INSIGHTS

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5 Steps to turn first time shoppers into **lifelong customers**

In today's fast-paced, fickle market, filling the funnel is only half the battle

It's easy to assume that drawing in a steady stream of new customers is the sole path to growth and stability for retailers, but the real challenge lies in retaining them, for the long term.

Today's shoppers have sky-high expectations and unlimited options, meaning retailers can no longer rely on one-off purchases to drive growth. Instead, fostering long-term relationships has become essential, as consumers gravitate toward brands offering seamless experiences, personalised offers, and shared values. With so many factors competing for consumers' attention and spend, it's the retailers who prioritise retention strategies who will come out on top.

Today's shopper: high expectations, limited loyalty

Successfully retaining customers requires retailers meeting or exceeding expectations – a feat which has become more challenging in recent years.

> *Shoppers now expect hyper-personalised, seamless experiences across all channels and are easily enticed by a vast array of digital shopping options.*

There are millions of pounds at risk when telecoms operators make key decisions like whether to offer free broadband installation, or how to design new tariffs and bundles. Failing to balance risk and reward, to ensure the right long-term decisions are made, and to understand the impact of these decisions over time, could have very costly consequences.

For instance, the rise of new channels like TikTok Shop have created a 'fad culture' on a scale never seen before, allowing users to discover and purchase products tailored to their interests without leaving the app. The hashtag #TikTokMadeMeBuyIt has more than **60 billion views**, and can cause products to go viral overnight – such as Little Moons mochi ice cream seeing a **700% increase in sales** at UK supermarket Tesco both instore and online.

This example demonstrates how luring new customers is often the easy part – the real test is in keeping customers engaged. This retention is critical – a single loyal customer, who makes repeat purchases over time, is more valuable than multiple one-time shoppers.

On average, loyal customers spend 67% more than first time buyers, and are more likely to refer others, giving brands the priceless benefit of word-of-mouth recommendation.

So, how can retailers build a strategy that beats the fad culture, enhances brand recognition, and ensures long-term business resilience? Here are five key steps.

1. Ask for customer feedback

Actively seeking customer feedback helps retailers understand shoppers' needs, preferences, and pain points across in-store or online channels. Feedback enables retailers to refine product selections, store layouts, and improve shopping experiences. For example, understanding seasonal trends can help tailor inventory to customer demand.

Feedback can also prevent future issues. If a pair of jeans is largely rated poorly on fit, adjustments could be made to the sizing to prevent customer's returning pairs in the future. Regularly asking for feedback also demonstrates that customers' opinions are valued, which can build trust and boost loyalty.

2. Know your customers

Leveraging data to understand demographics and their shopping behaviours allows retailers to create detailed customer profiles, enabling tailored product, service, and marketing approaches. Data can range from internal customer and operational data, to social media.

The classic examples of this are supermarkets adding a 'favourites' section based on an individual's past shops, or a 'recommended for you' section, that is based on what others in the same customer profile have bought. More advanced retailers might use profiles to offer exclusive promotions based on buying habits. Such insight deepens the connection with customers, fostering loyalty and increasing the likelihood of repeat business.

3. Develop shared values
Aligning your brand with values that resonate with customers creates a powerful emotional connection, driving loyalty and word-of-mouth support.

When customers see that a retailer shares their values – whether it's sustainability, inclusivity, or community support – they're more likely to remain loyal and advocate for the brand to friends, family, and online networks.

Retailers should highlight any tangible work they are doing to support their mission, such as sustainable sourcing, supporting local communities, or using environmentally friendly packaging.

4. Identify high-value customers
Every customer matters, but some more than others. Prioritising the most valuable customers ensures resources are allocated effectively to retain those that benefit the business most.

It's not as simple as just rewarding top spenders though. Retailers must weigh up multiple factors such as returns rate, referral activity, and purchase frequency, which all contribute to a customer's lifetime value. This calculation requires retailers getting a sophisticated handle on customer data and purchase history.

5. A/B testing
A/B testing allows retailers to experiment with different versions of content, design, or offers to see what resonates most with customers. Testing can optimise many aspects of the business by providing data-driven insights into what works best for shoppers.

For example, website layouts, checkout processes, and product recommendations. Continuously testing and refining these elements enables retailers to create a shopping experience that's finely tuned to customer preferences, ultimately boosting engagement and loyalty.

By investing in customer insights, shared values, and personalised experiences, retailers can transform satisfied shoppers into loyal advocates.

Building resilience through retention

In a consumer landscape where loyalty is hard-won and easily lost, a well-executed retention strategy is no longer optional, it's essential.

Retention strategies aren't a one-time effort. Continuously refining communications and the shopping experience is key to staying aligned with customers' rapidly evolving preferences, and securing a resilient path to long-term growth in a competitive marketplace.

About Sagacity
Sagacity are the data intelligence people. Founded in 2005, they help consumer facing businesses increase customer engagement and make more money, by digging into the data businesses already have and combining it with data, insight and action to drive value. Trusted by over 350 brands across Utilities, Telecoms, Retail, Insurance and more, think of Sagacity as your data co-pilots for sales, marketing, ops, billing, credit and debt. Clients typically see 5x returns within the first few months through an increase in number of customers, accurate billing, and higher debt collection rates.

Get in touch to find out how we can help your business address its current challenges.