Engineer the Repeat Purchase

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Does brand loyalty still exist?

Brand loyalty. Does it really exist anymore? While there are varying opinions, the birth of ecommerce has drastically changed the idea of brand loyalty, posing a major challenge for marketers.

Have a chat with members of the Baby Boomer generation and you'll find they have a totally different perspective on brand loyalty. Oftentimes there was one store they shopped in for clothing and one car company they drove for years –– perhaps even their entire life.

Brand loyalty used to be strong enough where products became household names. Think: Scotch tape, Kleenex, Band-Aid. While a few millennial brands have managed this feat (Google, anyone?), this trend has mostly died down.

With so many traditional retail brands going under and new ecommerce brands popping up every day, buyers simply don't have the same sense of customer loyalty anymore. Consider the following statistics from Entrepreneur:

51% of all Americans and 67% of millennials prefer ecommerce to brick-and-mortar

The ability to shop 24/7, compare prices, and get better deals are the main reasons consumers prefer ecommerce to traditional brick-and-mortar

Online retail sales grew 15% YoY where offline only grew 4.5% in 2017

This means that while brands used to be able to rely on a repeat purchase, today they no longer can.

Just how important is the repeat purchase to a company? Consider this:

It costs 5x more to acquire a new customer than it does to keep your current customers.

– Forrester Research

Thanks to an oversaturated ecommerce landscape, consumers have more choices than ever, making the repeat purchase as challenging as it is crucial.

In this whitepaper, we'll break down exactly what you need to do to engineer the repeat purchase in order to set your brand up for long term success.

Customer acquisition is no longer king

The Rise of CAC

Ecommerce today is almost completely focused on customer acquisition. While the repeat purchase is more difficult to obtain, the landscape of potential customers is far easier to reach than ever before.

Thanks to incredible targeting capabilities of paid ad platforms such as Facebook and Instagram, they are far more effective than traditional ads meaning brands can spend far less and get a better ROI. However, thanks to an oversaturated market, customer acquisition costs (CAC) are actually on the rise.

Think of it this way:

Endless Brands + Limited Consumer Attention = Rising CAC

You have more retailers than ever before all vying for consumer attention on the same channels, which plays into a breeding ground of over bidding for advertising real-estate.

The harsh reality is that it's no longer as much about brand loyalty as it is who hit you with the right messaging at the right time with (of course) the right price. It's this exact sentiment posing a major problem for ecommerce for 3 reasons:

1 **"Pay to Play":**
The increasing competition in the ecommerce landscape drives up prices for the valuable real estate. Oftentimes this means that the company willing to shell out the most cash wins.

2 **Discount to Win:**
Since competition is fierce, many brands feel the need to offer a discount in order to close the deal and beat out competitors. While this may work in the short-term, it can also train consumers to always expect a discount making profitability challenging.

3 **The Groupon Conundrum:**
Attracting business at any cost never works out long term. Think of Groupon: a company that was founded on offering steep discounts to consumers. While that business model proved to be very successful in customer acquisition in the short-term, customers churn at an incredibly high-rate making growth and sustainability nearly impossible.

Because of the above, attracting the right, high-value customers who will make repeat purchases is a crucial, yet too often overlooked, part of any solid CAC strategy.

It's clear from the above that customer retention (fostered by the repeat purchase) is much more valuable in the long term than customer acquisition. Let's take a look at some industry trends and statistics to get the full picture on what's happening:

The Rise of CAC

▸ Customer acquisition can now cost upwards of $100 per customer ([Forbes](#))

▸ Over the last five years, overall CAC has risen almost 50%– with both paid CAC & Organic CAC on the rise ([HubSpot](#))

▸ Social channels have changed their algorithms to favor onsite content and show less advertisement, making it harder for brands to break through ([HubSpot](#))

Customer Retention + Repeat Purchases Landscape

▸ Only 20% of first-time online buyers will ever make a second purchase ([Source](#))

▸ 41% of total online revenue in the US is attributed to repeat purchases even though only 8% of consumers make a repeat purchase ([Source](#))

▸ Research shows that long-term customers are half as sensitive to a change in price as compared to a newer customer ([Online Marketing Institute](#))

As CAC continue to rise, customer retention is undoubtedly where marketers should focus more of their efforts–but that's easier said than done. Next up, we'll break down how to engineer the repeat purchase so that you can be sure you're set up for long term success.

How to engineer repeat purchases

Since the repeat purchase can longer be guaranteed, ecommerce brands must work carefully and thoughtfully to engineer it. What exactly does that mean?

Engineering the repeat purchase lies in capturing brand engagement across all channels to understand a consumer's unique interests and create personalized offers they'll love.

6 Keys To Engineering The Repeat Purchase:

1. Complete Access to Customer Data

Too often, marketers must rely on IT or other teams across the organization to access and analyze their customer data. This not only hinders your marketing team's ability to perform at its highest level, it's also the biggest blocker to engineering the repeat purchase. Your customer data needs to be streamlined and unified into a single platform that allows your marketing team to bridge the gap between customer data and marketing execution. With easy access and analysis, marketers can build the powerful campaigns needed to drive the repeat purchase.

2. Have a holistic view of customer interactions

Your ESP only tells you part of your marketing story. Similarly, your ad platforms and ecommerce platform each tell a different part of your customer experience. What you need is a platform that fills in the gaps and unifys your data from any channel (or source) to give you a holistic, real-time view of customer interactions with your brand. Only with a single view of your customer can you can hit them with the right message at the right time to drive repeat purchases:
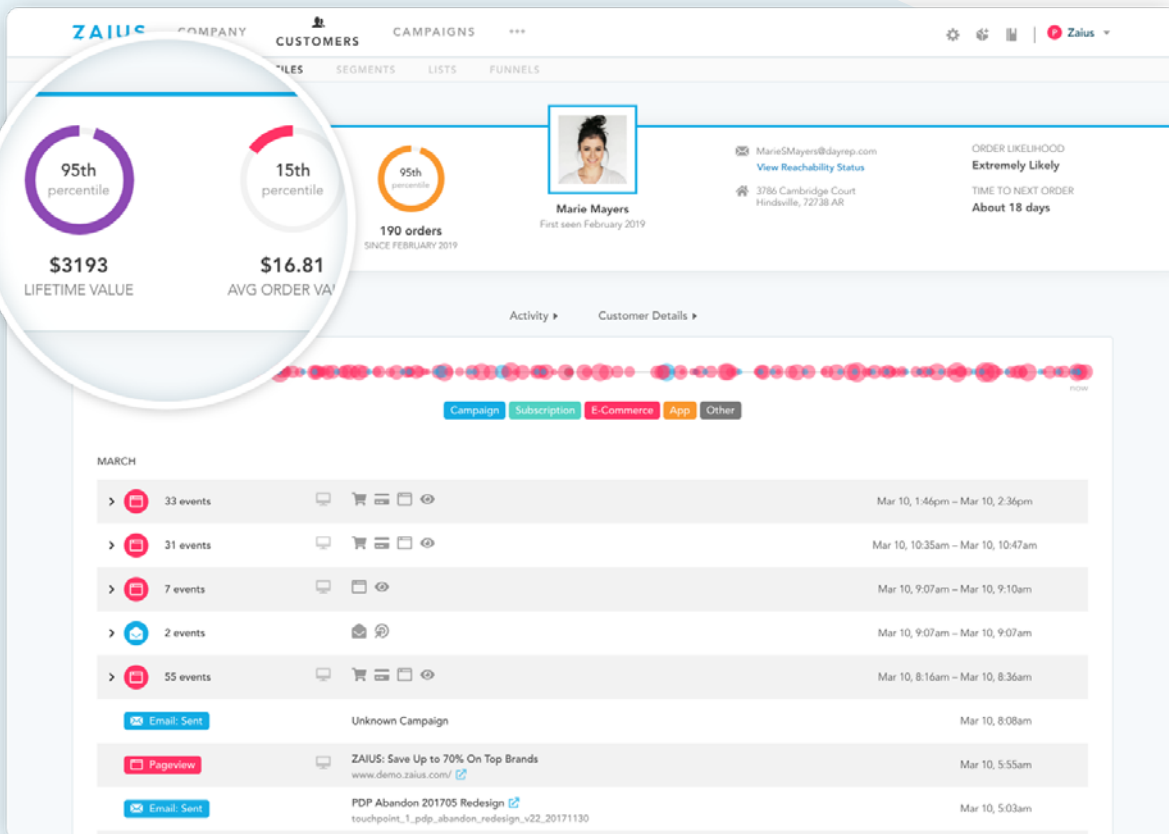
3. Tap Into Advanced Segmentation & Lifecycles Analysis

With your customer data fully unified, you'll now be able to segment customers based on purchase history, category affinity, and more will help you create stronger marketing campaigns by tailoring the messaging to the end user. Stronger marketing campaigns equal more repeat purchases.
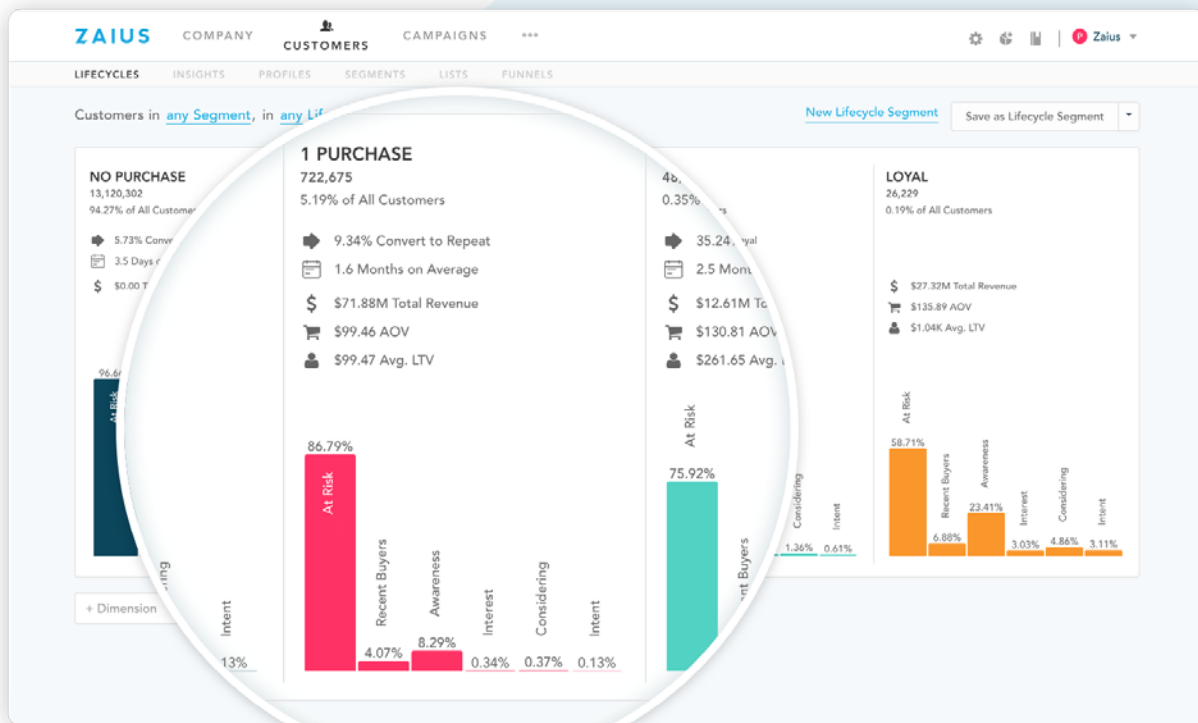
4. Execute & Measure Any Campaign Across Any Channel

We know that the there is no longer a linear path to conversion. Customers interact with brands across a multitude of channels and devices, and they expect a seamless experience when doing so. You should be able to run and measure marketing campaigns across every channel they frequent so that you don't miss out on an opportunity to engage with them.
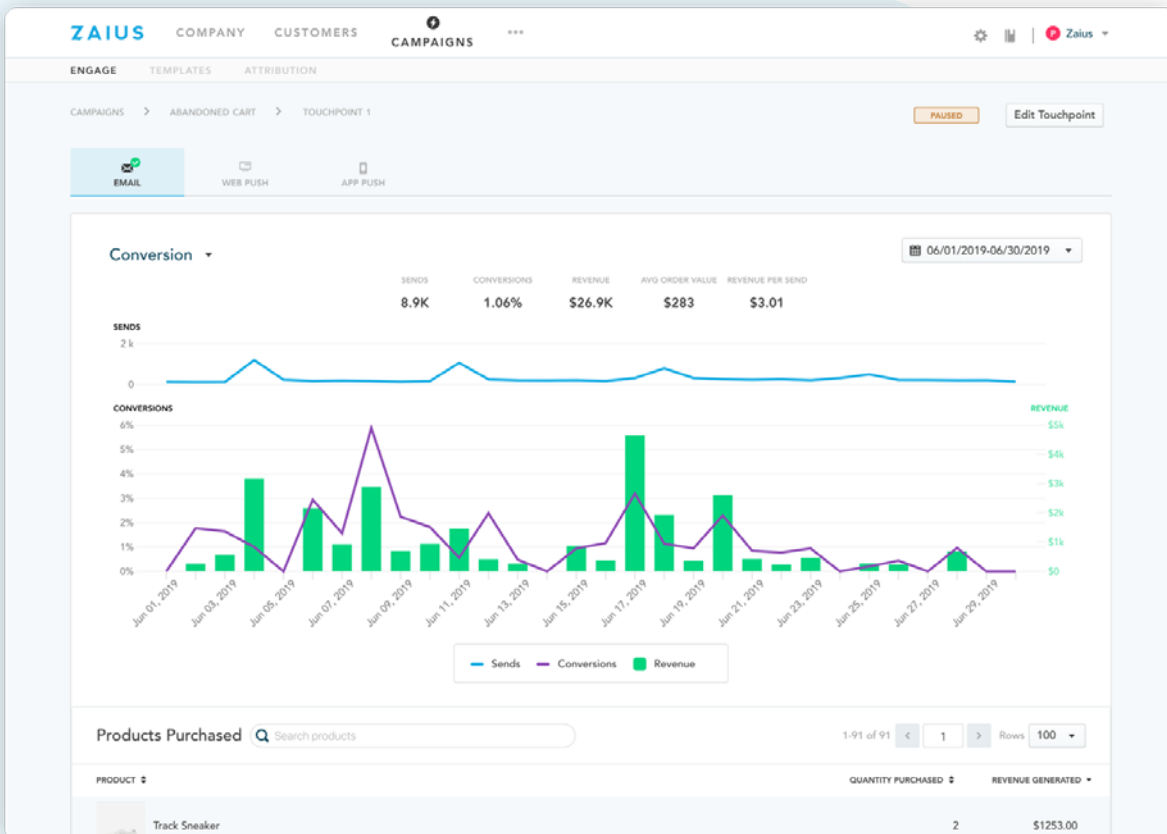
## 5. Create Real-Time, Automated Campaigns

A key part of engineering the repeat purchase is setting up dynamic, triggered campaigns that update in real-time based off of customer's actions. It's a great way to ensure you're not missing an opportunity to engage with them.
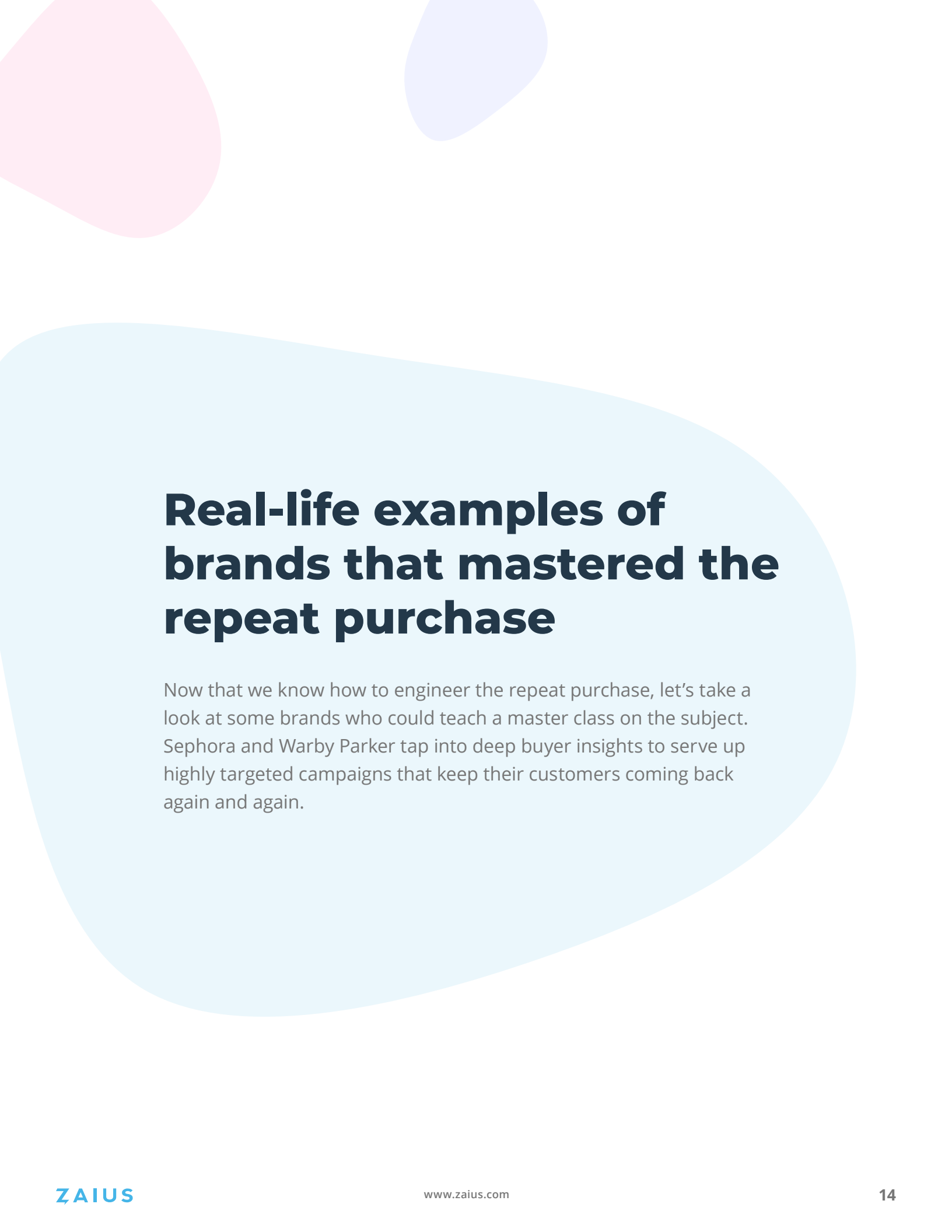
6. Create Personalized Recommendations That Drive Repeat Purchases

The most important part of getting customers to convert repeatedly is to target them with offers they care about based on things like category favorites, browsing behavior, and more. Using the data you know about your customers, you can offer them hyper-targeted messages with customized product recommendations.
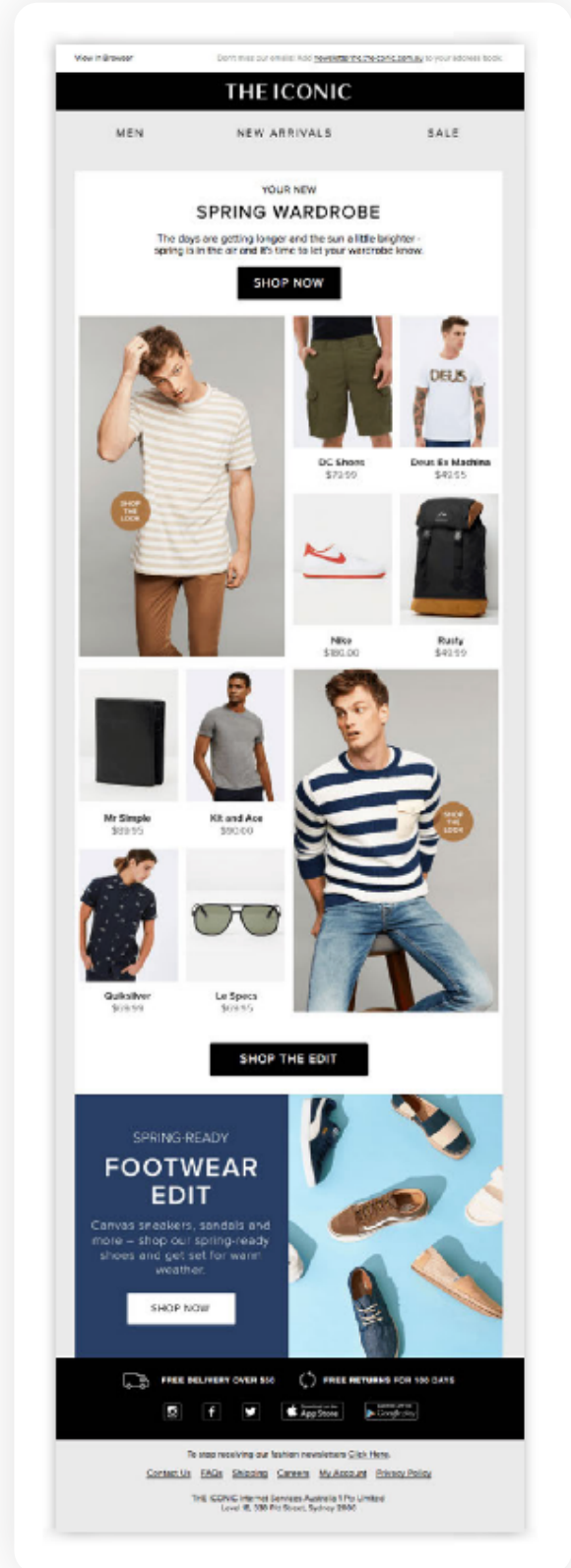
Real-life examples of brands that mastered the repeat purchase

Now that we know how to engineer the repeat purchase, let's take a look at some brands who could teach a master class on the subject. Sephora and Warby Parker tap into deep buyer insights to serve up highly targeted campaigns that keep their customers coming back again and again.

In a sea of failing retailers, Sephora is one brand that is breathing new life into the category. Below is a breakdown of how they create customer loyalty and drive repeat purchases:

Seamless omnichannel experiences:

Whether you're shopping in-store, online, or via the app, your experience will not waver. Sephora recognized the trend towards crosschannel customer interactions fairly early on and invested heavily in omnichannel marketing to ensure they wouldn't miss a beat.

Seamless omnichannel experiences:

Perhaps the most pivotal reason for Sephora's success is their ability to provide personalized experiences to each customer. Thanks to a strong rewards program (which we'll talk about next), Sephora collects data on each customer including purchase history, browsing history, and more. They then use this data to offer personalized messages to every buyer.

In addition, they have an interactive high-tech tools to help you find the right makeup based on your skin tone called Color IQ. You can access Color IQ via the web, Sephora's app, or even instore. Not only does this help engage customers and drive conversion, but it is another source of customer data Sephora is able to collect and use to optimize their marketing efforts.

Loyalty rewards

Why shop at Sephora over other beauty stores? Beyond the reasons above and their stellar customer service, Sephora offers a fantastic loyalty program that encourages repeat purchases. There are three tiers to their rewards program; Insider, VIB, & Rogue. Each tier comes with increasing benefits and access to exclusive offers like a private hotline and events.

Warby Parker is an eyewear retailer valued at a cool $1.75 billion. To give you a bit of history, Warby Parker's success lies in its simplicity–they offer $95 fashionforward glasses that you can try on in-store or even at home. They coined themselves "the Netflix of glasses" and aimed to cut the BS out of an industry dominated by one company, Luxottica, that for years got away with high prices.

Warby Parker's secret to driving repeat purchase is two-fold:

Simplicity

Shopping for prescription eyewear can feel tedious. There are so many brands (although evidently all manufactured by Luxottica) and choices. Prices are all over the place.

Not with Warby Parker. There are no "brands" just styles. All of the styles cost the same price ($95) and you can try on up to 5 pairs at home free of charge or check out one of their cool storefronts.

Customer Experience

Because Warby Parker realizes you can technically buy glasses from anywhere, they have created a world-class customer experience to accompany their business model. Their stores are interactive and engaging, their staff helpful and knowledgeable, and they capture the right amount of data about their customers to provide them with tailored experiences:

"Its purpose, Riley says, is to 'allow salespeople to be one-on-one with the buyer' and therefore maintain some of the personal touches that defined the original face-to-face Warby Parker experience. In the future, the system will even send each in-person customer who doesn't buy any eyewear a picture of him or herself trying the glasses on for reference when placing a later order." - AdWeek

A call to arms: Know Your Customers

We've explored the evolving retail landscape and how difficult it is in this day and age to obtain the repeat purchase. But there are many retailers who are successful and have figured out how to engineer the repeat purchase.

The secret to engineering the repeat purchase is simple:

You need to know your customers.

Consumers are used to the world-class experience that many retailers today provide for them. The only way to achieve this type of experience is by tapping into deep insights about your customers and putting it to work for you.

Customers expect you to know them–their purchase history, their style preferences, location, and even actions they take while interacting with your brand (items viewed, etc.).

That's why it's more important than ever to have the right tech in place to ensure you capture all of this key data so that you can use it to create powerful, long lasting relationships with your customers that drive repeat purchases.

ZAIUS

Zaius is the Activated Customer Data Platform that assists growing brands to achieve higher CLTV by delivering relevance across the entire customer journey, from anonymous browsers to loyal shoppers. We align your entire organization around customer data allowing you to create a relevant customer experience that differentiates your brand and create customer loyalty. For more information and to see Zaius in action, go to zaius.com/demo.

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