Loyalty, CRM & Retention Implementation Guide

Simon Kingsnorth



These materials are most effective when used in association with the book Digital Marketing Strategy

DIGITAL MARKETING STRATEGY

Loyalty, CRM & Retention Implementation Guide

This guide is designed to give you a step by step guide to implementing your loyalty, CRM and retention strategy.

Other guides are available for other digital marketing channels. To best understand how this fits into your broader strategy see the book Digital Marketing Strategy by Simon Kingsnorth.

How it works

The guide is designed to be as easy to use as possible. Each guide is broken down into simple, key steps to take to ensure your strategy is as effectively and smoothly implemented as possible. So less of this chat and let's get to the detail.

1 Understand CRM

Customer relationship management is more than sorting contact details and scheduling interactions. It's about adding real value to relationships, the same way you would with real life contacts. First, consider personalization and insight. People want to feel like a company recognizes they are an individual with specific needs. Think about the difference between Dear NAME and Householder on a piece of direct mail.

It's essential to distinguish between CRM systems and CRM strategy. A CRM system is the software platform you use, but CRM as a strategy is about building long-term, value-adding relationships. To be truly effective, your CRM strategy must be informed by both your content strategy and customer insights.

Segmentation means looking at your email list and coming up with ways to divide it into smaller groups you can target more directly. Next is coming up with a content strategy. Don't waste an interaction with content that doesn't add value. The last consideration is how you behave when a customer initiates contact, either via traditional channels or social media.

2 Appreciate the principles of CRM

There are seven core principles of successful CRM, - Frequency, Timeliness, Accuracy, Relevancy, Personalization, Value, and Channel - all of which, apart from one, require a deep understanding of who your customers are and where they hang out and what their preferences are. First the mechanics – how often should you engage with your customers, when and where.

Though there's no magic formula, the best plan is to let them take the lead. If daily emails are largely unopened, try less frequency or a different platform.

The next group of considerations is personalization, relevancy and value. Does the recipient get messages targeted specifically to them, from someone they respond to, in a format that grabs their interest? The last principle is data accuracy. Set aside time to make sure your data is clean, email addresses are live and salutations are correct. Always consider data privacy and ethical data use in CRM strategies - customers expect to get tangible benefits in return for sharing their personal data.

3 Build a Contact Strategy

The number of times you contact a prospect or customer is a balancing act even for companies with million-dollar CRM packages. While the volume of spam has decreased over the years, the definition has broadened to mean, "any message I don't explicitly want to see." There are three main forms of communication: single campaign, repeat campaigns and contact strategy. Single campaigns – running one campaign to completion before starting the next one – and repeat campaigns – running the same campaign several times— are no longer very common, largely because after an initial spike, engagement drops to almost zero. What works better is an over-arching contact strategy that takes the customer on a journey while offering them real value.

Contact strategies should be responsive and adaptive, integrating multiple touchpoints across different platforms and built on behavioral signals instead of static rules. AI can help by optimising contact frequency and channel selection to improve engagement and reduce churn.

4 Types of Messaging

There are five types of messages common in a fully-realised contact strategy. Warm-up messages can be introductions, how-tos or previews of upcoming products. Follow-ups are a response to an inquiry or visit and must be timed right to get the sale. Surprise and delight emails give something of value – birthday discount, sneak peaks – without a sales pitch. Reward emails are similar, but make it clear the perk is due to a specific behaviour. Win-backs try to persuade former customers to return by offering a discount or other sweetener. Smart CRM systems include educational or lifecycle-triggered content, such as onboarding guides or check-ins delivered at key points in the decision journey.

5 Cross selling and Upselling

Amazon is the king of cross-selling –when you buy a winter coat you can be sure offers for hats, boots and scarves will appear everywhere you look. Upselling can be as blunt as McDonald's "would you like fries with that?" or as elegant as gently informing a customer they would actually save money if they opted for your silver level service package over bronze. Ensure that your CRM can provide personalised suggestions at the right moment using AI and machine learning tools such as account insights, social media conversation analysis and content personalisation.

6 Predictive analytics

Being able to predict customer behaviour means you can anticipate when customers might leave and change course to prevent it. Propensity models can predict engagement and conversion but are particularly powerful for customer retention. Especially useful is the ‘next best action’ tool, which determines what the smallest action needed is to retain the customer. Collaborative filtering – the ‘you might also like’ strategy – uses profile data to highlight products the customer is high chance of being interested in.

7 Research technology platforms

More than $20bn is spent on CRM software each year and more than 40% of it is not used to its full potential. When deciding which software best suits your needs, be sure to research the following features: customer support automation (knowledge base, email capture), marketing automation (creating and automating campaigns), sales force automation (funnels, contracts, lead management, forecasting) and contact centre support (missed-call management, skills-based routing). CRM systems should also be scalable, integrated with existing systems, include customer support and marketing automations and offer real-time access to customer data.

The priority list will vary according to niche, but all business types should be sure their preferred CRM has robust reporting functionality. AI functionality and the Internet of Things are continually being developed and are quickly becoming CRM essentials.

8 Build loyalty

All CRM activity is geared towards building loyalty. Customers start as a suspect, progress to prospects and then after a purchase, become customers. Clients are repeat customers who ideally move on to the final stage – advocates. Even online, reward programs are an effective way to build customer loyalty. Club cards, points programs, stamp cards, air miles and cash back programs are in the high-precieved value category. Customers feel like they’re amassing a huge advantage, but delivering the reward actually costs the company very little. Because high-value loyalty programmes give rewards of real value, they can significantly increase customer retention, but. as many crowd-funding campaigners have discovered, miscalculating the true costs (production, shipping, promotion) can be an expensive misstep.

Loyalty can go beyond transactional rewards - brands that show alignment with their customers’ values through their communications and offer strong products, services and brand experiences, rather than offering points or rewards, can enjoy increased loyalty.