

WHO ARE YOUR BEST CUSTOMERS?

Rethinking Customer Loyalty
in a Digital-First World



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EXECUTIVE SUMMARY

A customer data platform is critical for adapting to changes and cultivating buyer loyalty

The pandemic has driven widespread changes in customer behavior and made digital channels the main way customers interact with brands. This puts a premium on digital experience as the key to customer retention and loyalty.

For digital experiences to be relevant, valuable and engaging, they must be personalized.

Personalizing digital experiences requires data. In fact, it requires the creation and maintenance of comprehensive customer profiles drawing data from every customer touchpoint. This entails breaking down data silos as well as investment in a customer data platform (CDP).

To have a real impact on digital experience, naturally, customer data must be analyzed. With insight into customer segments, as well as individual customer preferences and behaviors, experiences can be tailored to meet customer expectations and drive new forms of engagement.

In other words, by leveraging a CDP, organizations can adapt to changing customer behavior, cultivate loyalty and influence decisions as the pandemic runs its course.

SECTION 01

***DIGITAL
EXPERIENCE
TODAY***

A Changing Landscape



A CHANGING LANDSCAPE

Two things are true right now. Most businesses have had to pivot hard to digital over the last six months, well ahead of any plans they may have had to do so. This includes businesses where e-commerce has long been part of the mix, such as retail and banking. It also includes businesses such as food, travel, entertainment and hospitality that rely heavily – even primarily – on in-person interactions.

At the same time, consumers are showing a willingness, even a desire, to go back to their normal lives shopping, eating out and going places. Yes, many daily activities from school to work have gone digital, but it won't always be so.

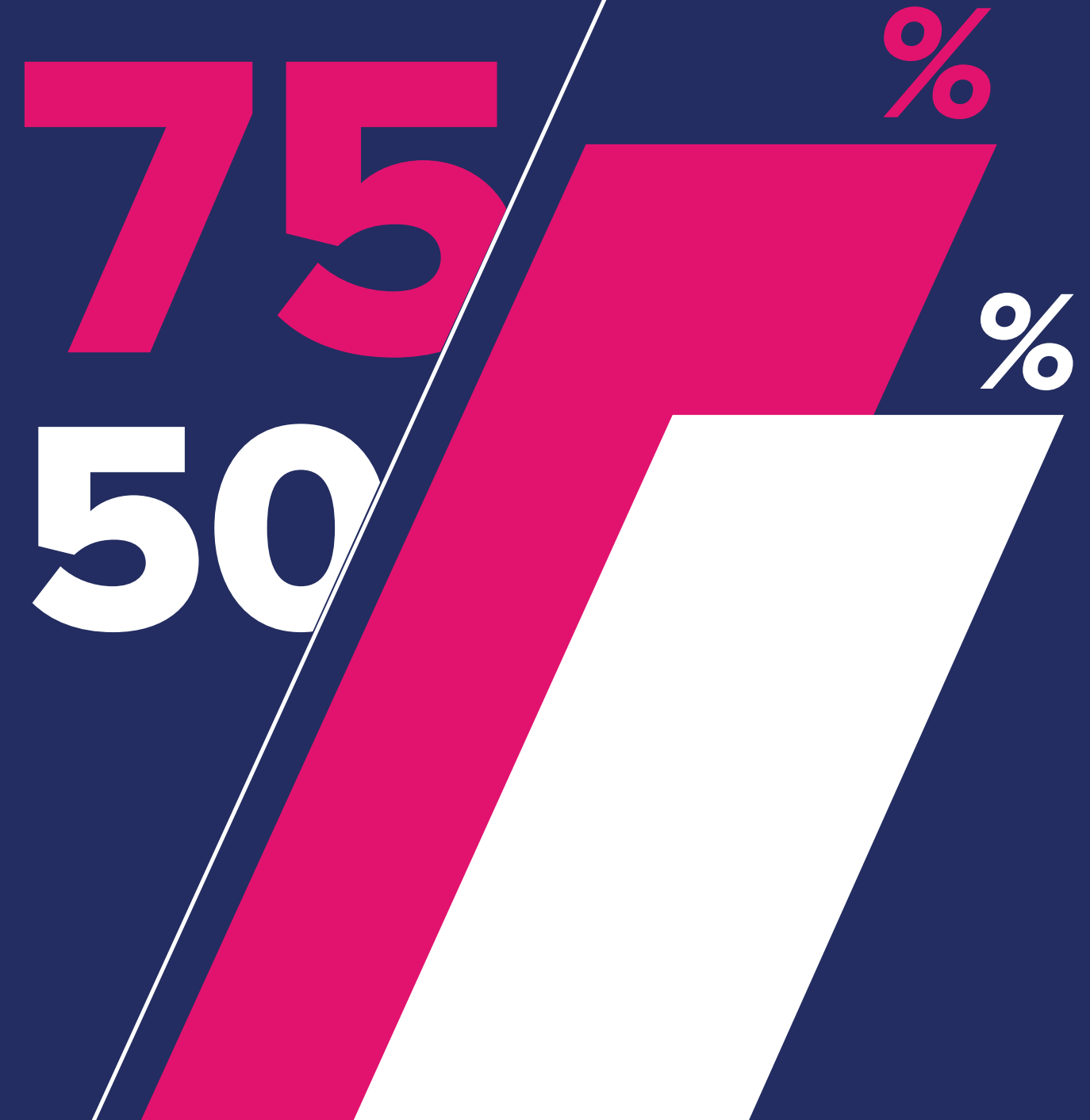
THE DIGITAL VS. PHYSICAL PARADOX

Data from **IBM's Retail Index** suggests that the pandemic has accelerated

the shift toward digital shopping and away from shopping in physical stores by five years. Government restrictions on public activities have played a role here, of course. Legitimate concerns about health and safety on the part of consumers have as well.

Nevertheless, the situation is dynamic. Yes, as **McKinsey found**, 75% of consumers have tried a new store, brand or way of shopping during Covid. But a recent survey conducted by **Coresight**, showed that while 50% of consumers still expect to retain their changed behaviors in the long run, that's a 25% drop from June.

We're already seeing changes in behavior associated with in-person shopping. The same survey found the number of respondents saying they were avoiding shopping malls dropped to its lowest point (53%) since July (66%).





RETHINKING CUSTOMER ENGAGEMENT

The bottom line is this: Many businesses need to figure out how to engage customers with digital experiences in ways they never had to before. In some cases, these experiences may end up becoming the main way customers interact with the business. This will certainly be the case for some retail businesses such as banking, as we already mentioned.

For other businesses – restaurants, clubs, hotels, airlines – these digital experiences are really placeholders, though, meant to retain customers until the business can reopen. While working to do that, these businesses also need to rethink the in-person experience, however, which will itself undergo a digital transformation.

Imagine, for example, the future hotel experience with digital check-in, voice-activated devices for interactions with staff and even robotic room service.

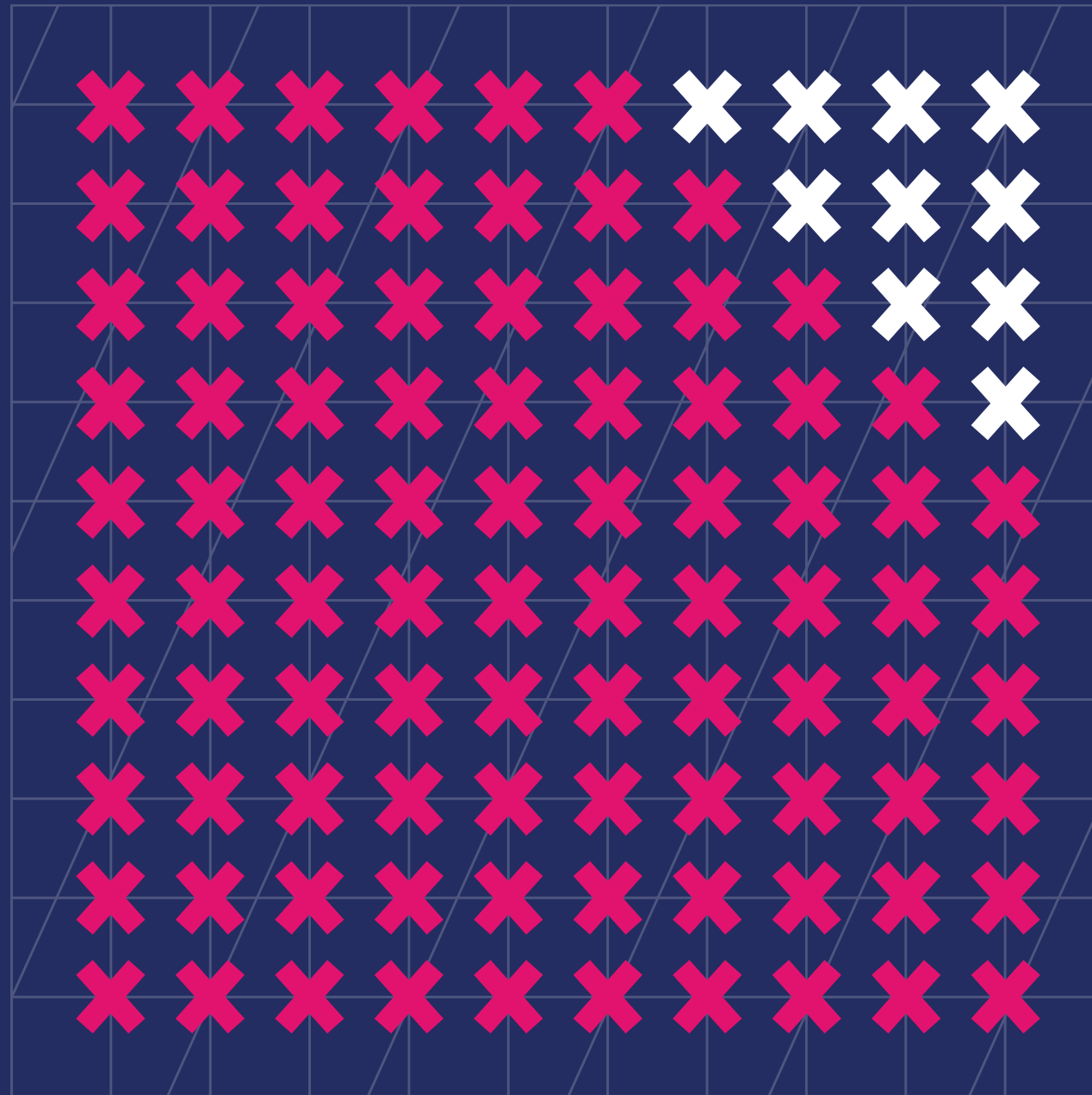
So, how can businesses create digital experiences that help drive retention and even customer loyalty?

SECTION 02

KNOW THY CUSTOMER

Retention Starts with
Customer Insight





90%

of consumers surveyed said, "When I engage with a brand online, I expect a convenient experience."

Retention Starts with Customer Insight

Companies have long recognized the importance of retaining customers. Acquiring new customers, after all, can be **five to 25 times more expensive** than retaining existing ones. What's more, increasing retention rates can increase profitability. For example, **Bain found** that in the financial services industry, a 5% increase in retention led to a 25% increase in profit.

The experience a customer has with your brand is critical when it comes to loyalty and retention. **A 2019 study conducted by Merkle** found that 66% of consumers cared more about experience than price when making a purchase. The study also revealed that 52% of online shoppers stopped using a brand's website after a bad experience.

Customer experience research we conducted in 2019 gives us more insight into the experiences that matter to consumers.

For example, 90% of respondents agreed with the statement, "When I engage with a brand online, I expect a convenient experience." And 80% of them concurred that, "I would be more loyal to a brand that showed me they really understood me and what I was looking for."

Personalization, of course, makes experiences more convenient. It simplifies the buying process by anticipating customer needs and preferences. When personalization involves meaningful and relevant recommendations, it can help customers get more out of a product or service. And when brands offer special offers and special treatment, the customer experience can even become delightful. It is experiences like these that create loyal, lifetime customers.

SECTION 03

DATA: THE KEY TO PERSONALIZATION

Customer Insight Requires
Customer Data





Customer Insight Requires Customer Data

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If you are going to personalize digital experiences, you need to understand your customers. That starts with good data. (And we emphasize “good” data, because bad data costs U.S. businesses **\$3.1 trillion a year!**)

Good data includes all relevant personal information – who they are, what they have purchased and so on – aggregated into a comprehensive customer profile. This profile must reflect every interaction the customer has had with your brand. In order to create such a profile, you need to break down the data silos in your organization. Customer data stored in various systems – e-commerce systems, marketing systems, customer service systems, etc. – has to be unified.

Still, even a comprehensive customer profile won't give you the whole story. For that, you need to compare each customer to all your other customers. The main reason to do this is to identify customer segments – that is, groups of customers that tend to

exhibit similar attributes. There are a lot of reasons to segment your customers, but when it comes to driving customer loyalty, the purpose is to decide which customers should get what kind of treatment. Now, obviously, you should strive to ensure that every customer has a positive experience with your brand. It's just that you should make a special effort to ensure that your best customers have a super positive experience. To that end, you need to know who your best customers are.

As surprising as it might sound, many companies couldn't tell you who their best customers are. Frankly, many simply aren't able to. Either they don't collect enough data, that data is trapped in disconnected silos, the business doesn't have the analytical resources or it's some combination of these factors. Unfortunately, if you can't identify who your best customers are, then your loyalty efforts, which should start with these customers, will remain unfocused and ineffective.

SECTION 04

***DRIVING
LOYALTY WITH
EXPERIENCE***

**Exclusive Offers Foster
Stronger Connections**



Exclusive Offers Foster Stronger Connections

When you know who your best customers are, you can start creating programs, campaigns and personalized experiences that can keep them engaged even when you can't engage them in person. Figuring out exactly what those programs should look like will call for creativity on your part, but there are some easy places to start.

Customers want to be understood. Your best customers expect you to understand that they are your best customers. The experiences you create should reflect that. On the most basic level, that can mean acknowledging them and thanking them for their loyalty. Beyond that, it all comes down to making them feel special. While doing that through special offers and so on should be part of these efforts, it will make an even bigger impression if you can do it through special experiences.

While there are still significant barriers to having special events at scale, it is already possible to host smaller gatherings. Some retailers have taken

advantage of this by inviting their best customers, for example, to attend private exhibits of the latest fashions. Restaurants have been able to bring customers back for outdoor and even limited indoor dining. Airlines are even offering customers "trips to nowhere" (flights that take off and land at the same airport) to give them at least part of the travel experience they miss. In all these examples, businesses are making a virtue of a necessity and using mandated restrictions to create a sense of exclusivity.

RETHINKING IN-PERSON EXPERIENCES

This experiential approach will continue to be important as the general reopening unfolds. Reopening will mean, first and foremost, ensuring that the in-person experience is as safe as possible. Simultaneously, businesses will have to figure out how to make in-person experiences "personal" while maintaining social distance. All of this will require businesses to both rethink

and redesign the spaces in which they operate as well as deploy digital technologies – VR, AR, voice-activated devices and so on – to replace or supplement the personal touch.

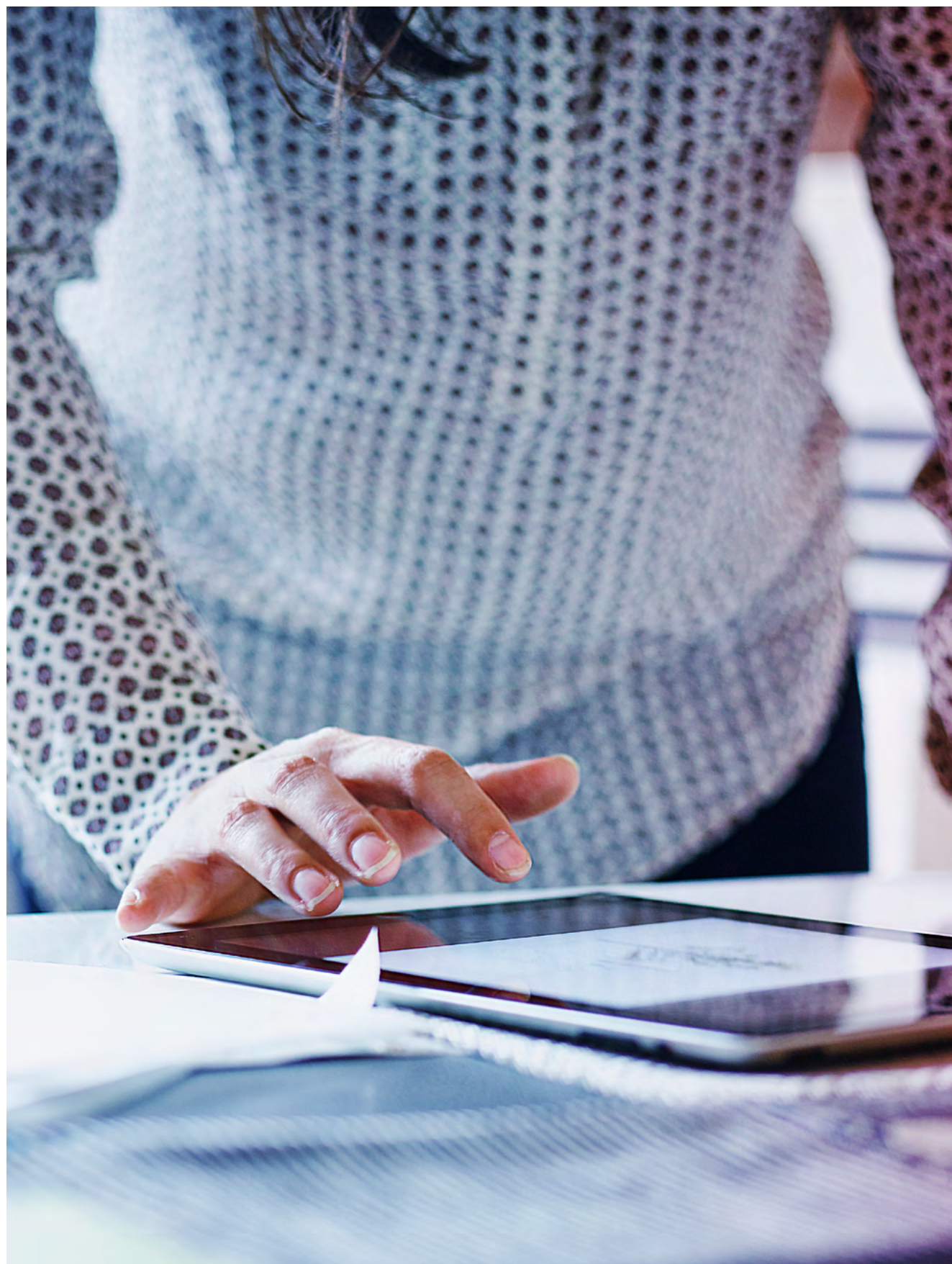
Even as in-person experiences become more common, the shift to digital that the pandemic has brought about will not be reversed. Some customers may hesitate to come back for a long time. And there could be new flare ups. As a result, brands that rely on in-person experiences will have to continue to provide positive digital experiences. Investing in the tools that allow you to deliver them is thus the best way both to address current challenges and prepare for any that the future may bring.

SECTION 05

THE DIGITAL EXPERIENCE ENGINE

The Power of a CDP





The Power of CDP

To identify your best customers and give them the personalized, engaging experiences they want, whether online or in person, you need a couple things. You need an organizational commitment to delivering great customer experiences. You need to have processes in place that support this commitment. And you need the tools to make it happen.

Data is at the heart of all these efforts, so the tools you need, first and foremost, are data tools. The key here is a customer data platform (CDP), and specifically one that can pull in data from any source. Your CDP also needs built-in analytics capabilities that drive real customer understanding. Today, that means machine learning capabilities. With the right machine learning tools, you can not only identify a range of customer segments, but you can also identify behavioral patterns within these segments. Identifying these patterns not only deepens customer understanding but

it can also suggest the most relevant and effective ways to interact with your customers.

Collecting and analyzing data only matters if your insights can be put to work. For this reason, in addition to collecting data from any source, your CDP has to be able to communicate to any endpoint or channel your customers might use. By pulling in data from any source and pushing it out to any destination, your CDP functions as the central nervous system of your customer loyalty efforts. Frankly, without a CDP, these efforts can't truly be brought to life.

SECTION 06

HOW ACQUIA CAN HELP

Putting Customer Insight
to Work to Boost Loyalty



PUTTING CUSTOMER INSIGHT TO WORK TO BOOST LOYALTY

Acquia has a full range of tools designed to create and support data-driven customer experiences, starting with the Acquia CDP (Customer Data Platform). The CDP gives you a chance to build on what you have and unify that data into a coherent, actionable platform that makes possible all the enhanced customer experiences we've been describing.

With machine learning built in, it's able to recognize patterns of customer behavior and can make predictions without relying on historical data. This deeper understanding of each customer means you're able to deliver more personalized messages, not only in marketing but in customer service.

***DEEPER UNDERSTANDING
OF EACH CUSTOMER
MAKES POSSIBLE MORE
PERSONALIZED MESSAGES.***



KNOW YOUR CUSTOMERS

Learn how Acquia's Marketing Cloud solution can help.

GET THE E-BOOK ►

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ABOUT ACQUIA

Acquia is the open digital experience platform that enables organizations to build, host, analyze and communicate with their customers at scale through websites and digital applications. As the trusted open source leader, we use adaptive intelligence to produce better business outcomes for CX leaders.

