The Rules (and Tools) for

# Successful Customer Engagement

How to create personalized shopping experiences and customer interactions that drive repeat sales and brand loyalty

Just a few short years ago, customer engagement meant attracting customers with the promise of great deals and moving them as quickly as possible to checkout.

Now, with almost endless product choices, media channels, and new shopping experiences vying for customers' attention, customer engagement is about cutting through the noise and creating emotional connections that drive word-of-mouth advertising and future sales. Learn tips and strategies you can use to engage today's technology-empowered customers— and turn more interactions into transactions.

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# Introduction

# Why Customer Engagement is Important

Customer engagement has become a top priority for online retailers, for several reasons.

HIGHLY ENGAGED Customers Bring in

# 23%
More Revenue
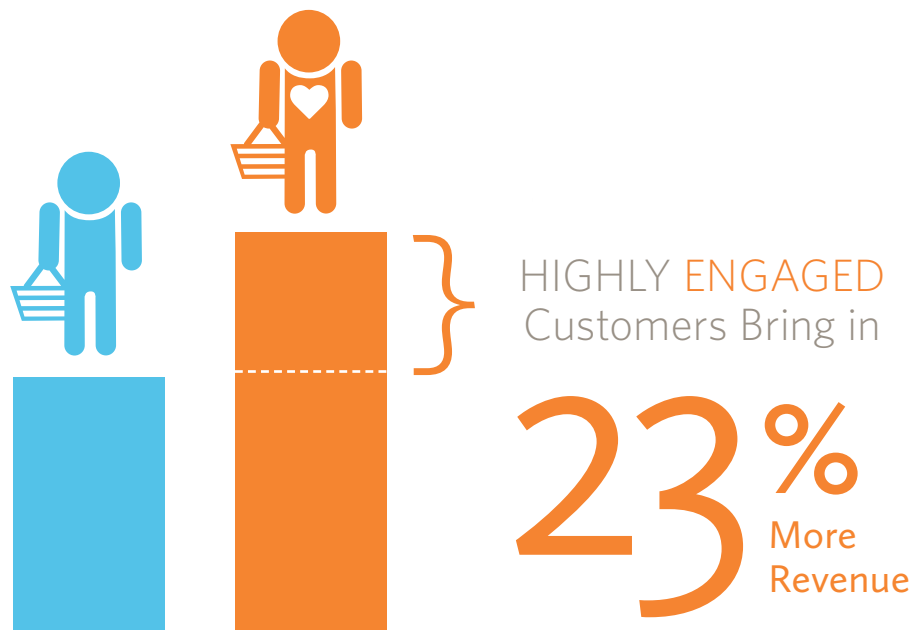
**Source:** Sitecore

Highly engaged customers tend to spend more on each purchase and make purchases more frequently, which in turn increases customer lifetime values and decreases customer acquisition costs. They also tend to give merchants valuable, often unsolicited, feedback for improving the quality of their products and services. Highly engaged customers are less likely to complain publicly about disappointing shopping experiences, choosing instead to resolve issues with the company directly.

Most compellingly, highly engaged customers are more likely to encourage their friends and family to become customers.

As unofficial brand advocates, these customers can do more to promote trust and confidence in your company than even the best ad campaigns.

**10%**

Highly Engaged Customers
Trust Brand Advertising

**70%**
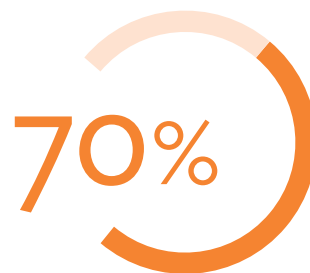
Highly Engaged Customers
Trust Recommendations
From a Friend

Source: Mashable

# How It's Changing

Customer engagement isn't necessarily a new focus for online retailers. But what is new—and what is continually changing—are the many ways in which retailers are able to engage with their customers.

More than [400 million tweets](#) and [3.2 billion Facebook "likes"](#) are posted every single day, offering retailers a historically unprecedented opportunity to receive feedback from customers on a global scale. Smart phones now account for [more than half of all mobile phones](#) in six countries; and tablet computers, which now outsell laptops, [will soon outsell desktops](#). The result of all of this technology progression is that consumers are more informed and connected than ever before.

Customer engagement is no longer characterized by one-way, merchant-initiated communication. It's now a dynamic, multi-channel, two-way communication stream, with customers readily engaging with merchants and other customers via blogs, games, product reviews, customer service, community forums, and social media. And retailers are recognizing that, to compete effectively, customer engagement needs to reach across devices and channels and extend well beyond the transaction phase.

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Develop a
Plan

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# Before You Engage

New technologies and tools are enabling retailers to engage with their customers in a variety of ways, and get a more detailed view of their customers so that they can better target their communications.

But building a comprehensive customer engagement plan is an essential first step. We've identified several "rules" and tools we think can help guide you in creating, updating, and implementing successful customer engagement strategies.

## 30%
USE APPS
To Shop On their Smartphone

## 70%
USE A WEB BROWSER
To Shop On their Smartphone

# Be Clear About Your Objectives

Just as with any marketing campaign, customer engagement strategies can be tuned for a variety of different purposes, from increasing conversions and revenue to acquiring new customers to building brand awareness.

Brand **Loyalty?**  Excellent **CUSTOMER SERVICE**  Increase **SALES?**
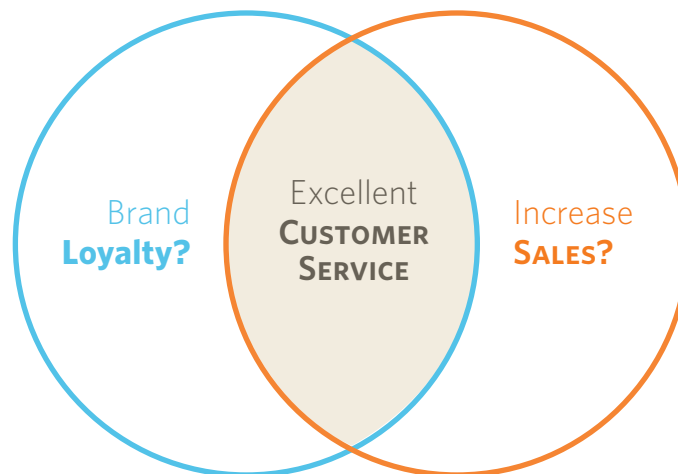
Customer engagement might also be used to "listen" to conversations about your company or products and gain valuable feedback. Before you start putting your customer engagement plan in place, know and prioritize your objectives. Be specific so that you can effectively target your efforts. Do you want to nurture brand loyalty? Generate customer feedback and word-of-mouth advertising? Increase sales and lifetime customer values? Giving customers a platform for contributing product reviews, for example, might be a great way to generate customer feedback and increase sales; while focusing on providing exceptional customer service might be one way to nurture brand loyalty.

# Get to Know Your Customers

Most retailers already segment customers along geographic and behavioral lines to better target them with personalized product offers. But to create emotional connections and build lasting relationships, you'll need to find out what makes them tick.

What are their interests? Who and what do they admire? What do they consider most important? The more you can learn about your customers—in terms of who they are, what they believe, and how they live—the more effectively you'll be able to engage them through content and social media, among other channels.

Building several customer "personas" will help you create targeted messages that appeal to customers as individuals. A persona is essentially a descriptive snapshot of a fictional customer. This snapshot should communicate the primary values and characteristics that define a specific group of customers. Marketing experts suggest adding "scenarios" for each persona, so you can further refine your personas in the context of changing circumstances (i.e., new customers vs. repeat customers).

Topshop and Logitech are great examples of online retailers that use personas and lifestyle content to effectively engage specific customer groups. Logitech, for example, created identifiable personas—from Busy Dad to Office Diva—to target its office electronics line in a series of YouTube stories. And Topshop, a popular British fashion retailer, created a culturally specific film and limited edition gift card to honor the tradition of giving loved ones "lucky money" during Chinese New Year to wish them prosperity.

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# The Rules (and Tools) for
# Engagement

# 1

# Create Positive Customer Experiences

Customers can now price compare with a few quick clicks; they can (and do) post reviews within minutes of making a purchase; and they can be easily distracted by competitors' latest promotions and offerings.

With so many choices and information available today, it isn't enough to simply meet your customers' needs or offer low prices. You have to create positive shopping experiences that keep your customers coming back.

## 70% OF CUSTOMERS ARE WILLING TO SPEND MORE AT COMPANIES THAT PROVIDE EXCEPTIONAL CUSTOMER SERVICE

Providing excellent customer service is one of the best ways to create positive shopping experiences and outcomes. Live, person-to-person interactions—either via chat or phone—present a powerful opportunity to engage personally with customers and create lasting impressions. According to a study commissioned by American Express, 70% of consumers are willing to spend more at companies they feel provide exceptional customer service.

Consider your customer service team your "brand ambassadors," and give them the appropriate training and resources to answer questions and resolve issues quickly. Look for additional ways to respond personally to customer inquiries—either by responding to blog comments or questions posted on community forums—so you can create positive outcomes.

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# Review your shipping practices, and keep in mind that how you ship orders has a great impact on overall customer satisfaction.

Case in point: Zappos' reputation for exceptional customer service is based largely on its fast, free shipping and its practice of surprising customers with unexpected shipping upgrades. Even how orders are packaged can influence whether or not a customer ultimately "likes" the items they receive. (If you've ever ordered anything from Apple Computer you know what we mean.) Make sure you're making a good first impression.

Creating unique site views with dynamically tailored content is another way to create positive shopping experiences. This can be as simple as reminding store visitors of items they previously viewed or displaying similar items other customers bought; and as complex as dynamically displaying content based on customer personas.

By tying customer data to browsing behavior—such as page views, searches and navigation history—you can deliver content and recommendations tailored to your customer's buying preferences and interests. Wine.com, a vocal proponent of intelligent product recommendations, says it never recommends the same list of wines to more than one customer.

## Tools for Increasing Customer Satisfaction:

1. Customer service excellence
2. Live chat
3. Creative shipping options

4. Intelligent product recommendations
5. Unique site views

# 2
# Always Follow Up

Customer engagement efforts used to focus on attracting customers, with conversion being the goal.

But today's hyper-connected, highly-informed consumer has prompted retailers to shift their focus to retaining customers and maintaining ongoing relationships, with customer loyalty and repeat business becoming the goal. What this means is that customer engagement now arguably starts once conversion is complete.

From ensuring a smooth transactional email flow to inviting customers to leave feedback or review their purchases, it makes sense to ramp up your follow up. The interactions you have with consumers after checkout can have a big impact on your customer's decision to become a repeat customer and recommend your products to their friends. In fact, post-transaction engagement can become a company's lifeblood. TripAdvisor, for example, relies heavily on its more than 100 million user-generated reviews to convince customers to book hotels, restaurants, and travel services online.

## PRODUCT REVIEWS AFFECT

# 6

IN 10 PURCHASE DECISIONS FOR ONLINE SHOPPERS

**Source:** Marketing Chart

# Reevaluate your post-transaction user experience and look for opportunities to invite customers to engage with your brand.

Ask your customers to rate their purchases, and create a platform for user-generated content and reviews. Reward customers with invitations to join frequent purchase programs and participate in private sales. Invite customers to join your mailing list, create a wishlist, or extend special offers to their social networks. And make sure you have a system in place for easy returns and swift problem resolution.



**Tools for engaging post purchase:**

1. Customer reviews & feedback ratings
2. Reward programs
3. Newsletters & wishlists
4. Private sales & special offers
5. Easy returns

# 3
# Personalize Your Communications

Marketing studies have shown time and again that consumers respond more favorably to personalized messages than to mass promotions. And in fact, a chief complaint customers voiced in one recent study is that they aren't marketed to as individuals.

This makes sense—people want to be recognized as individuals AND get what they perceive to be good value. They also want to identify with brands they believe share their lifestyle values.

## Welcome Jenny!

Personalizing your communications is essential not only for targeting promotions, but for motivating customers to invest in building an ongoing relationship with your brand. You can kick off your personalization efforts by asking customers how they'd like to receive communications from you, and how often. By allowing customers to choose whether they want to receive offers via email, snail mail, or text, you're recognizing their personal preferences.

The more specific you can be with your communications, the more likely you are to engage customers over the long haul. Simple practices include sending a polite reminder to customers about items in an abandoned shopping cart; offering helpful tips or care instructions on a recently purchased item; or thanking customers for their feedback or acknowledging their patience in resolving a particular issue.

Data is the engine that powers your personalization efforts. However, personalization depends on more than just purchase history and customer demographics.

Analyzing customer behaviors can help you learn more about your customers' shopping preferences and interests—so you provide engagement-rich content (videos, articles, blogs, and newsletters) that appeals to customers on an emotional level.
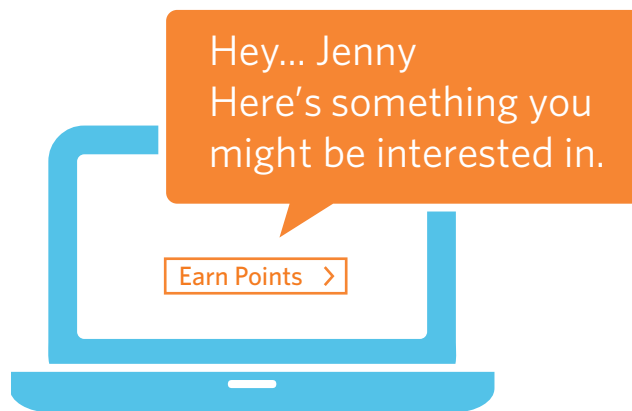


As an example: Whole Foods offers an online forum where customers can exchange recipes, give advice on special diets, discuss health topics, ask questions about products, and provide feedback. The high-end food retailer also offers blogs, cooking guides, and personalized content for its various customer segments, including parents with kids and people eating gluten-free, vegetarian, dairy-free, and low salt diets. Tom's Shoes uses personal video stories and newsletter updates to explain how it helps people living in extreme poverty.

# Another way to appeal to customers on an emotional level is to make the shopping experience fun.

Gamification turns tasks into game-like activities while making online shopping more interactive. Dropbox lets customers "earn" additional free storage for watching videos about new features. And Warby Parker allows customers to upload their photos and virtually try on frames—and get friends' opinions on Facebook.

Last, including free samples—selected for recipients based on customer data or preferences—can personalize the shipping experience and drive repeat business. Sephora, for example, lets customers select up to three free samples from an online gallery to include with their orders at checkout.

You are 5 points away from your reward!!

**Tools for personalizing communications:**

1. Email offers & promotions
2. Reward programs
3. Video, games, & lifestyle content

4. Blogs & community forums
5. Giveaways & free samples

# 4
# Use Social Media Wisely

Using social media (Facebook, Twitter, Yelp, Pinterest, Instagram) is an obvious way to connect with and engage customers.

But the success of your social media strategy depends on how and what you communicate. The mistake many retailers make is using their social media channels to talk exclusively about their companies or products. All they're really doing is applying the traditional, one-way communication model to a new medium. To truly engage customers with social media, the conversation needs to be about— and include—customers.

The rules for building an effective social media presence are similar to those for building a blog audience. It's important to add fresh content daily. Your content should be relevant, personable, and provide unique insights and comments on topics that appeal to your customers' interests. It's ok to mention products and promotions, but don't overly pitch.

# The idea is to communicate your brand's personality and values, so you can reinforce existing brand affinity and attract new customers with whom your brand voice resonates.

One of the most "liked" retailers on Facebook, Target does a great job balancing news about their store promotions with humor, interactive games, and conversational observations.

To measure the effectiveness of your social media engagement, Social Media Examiner recommends creating a point-based rating system for interactions. For example: Likes, pins, or tweets = 1 point; comments = 5 points; shares or retweets = 10 points. Create different rating systems for different social media channels, so you can see where to focus and fine-tune your engagement efforts.

## FACEBOOK "LIKING"
### Leads to Sales

**Source:** Retail Industry

**Examples of engagement-friendly social media content:**

| | |
|---|---|
| 1. Soliciting opinions & feedback | 4. Videos of live events or product demos |
| 2. Voting for product favorites | 5. Coupons, giveaways, & contests |
| 3. Asking customers to help co-create ad campaigns | 6. Sharing articles, quotes, & images |

# 5
# Make the Most of Mobile Commerce

Mobile is growing rapidly as a retail channel and becoming increasingly valuable as a tool for engaging customers. According to BI Intelligence, 29% of mobile users have now made a purchase with their phones, and mobile commerce retail sales are expected to top $67 billion by 2015.[1]

The trend presents significant challenges and opportunities for retailers, who are now tasked with optimizing their sites for mobile and finding new ways to reach and engage customers on their mobile phones and tablets.

USE OF
RETAIL BRANDED
Apps

# 6X
## Increase from
## 2012 to 2013

2012        2013

Source: Mashable
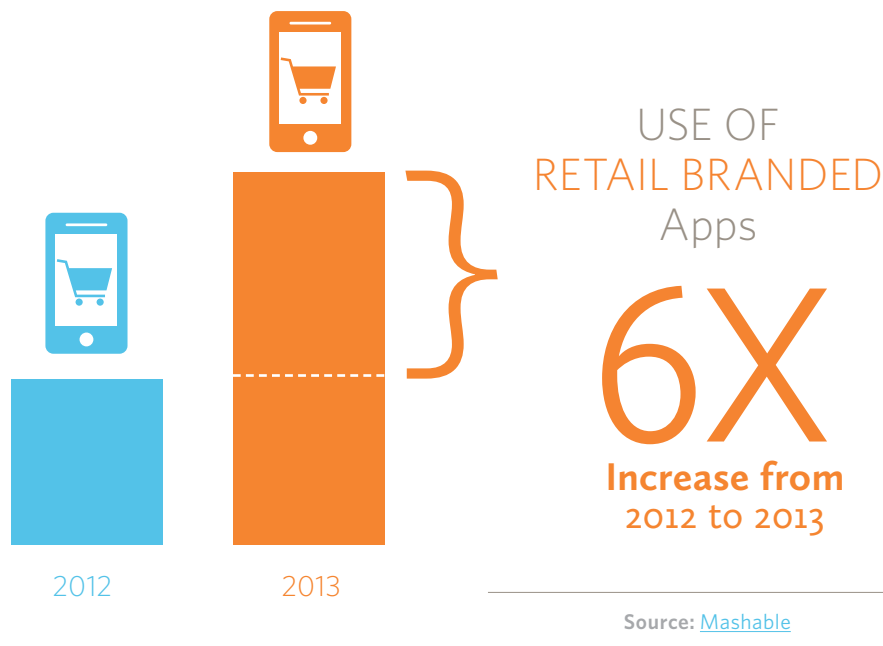
Early research has shown that mobile web advertisements—largely because of their extremely small size—don't work. But apps, with which smart phone users spend at least 80% of their time, hold more promise for engaging customers. The challenge for retailers is learning how to best engage customers via social, gaming, lifestyle, productivity, and branded apps—given that smart phone customers typically use only a select few of the apps they download.

[1] http://www.businessinsider.com/bii-report-why-mobile-commerce-is-set-to-explode-2012-12#ixzz2GHoYVIww

As a first step in engaging mobile customers, make sure your store site is optimized for a variety of mobile devices. Make a point to continually re-evaluate your end-to-end mobile shopping experience to accommodate your mobile customers' changing behaviors and needs.

Is your mobile interface intuitive? Are images and pull-down menus resizing correctly? Is your search function easy to see and use? Are ratings and reviews displaying prominently? Checkout, too, should be optimized for mobile devices. It should also be easy for customers to share products and purchases with their social networks.

Whether or not you decide to build a branded app for your store will depend largely on the size of your customer base. If you're a retailer with more than a few retail store locations, for example, it may make sense to invest in building a branded store app. But store apps should do more than just recreate the same shopping experience you already offer online.

To increase the odds of success, you'll need to offer customers a new level of convenience or value that they can't get from their mobile browser. Walgreens, for example, has an app that makes it easy for customers to fill their pharmacy prescriptions without waiting in line. Pizza Hut lets customers order food for delivery and take advantage of mobile-only coupons and deals.

Consider providing an in-store mode for your customers to engage with them in real-time as they shop and explore new ways to re-invent the in-store shopping experience, such as offering barcode scanning for price and additional information, and tailor promotions to accommodate mobile customers.

J.Crew's Very Personal Stylist app is one example of how a dedicated app can engage customers inside a retail store. Location-based marketing is another tool for engaging mobile customers. Collecting data about mobile customers has proven difficult in the past because mobile technologies haven't supported third-party cookies. But location-based marketing provides a way to identify and track mobile customers, thus opening the door to personalized offers and engagement. Even stores without a brick-and-mortar location can use location-based marketing. Be creative in choosing events, landmarks, and forming relationships with other businesses to help engage your customers.

**Tools for mobile engagement:**

1. Mobile analytics
2. Mobile checkout or express checkout
3. Mobile apps
4. Location-based marketing

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# 6
# Connect Live When You Can

As online sales continue to replace in-store sales, digital interactions are increasingly replacing live interactions with customers. But live interactions—in the form of online and offline events—can prove a valuable way for retailers to build loyal customer communities.

Live and virtual events give retailers a rare opportunity to engage with customers face-to-face— and offer customers an opportunity to engage with each other. Saturn, a now-defunct division of General Motors, famously used this tactic to increase customer engagement when it invited thousands of customers to attend a "family gathering" at its plant in Spring Hill, Tennessee. More than 25,000 Saturn customers attended the weekend event; following the event, Saturn conducted a survey in which 80% of its car owners said they intended to buy another Saturn in the future.

Clif Bar, REI, and Lululemon are current examples of retailers that successfully use live events to engage customers and build highly interactive, loyal communities. Each of these brands regularly hosts activities for their athletic-minded customers. Les Creuset, the French cookware retailer, offers live cooking demonstrations with well-known guest chefs; and Sony invited customers to demo its X headphone series at a southern California mall and meet members of a local music act.

Not all community building needs to involve expensive live events, however. Virtual events, webcasts, and online community forums, while not free to offer, can be much less expensive to host, market, and maintain.

WEBINAR ▶

Fashion retailers can host virtual fashion shows online; vitamin retailers can host live webinars on health topics; software retailers can host how-to events and offer online community forums. Retailer StyleMint, for example, made headlines when it hosted a Facebook fashion show with its famous brand spokeswomen, Mary Kate and Ashley Olsen.

**Tools for engaging live:**

1. Webinars
2. Webcasting

3. Community forums
4. Live events

# Conclusions

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# Conclusions:
# Measuring Success

Developing a successful plan for customer engagement may seem like a significant and expensive undertaking, but it doesn't have to be.

**Often it's the most basic, fundamental changes that produce the biggest impact:**

**01**     Educating customer-facing employees on how to interact with customers.

**02**     Giving your customers the tools and channels (live chat, reviews, social media, feedback and community forums) to interact with you.

**03**     Following up on purchases and offering helpful tips.

**04**     Fostering live interactions that build community.

Beyond these fundamentals, there are endless strategies and technologies you can use to create signs of successful engagement campaigns that complement the marketing and advertising campaigns you already have in place.

The key is to integrate your efforts, so that your communications reflect a cohesive strategy and brand voice. The rules and tools outlined here should help get you started.

Think of customer engagement as one long conversation with your customers. Be authentic, and continuously look for new opportunities to keep the conversation interesting and ongoing. Monitor your customer engagement success in terms of repeat sales, higher average order values, customer satisfaction surveys, social media mentions, and lower customer acquisition costs. The more interactions you can cultivate with customers, the more you'll see your investment in engagement strategies pay off.

### Signs of Success Engagement

**Metrics**
- Duration of visit
- Frequency of visit / # repeat visits
- Depth of visit (% of site visited)
- Click-through rates
- Sales
- Lifetime value

**Actions**
- RSS feed / newsletter sign ups
- Bookmarks, tags, ratings
- Page views
- Registrations
- Content sharing / downloads
- Customer reviews

**Source:** Wikipedia

# Quick Guide to Rules (and Tools) of Customer Engagement

**1 Create Positive Shopping Experiences**

- Customer service excellence
- Live chat
- Creative shipping options
- Intelligent product recommendations
- Unique site views

**2 Always Follow Up**

- Customer reviews & feedback ratings
- Reward programs
- Newsletters & wishlists
- Private sales & special offers
- Easy returns

**3 Personalize Your Communications**

- Email offers & promotions
- Reward programs
- Video, games, & lifestyle content
- Blogs & community forums
- Giveaways & community forums

**4 Use Social Media Wisely**

- Soliciting opinions & feedback
- Voting for product favorites
- Asking customers to help co-create ad campaigns
- Videos of live events or product demos
- Coupons, giveaways, & contests
- Sharing articles, quotes, & images

**5 Make the Most of Mobile Commerce**

- Mobile analytics
- Mobile checkout or express checkout
- Mobile apps
- Location-based marketing

**6 Connect Live When You Can**

- Webinars
- Webcasting
- Community forums
- Live events

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# Magento's All-in-One eCommerce Solution

Magento Enterprise Edition gives you the tools you need to take complete control of your online channel.

Merchants who use Magento to run their online stores gain numerous benefits:

| Attract & Retain More Customers | Make Buying Easy | Grow & Scale with Confidence | Cultivate Brand Loyalty | Customize & Refine Your Site |

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Magento is part of eBay Inc., a global leader in commerce technology. Our relationship enables us to offer our customers, partners, and community members a wealth of experience and resources in commerce-related technologies, as well as access to world-class, branded capabilities from eBay Marketplaces, PayPal, eBay Enterprise, and others.

To learn more about how Magento Enterprise Edition is helping merchants grow their online businesses, visit: www.magento.com/enterprise