



The Changing Consumer

ADAPTING DIGITAL MARKETING STRATEGIES
TO ACQUIRE AND RETAIN TODAY
AND TOMORROW'S CUSTOMER



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Plenty of consumers have been shopping online for years. But many haven't, and it took a global pandemic to change that. Case in point: There has been 146 percent growth in online retail orders in the U.S. and Canada alone since the beginning of COVID-19, according to the SMG report, [4 retail industry trends shaping the future of CX](#).

People who shopped strictly in stores pre-pandemic had no choice but to alter their behavior and move online as stores were closed and lockdown orders were put into place. If these new online shoppers had satisfactory experiences (i.e., convenient, easy and secure), they're likely to continue the behavior to the point of it becoming a habit. Even now that stores have re-opened, many consumers will still opt for digital first, as well as engage in the omnichannel behaviors that became so prevalent over the last year-plus, such as buy online, pick up in-store (BOPIS) and curbside pickup of online orders. Regardless of where the transaction ultimately takes place, 80 percent of customer journeys are beginning online.

Even with increasing vaccination rates and many COVID-related restrictions being lifted, it's likely that increased online shopping is here to stay. The Department of Commerce says retail e-commerce sales for the first quarter of 2021 were \$210 billion, an increase of 7.7 percent from the fourth quarter of 2020. Despite the country being more open compared to only one quarter prior, people are in the habit of shopping online now.

Just because someone has been vaccinated or is planning to be does not mean their shopping behaviors will instantly shift. According to a blog post from SMG, ["How the COVID-19 vaccine is impacting consumer behavior in the US and UK - and what brands must do to drive customer loyalty during this interim period"](#), customers will only choose eating out at a restaurant instead of ordering takeout or shopping for nonessential items in-store as opposed to ordering online if they were doing these things during the pandemic.

"The data tells us the vaccine will have minimal immediate impact on consumer behavior," says Senior Vice President of Research Paul Tiedt. "Many people in the US are already doing what they feel comfortable doing. More than half of consumers are shopping for nonessential items and dining indoors."

Furthermore, the same data reveals that consumers have indicated they still plan to interact with brands digitally even after vaccines have been widely distributed.

Cross-channel shopping also will not disappear with the restrictions that increased its adoption. If consumers have spent the last year-plus buying online and picking up at the store, buying online and returning in-store, using contactless payments, using curbside pickup options, etc., they won't want the convenience and comfort of their new routine changed.

Consumers are making more purchases via mobile as well, and they're more likely to engage with brands digitally in multiple channels. This means they're more reachable than ever before digitally, whether via targeted display ads, social media, paid search or other marketing tactics. They're online and they're receptive.

The omnichannel shopping behaviors that accelerated during the pandemic, and consumers' expectations that retailers deliver upon them, will remain. Convenience is king; anything that makes a consumer's life more convenient is going to be of value to them.

UNDERSTANDING THE DIGITAL CUSTOMER EXPERIENCE

Extra time at home thanks to no commutes, cancelled events and activities, and other pandemic-related factors resulted in consumers bringing more attention to digital shopping. Creating a consistent experience across all channels is what will keep their attention and business, driving both customer acquisition and customer retention efforts.

Brand style, content tone, and other elements must be consistent across all digital channels. The consumer needs to recognize at first glance the brand they're hearing from. Emails confirming orders, advertising a special promotion, announcing a new product launch, etc., need to share consistent brand styles and tones, creating a familiar feeling for the recipient. If a customer goes into a brick-and-mortar store, their experience and how it makes them feel is likely going to be the same regardless of what task they went in to accomplish. This can be achieved digitally as well. Social media, text messaging, affiliate marketing, etc., all need to be consistent to ensure customers are associating the messaging they receive with your brand. As mentioned above, consumers are habitual. Therefore, if they're familiar and comfortable with your brand, they will think of it when they need something and return.

According to SMG data, 41 percent of consumers report they shop online weekly and 79 percent shop online at least once a month. Therefore, it's clear there's ample opportunity to boost online business. Acquiring new customers has long been a focus for brands, of course, but it has become increasingly important in today's hypercompetitive online retail environment. With more people shopping and spending time online, retailers' marketing plans must capitalize on such a captive audience. Increased online traffic has led to more retailers and brands selling their products online. This abundance of choice available to consumers has resulted in them becoming less brand loyal. Your competition is a mere click away.

Regarding brand loyalty, younger generations are more willing to try new brands and research new and improved product versions of what they seek. They're less likely to buy something simply because it has a well-known name attached. Think about what, during their shopping experience, needs to happen to get them to convert. They're paying attention to marketing campaigns around sustainable and ethical products, for example. This provides opportunity for smaller or newer brands to gain consumer attention and win their business.

Successful customer retention also lies in a strong customer experience. Just like in-store, if a person has a poor online experience they won't return, regardless of what they were trying to accomplish. It's fairly straightforward from a qualitative stance: the better experience your customer has, the more likely you are to retain them. And it's more cost effective than acquiring a new customer, particularly given today's rising online customer acquisition costs.

Quantitatively, outboundengine.com reported these facts in April 2021:

- Acquiring a new customer can cost five times more than retaining an existing customer.
- Increasing customer retention by 5 percent can increase profits by 25 percent to 95 percent.
- The success rate of selling to a customer you already have is 60 percent to 70 percent, while the success rate of selling to a new customer is 5 percent to 20 percent.
- One customer experience agency found loyal customers are five times as likely to repurchase, five times as likely to forgive, four times as likely to refer, and seven times as likely to try a new offering.
- U.S. companies lose \$136.8 billion per year due to avoidable consumer switching.
- American Express found 33 percent of customers will consider switching companies after just one instance of poor customer service.

In addition to the above data which illustrates the value of customer retention, the cost of digital acquisition continues to rise with the popularity of online shopping. It costs more for paid search ads and social media, efforts typically geared toward attracting new customers. As such, putting effort into retaining existing customers is going to be a better return on investment for the brand.

BEST PRACTICES FOR ENHANCING YOUR DIGITAL MARKETING STRATEGY

Before you start planning future customer acquisition and retention efforts, audit your current digital marketing channels. Are your return on investment levels acceptable? Where should you be investing more based on those levels, and where should you be cutting back?

Think about where your target demographic is spending time online. If you're trying to reach younger customers, for example, then paid social media may make sense. Be sure to invest in technology and tools to enhance what is working as well. Use technology to improve any experience that engages the customer, as well as helps your brand better understand the customer journey. Understanding your customers through data capture, including their behaviors, wants and needs, and preferences, will help your business better meet their expectations. Furthermore, this valuable customer data can be leveraged to fuel personalized marketing campaigns, which are proven to perform better than mass, generic messages.

Along with the initial audit, be sure to measure efforts regularly across all your channels. Track analytics from email, social, search, display, affiliate, etc., but also seek feedback from customers. Aspects of some brands' digital experiences can be clunky; make sure you're communicating with your customers to ensure a seamless experience.

It's also important to collect feedback on how a customer prefers to be marketed to and engaged with. Let this feedback inform future efforts. For example, perhaps some age groups want to receive text messages from your brand, while others find this approach intrusive. Give customers options for how they can engage with your brand.

While you certainly know your customers, there's value in partnering with a customer experience service provider that knows the digital marketing landscape. Brands are keeping track of numerous marketing channels and metrics, making it time and resource intensive. The right partner can maximize digital efforts and provide expert insight, helping brands to analyze, interpret and take action based upon the data.

With more competition online than ever before, it's vital for brands to focus on both the acquisition and retention of digital customers. Consumer behavior shifted with the pandemic. Many new trends will stick, such as increased consumer adoption of online and cross-channel shopping behaviors, so the customer experience is more important than ever. Retailers' marketing strategies must also change and evolve to capitalize on this digital opportunity that is here to stay.



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