

# **Driving Repeat Sales With Loyalty E-Mail**

**By Gail F. Goodman**

Experts agree and evidence abounds that profitability in e-commerce is all about creating loyal customers and driving repeat sales.

Leaders like Amazon.com report that more than 65 percent of revenues are due to repeat sales. And since it is roughly six times less expensive to sell to an existing customer than to acquire a new one, the value of customer loyalty and repeat sales is just too compelling to ignore. One of the most efficient and inexpensive ways for e-tailers to drive repeat sales is loyalty e-mail.

Loyalty e-mail is targeted, personalized, relevant and ongoing e-mail communications with customers. Examples include an e-mail recommending a new ski bag to customers who have recently purchased skis or a private sale notice for high-value customers.

Loyalty e-mail always includes a "call-to-action" that encourages the customer to return to the online storefront, such as a "click here to buy now" button or a link to special URL. For effective loyalty e-mail, a system must leverage the e-tailer's two most important assets: Its customer base, and its order history data.

To most effectively drive lifetime customer value, a loyalty e-mail system must determine who to communicate with, what to communicate, and when to send the communication. Making these determinations requires customer, order and product data and business rules for relevance, personalization and timing.

An excellent source for the necessary customer, order and product data is the e-commerce engine that supports a merchant's site. With every customer order, valuable data is accumulated that can be used to design relevant and personalized communications, including the customer's e-mail address and full order history -- what they bought and when. The more information that is available, the better the merchant is able to target and personalize its communications.

In addition, a well-organized product hierarchy is essential to effective loyalty e-mail. By combining its product hierarchy with its customers' order histories, a merchant can create powerfully relevant messages, such as new product availability notices.

Sending announcements of new merchandise to customers who have purchased related products ensures that the message will be received as a value-added service and that the audience will be well qualified as potential buyers.

## **Business Rules**

Data alone will not do the job -- merchants must use their data to make effective targeting decisions. This process requires marketing intelligence, the rules engine to apply that intelligence, and decision analysis tools to continuously analyze and improve the rules that drive relevance, personalization and timing.

## **Relevance**

The difference between a consumer's perception of a message as junk mail or valuable communication lies in the relevance of the message. Merchants must

leverage their customer and product data to create rules that deliver highly relevant offers to each customer.

For example, an e-tailer can send announcements of new golf merchandise only to those customers who previously purchased golf products. Loyalty e-mail is not just a one-time, campaign e-mail, but also incorporates continuous rules, such as sending a "Welcome to our Preferred Customer Program" message whenever a customer's total purchases reach an established threshold. A loyalty e-mail system must allow merchants to easily create these rules and track them over time.

### **Personalization**

The ability to personalize each message to individual customers is an essential element of loyalty e-mail. The interactive nature of e-commerce makes loyalty e-mail a powerful application of the direct marketing process.

Not only can merchants personalize e-mail greetings with the customer's name, its messages can refer to both historical purchases and stated preferences -- recognizing the consumer as important and unique.

### **Timing**

With loyalty e-mail, the timing for sending an e-mail can be as important as the message content. If a merchant can time e-mail messages with buying moments, the odds for repeat sales increase.

Buying moments can be holidays (such as Christmas), a seasonal transition (such as Back-to-School) or an event that is personal to a customer (such as a birthday). At the same time, merchants must be careful not to over-communicate with customers or communicate too soon after an order.

With the right data, the right rules and the right engine, loyalty e-mail can be one of the most effective and affordable solutions available to help e-tailers create loyalty, increase repeat sales and achieve greater profitability.