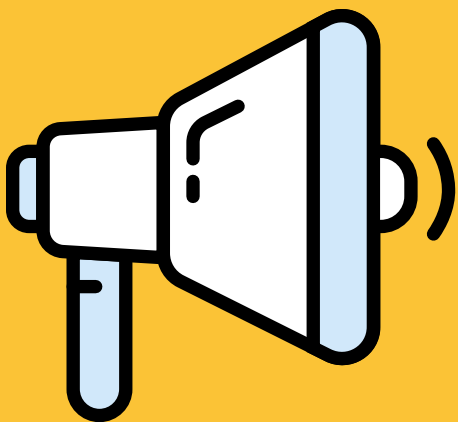


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# The complete guide to **customer retention tools.**



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# Getting Started

Welcome to The Complete Guide to Customer Retention Tools! Chances are you have decided to pursue a retention marketing strategy or have already started one. Either way we applaud you! Your store is now on the forefront of one of the most profitable trends in ecommerce.

If you haven't already outlined your retention strategy prior to reading this book, we would recommend looking at "The Ultimate Guide to Customer Retention." It will arm you with everything you need to know about customer retention prior to selecting the right tools.

This book will cover what you need to know about your different retention tool options:

- **Tools available**
- **Summaries of each tool**
- **Pros and cons**
- **When they're effective**
- **Solution providers you can try**
- **And much more!**

By the end of this eBook, you will be able to select the best retention tools for your store.

# Amazing Customer Service



Providing extraordinary customer service, or as some call them “magic moments,” is not as much a tool as it is an overall tactic. Many people would argue that amazing customer service has become a must in every business and is no longer a point of differentiation.

Experience tells us that this just simply isn’t true. Look at companies like Zappos, whose wide success is largely due to the extras they provide their customers. With industry-leading practices like one year free returns, Zappos is considered to have the best customer service team in ecommerce. With them as only one example, it’s clear that amazing customer service is a proven way to boost your store’s profitability.

## Remember

According to RightNow Technologies, 86% of customers would pay up to 25% more for a better customer experience.

## Here are some details on customer service:

### Pros

- Proven results
- Increases repeat purchases and referrals
- Customers share great service experiences over social media

### Cons

- Time consuming
- Difficult to attribute/track
- Can get expensive

## Who should use customer service?

Retailers that have a very high customer lifetime value, offer technical products, are vertically integrated (manufacture and sell their own products), or have a customer demographic that is social.



Tool to Try:  
Help Scout

Help desk software that  
works like email!

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# Patronage Discounts



Giving existing customers discounts or coupons is a tactic that is used to increase customer satisfaction and loyalty. This is done by giving loyal customers discounts, which increases the value that they are able to receive. If no other merchants are giving similar discounts, then this can also increase customer loyalty.

An example of a patronage discount is the classic “buy 9 get 1 free card” – the most widely used retention program in the world. Another example would be giving customers who have been members for 1 year a 5% discount on all their orders.



## Remember

Discounting can devalue your brand if not done properly.

## Here are some details on patronage discounts:

### Pros

- Easy to start
- Easy to maintain

### Cons

- They can condition customers to expect discounts
- Easy for competitors to copy

## Who should use patronage discounts?

As an advocate of retention, I usually tell retailers to avoid this tactic. While it is easy to start it does not create a strong emotion in your customers and can actually make your customers expect discounts.



Are you aware of all of the dangers of excessive discounting?

[READ HERE](#)

# Loyalty & Rewards Programs



Rewarding customers for actions, purchases, and behaviors is a tactic used to increase customer loyalty. This can also work to increase referrals, if desired. Customers can be directly rewarded with “points” or “credits” that can be spent on discounts, status-based rewards, experiential rewards, charitable donations and more. Points are often used to mask the value of the reward a customer is receiving.

A great example of a rewards program is Starbucks’ “My Rewards”, in which customers can collect “stars” that can be spent on free food and beverage items. This program also contains tiered rewards, where customers are offered more rewards the more they use the program.



## Remember

Rewards programs can increase your repeat purchase rate by 20%.



## Here are some details on loyalty & rewards programs:

### Pros

- Customers are already familiar with how they work
- You can use points to incent many profitable actions

### Cons

- Customers are generally members of multiple programs
- You need to make a program stand out to be effective

## Who should use rewards programs?

Rewards programs work best for retailers who have at least a 10% margin on their products, have a relatively high customer lifetime value, and sell products that can be purchased semi-regularly.



Tool to Try:  
Smile.io

Rewards programs for  
ecommerce sites.

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# Support Systems



Support systems are tools used to assist your customers with their problems and questions. These tools include help desk software, email support, and live chat software.

Often times a customer that is experiencing a problem can be converted into a loyal customer if their issue is resolved quickly and effectively. However, these tools are often more reactive than proactive.



## Remember

According to econsultancy, live chat has the highest satisfaction levels of any customer service channel at 73%.

## Here are some details on support systems:

### Pros

- Easy to monitor and track
- Increases customer touch points
- Resolves conflicts quickly

### Cons

- Time consuming
- Requires dedicated staff
- Reactive rather than proactive

## Who should use support systems?

We'd recommend a help desk or support system to retailers who have technical products, products that require installation, vertically integrated retailers (retailers that manufacture), or retailers that have high customer lifetime values.



Tool to Try:  
Olark

Live chat solutions for  
ecommerce.

[LEARN MORE](#)

# Referral Programs



Referral programs are a great way to increase your store's reach. If you allow customers to share referral codes over social media, you will gain access to their entire network. In this way, they not only extend your reach, but they also increase loyalty among those that refer.

When a customer shares your store they have publicly stated they shop with you. As humans when we broadcast something to the world, we like to stay consistent with that image. A customer who refers a friend is much more likely to shop with you again.



## Remember

According to Nielsen, a referral is the most trusted form of online advertising at 84%.

## Here are some details on referral programs:

### Pros

- Increases reach and loyalty at the same time
- Easy to implement
- Easy to track results

### Cons

- Can be tricky to find the right reward for a referral
- The people they refer can be of poor quality

## Who should use referral programs?

A referral program should be used by almost every ecommerce retailer. They are a great way to both boost your reach and loyalty simultaneously. Why not get your customer base doing the marketing work for you?



Tool to Try:  
Smile.io

Referral programs are even more effective when used in tandem with rewards and email marketing.

[LEARN MORE](#)

# Personalization



Everyone wants to feel like they are special, and that is what personalization allows you to do. With personalization, you can create a unique experience for each customer. These experiences can be as simple as emails that are addressed to them by name or as complex as personalized product recommendations. [bodybuilding.com](http://bodybuilding.com) is a great example of personalization at its finest.

In order to have automated product recommendations and cross-sells, you need to have powerful data collection tools to run them. These can be very costly and time consuming to implement.

## Remember

According to Monetate, marketers see an average increase of 20% in sales when using personalized web offers.

## Here are some details on personalization:

### Pros

- Increases conversion rates
- Increases satisfaction
- Small personalization techniques are inexpensive

### Cons

- Large data collection solutions can be pricey
- Implementation of larger systems can be time consuming
- Incorrect personalization can lead to reduced sales

## Who should use personalization?

Light personalization should be used by everyone! If you are going to implement a larger personalization system, you need to have the data to back it up and the staff to run and manage it.

# Customer Relationship Management (CRM)



Customer relationship management is a tool used to increase customer satisfaction by enabling a comprehensive view of a customer's "journey." A CRM system will not increase your customer retention on its own, but rather enable you to better use your other tools.

A CRM tool is often implemented to work in tandem with a retailer's retention strategy. An example of this would be displaying a customer's points balance within the CRM system.

## Remember

According to Salesforce, a CRM can increase sales by up to 29%.



## Here are some details on CRMs:

### Pros

- Customer data is centralized for easier customer service
- Centralized data also helps with the sales process

### Cons

- You get what you put in! Requires dedicated time and attention
- Can be difficult to manage

## Who should use CRMs?

CRMs are best-suited to retailers with high customer lifetime values and multiple customer touchpoints. They're also extremely beneficial for brands with high-value products that may require ongoing support or service post-purchase.



Tool to Try:  
Hubspot

CRM solutions for online  
retailers.

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# Retention Emails



One of the easiest ways to implement retention marketing is through retention emails. These are email campaigns that are designed to re-engage customers and encourage them to purchase again.

A typical email would be a lost customer email. This email would be sent to customers who have gone far more than the average time between purchases without returning. You would automate an email to be sent to this customer with an offer to return.

Retention emails can be done manually or added into the automation of an existing email service provider.



## Remember

Exact Target estimates that 91% of your customers are checking their email at least once daily.

## Here are some details on retention emails:

### Pros

- Easy to get started
- Can be used with an existing email solution
- Inexpensive

### Cons

- Requires data collection to know how to set emails

## Who should use retention emails?

Retention emails should be used by everyone! They are an easy way to get more customers coming back. You can easily send out emails manually, or include it in an email tool you already use.



Tool to Try:  
Mailchimp

Send targeted emails to customers.

[LEARN MORE](#)

# Which Retention Tool is Right For You?

There is no one retention tool that is best for all stores. In fact, retention tools are best used in tandem or as part of a stack. This allows you to cover certain tool's shortcoming with other tools.

The tools you decide on will be impacted by the retention strategy you select and the nature of your business. There is no one size fits all solution. That being said, I would recommend starting with the following:

- **Start to really focus on the experience you are providing**
- **Track your metrics and set retention emails**
  - **To increase repeat purchase rates**
  - **To decrease time between purchases**
  - **Avoid lost customers**
- **Use a rewards program to give customers a reason to stay**
- **Start a referral program with incentives for both the referrer and the referee**

This will give you store a strong retention marketing presence and turn your store into a retention marketing leader!

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