much media is enough?
  - Which medium is most effective?
  - When are ads worn out?
  - What is the best media environment to use?
  - Is it better to use flighting or continuity?

### **Conversion for Various Scenarios**

#### Example: Non-E-commerce Website - NaitreEtGrandir.com

NaitreEtGrandir.com :

- It is not an e-commerce site.
- It does not sell anything and has no revenue source online.
- It offers high-quality content and receives funds from local media moguls.
- What does it do right?
  - It does extensive segmentation of the audience
  - It uses a variety of channels, including web, Facebook, YouTube, Twitter, and Pinterest

- It gives a voice to the audience through polls, surveys, comments, and ratings
- It tracks users instead of tracking sessions
- It leverages its web analytics platform to truly measure user engagement
- It uses a marketing mix that caters to new and existing users across different channels
- All of this doesn't cost millions of dollars. It requires a willingness to adopt new marketing models and be creative.

#### Subscription Model: Best Practices

- In a subscription model, a consumer pays a subscription price to gain access to products or services.
- This model was pioneered by magazines and newspapers and is now widely used in the digital economy.  
Example: Netflix, Spotify, SaaS, Amazon-one-click.
- The digital economy has enabled subscription models: your internet connection, Netflix, your cell phone, listening to music with Spotify. Subscription models are used even in the physical world, for example, getting a variety of healthy food delivered to your doorstep (HelloFresh).
- The 5 P's are still very important. The customer lifecycle would probably be slightly different: conversion becomes "subscription" and the concept of "retention" is even more important.

#### Lesson 4—Onboarding, Retention, and Expansion

## Objectives and Learning Outcomes

- Explain the concepts of customer onboarding and retention
- Explain expansion opportunity using Recency Frequency Monetary Value (RFM) approach
- Describe the Customer Lifetime Value (CLV)

## Key Takeaways

### **Customer Onboarding and Retention**

#### How to Reach Your Current Customers

- Where would you spend your money?
  - Acquisition
  - Retention
  - Expansion

There is no definite answer to this question, but most sources say that it costs 4 to 10 times more, some even say 30 times more, to acquire a new customer than it does to keep an existing one.

- Top marketing strategies for onboarding, retention, and expansion:

- Customer onboarding
- Customer experience management
- Customer service and support
- Social CRM
- Newsletter campaigns

### Customer Onboarding

- Once you acquire a new customer, customer onboarding is the first step that sets the tone for the whole relationship.
- If the experience is confusing or overwhelming, this puts up barriers to achieving success.
- “The seeds of churn are planted early.”
- The onboarding process includes the following steps:
  - Set expectations
  - Break things down
  - Collect info sparingly and when needed
  - Call attention to important elements
  - Leave something to discover
  - Show off the product
  - Use videos and animations
  - Make it skippable
  - Build the relationship

It's not just the product – it's the entire experience

### Customer Retention

- Customer retention refers to the activities and actions taken to reduce the number of customer defections. It is commonly referred to as “churn.”
- A survey was conducted across several companies and the results showed that:
  - 44% of companies had a greater focus on customer acquisition
  - 18% of companies focused on customer retention
- Working on customer retention helps you gain a holistic view of the customer experience.
- Most companies focus on acquiring new customers; very few focus on retention.
- Customer feedback, polls, and post-exit surveys are good sources to acquire data on retention.
- Working on customer retention helps you gain a holistic view of the customer experience.

### Impact of Customer Retention

- A research by Frederick Reichheld of Bain & Company cited by HBR shows that increasing customer retention by 5% increases profits by 25% to 95%.
- Customer expansion pertains to encouraging purchasing behavior of existing customers by offering complementary products and services.

### Digital Marketing Tactics for Customer Retention

- Some of the most effective channels for customer retention:
  - Email Marketing

- Social Media Marketing
- Content Marketing
- Referral Marketing
- Some digital marketing channels are more effective at enticing a positive response from your target audience (existing customers).
- Customers do not see different activities on digital channels as standalone activities but as a whole experience.

### Retention and Self-service Features

Retention and self-service features are important in retaining and growing your customer base.

You can also measure customer satisfaction using:

- Site Search  
Reveals information about the issues customers are facing
- Knowledge Base  
You can learn about top issues and use qualitative measures of satisfaction
- Net promoter score (NPS)  
A measure of how likely it is that your customers will recommend you
- Social media monitoring, communities, and brand awareness  
A valuable way to retention and increasing visibility

### Considerations for Retention Scenarios

- When focusing on retention, non-digital channels such as call centers or other touchpoints where there are opportunities to listen to your customers should also be considered.
- Apart from call centers, interacting with customers directly is a valuable way to learn more about your customers.

### Surveys and Polls

Surveys and polls are an easy way to learn more about your customers.

You only need three questions:

1. What is the purpose of your visit to our website today?
  - It can also be framed as "what is the reason for your visit today" or "what task are you looking to accomplish on our website today" or "why are you here today."
  - Few website owners have a good understanding of why people visit their websites, and this is one of the best possible ways for you to find out that critical information.
  - Answers that you will read and the distributions you will get between different primary purposes will be eye-opening for you, and they will help explain so much of the "weirdness" you see in your ClickStream data (and even your path analysis).
2. Were you able to complete your task today?
  - An extremely simple question that asks the survey takers to self-report their own perception of your website's effectiveness in helping them complete their tasks.
  - With this question, you don't have to rely on your hypothesis such as "If the visitors saw this page, then they might have got their question answered" or "If I am measuring conversion, then I can understand how effective my site is" or "My site is doing great because I just launched a massive

quarter of a million US dollars redesign." You have the customer's voice telling you exactly how well the website is performing when it comes to delivering the goods.

3. If you were not able to complete your task today, why not?
  - It can also be framed as "If you were able to not complete your task, please explain" or "Why were you not able to complete your task on our website today?" or simply as "How can we improve our website to ensure you are able to complete your task?"
  - The answer to this question is open text VOC, Voice of Customer. It is optimal to refrain from making this a drop down with choices like "Improve internal search," "Update the navigation," or "Provide more product information." Let the customers talk. Give them a chance to tell you in their own voice the reasons and provide you with suggestions. It works better than you guessing what the answers might be and suggesting those.

These three simple questions that will be the source of a wealth of insights when it comes to helping your deliver on your customer-centric strategy.

## **Expansion Opportunity Using Recency Frequency Monetary Value (RFM) Approach**

### Expansion Opportunity—The RFM Approach

- The RFM Model indicates which customers are more likely to respond positively to future engagement and marketing offers.

People who have made a purchase recently, people who make regular or frequent purchases from you, and people who have spent a large amount of money are clearly your best customers and are more likely to purchase again.
- This concept originated long before “digital.” In the era of paper catalogs, this approach was used to cluster customers into groups and optimize offerings based on various criteria, such as Champions, Loyal Customers, Promising, At Risk, or Lost.
- Unsurprisingly, this still works today in the digital world and it can be automated, made precise and improved, thanks to the amazing amount of data you have today about your customers.
- If time is scarce and you can’t create complex segmentation models, start by segmenting based on RFM and tailor your campaigns based on those groups. It will be immensely beneficial.
- The data will be included in your customer and sales databases.
- Some companies develop a variation of this concept using just their web analytics data: recency of the last session, number of sessions, and online goals value.
- In the RFM model:
  - High Recency, High Frequency, and High Monetary: Reward your most loyal customers and prospects with exclusive email privileges that make them feel special. For example, some retailers automatically offer free shipping and other perks to their best online customers.
  - High Recency, Low Frequency, and Low Monetary: This segment includes your newest customers or subscribers. Give them a good first impression of your company with welcome offers, product-usage tips or other information that newbies would find helpful.
  - Low Recency, Low Frequency, and Low Monetary: As in direct marketing, your least-engaged recipients simply may not be worth mailing to. But in email marketing, they may be great candidates for a re-opt-in campaign. Double-check whether they still want to hear from you,



and remove them from your list if they don't.

### **Customer Lifetime Value(CLV)**

CLV is a prediction of the value a business will derive from its entire relationship with a customer.

Features of CLV:

- Helps optimize your acquisition spending for maximum value rather than minimum cost
- Reported as 12- or 24-month CLV
- Derived from historical data

Taking CLV into account can shift how you think about customer acquisition.