

Online shopping: Playing the loyalty card

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Online shoppers are as loyal to brands as they are to physical stores, so it is important that e-tailers foster a dedicated customer base. Charlotte Hardie asks how they can keep shoppers returning.

Surely online shoppers do not really get emotionally attached to a web site, right? Wrong. In fact, the latest figures from Nielsen suggest that 60 per cent of online shoppers are loyal to a particular brand. And the fact that many e-tailers fail to recognise this is a common pitfall.

As Google industry leader for retail Peter Fitzgerald says: “I hear it from people running online businesses all the time: ‘Our customers are promiscuous and flit from one brand to another.’ They’re wrong. Data doesn’t back that up.”

In some ways, it is an understandable mistake to make. Having an affinity with a physical store is logical. Most people have a favourite shop that keeps drawing them back, be it for the ambience, the design, the product or the customer service. But web sites? The notion of being loyal to what is essentially a load of images and prices on a flat computer screen is, admittedly, a little harder to grasp.

However, grasp it retailers must. That is not to say, though, that fostering a loyal online customer base is easy. One challenge of trading in cyber space is that everyone has that all-important prime location. DSGi managing director of e-commerce deVere Forster also points out that it can be even more of a challenge for electricals retailers, for instance, because everyone sells the same products. “Electricals is probably the hardest area to create loyalty. We do have a very big challenge because it’s so easy to compare pricing,” he says.

Littlewoods customer insight director Resh Dorka adds: “It’s much easier for the consumer to compare your products and services with competitors. With price so transparent, other aspects of your service proposition have to work much harder to create any differential.”

Fitzgerald believes a common fault is a lack of focus online. “Many retailers are so much more focused on their store and we find most sites are very confusing. People get lost in navigation and there are search problems – you search for watches and you end up with cufflinks,” he says.

Customers need to know that when they arrive at your site they can find what they want quickly and easily. It is pointless having an extensive product range if no one can access it. As Experian director of consulting for its integrated marketing division Marie Myles says: "It's got to be logical and simple, just as it has to be in a store."

In general, gaining online shoppers' trust is essential. A lot of online sales are driven by the demand for convenience, so one of the most crucial factors is ensuring fulfilment. What is clear is that good delivery and after-sales service means customers are far more likely to return. Customer service is often overlooked by online retailers. As Forster points out: "If a customer has a bad experience, we've lost them for life."

Forster says DSGi has worked hard at improving its delivery proposition to two days and is hoping to introduce next-day delivery at some point soon.

Paying a premium for service

Fitzgerald says: "Service is as important as price. If you're going to spend, say, £800 on a TV, many are actually willing to spend that bit more to get good service. People will not be fooled twice on price."

Loyalty cards provide another opportunity. Their value in stores has already been proved by schemes such as Boots' Advantage Card and Nectar. And as these two retailers have done, it is important to look at how your customers can use them both in stores and on your web site.

Oasis managing director Sharon O'Connor says the fashion retailer has a loyal customer base that subscribe to its Oasis VIP card. "They benefit from a programme of offers and events that run annually for both online and in-store channels," she says.

Jaeger also makes a point of promoting its loyalty card online. Whether spending online or in stores, customers will be rewarded with vouchers to spend in either channel. Other cardholder benefits include invitations to Sale previews and exclusive events, as well as early notice via e-mail of new collections and special offers.

Pure-play e-tailers are also recognising the value of loyalty cards. My-wardrobe.com is launching one in the first week of November. Shoppers will receive a £20 voucher when they have earned 500 points – £1 is equal to one point.

Another way to enhance online loyalty is to build a sense of community and fashion retailers are particularly adept at giving their shoppers those added extras. Oasis' web site – relaunched last month – now has a "Fashion Journal" blog. This includes a behind-the-scenes insight into London Fashion Week, competitions, trend information and interviews with fashion journalists. RSS feeds also allow users to receive news and product information straight to their desk tops and the "share it" feature integrates into social networking sites, so shoppers can discuss individual items or complete looks.

O'Connor says: "A critical part in achieving loyalty online is through our merchandise and how we communicate the actual garments in a virtual world. Our customers want to see new designs that are on-trend and rely on our presentation and descriptions of these items."

She adds: “Oasis approaches the look, feel and usability of the web site in the same way as a flagship store refurbishment by focusing on core brand values, using design and the integration of technology to produce a high quality and rich shopping experience.”

Topshop is also adept at providing a sense of a community through its use of style blogs, trend advice, videos and podcasts. Meanwhile, on Jaeger’s web site you can watch its catwalk collection being modelled at London Fashion Week and it tells you exactly which garments have been used to create a particular look.

Importantly, it is not just fashion web sites that have the potential to provide these added extras. For instance, B&Q provides practical room design, bathroom and kitchen planners to tempt people back to its site, as well as “How to” guides that instruct DIY enthusiasts on how to repair a wall or deck your garden.

Networking benefits

Then, of course, there are the social networking sites or chat rooms offered by retailers such as Waitrose, which runs a forum where customers can discuss anything from cooking tips to favourite picnic spots. Waitrose managing director Mark Price also has his own blog to which customers can respond online. Tesco provides its Baby & Toddler Club, while Mothercare has Gurgle.com.

Opinion is divided on whether such forums are a worthwhile investment. Myles believes the jury is out. She adds: “I’m not saying it won’t happen, but I personally haven’t seen any that can demonstrate a return on investment.” But on the other hand, they do help give customers a reason to visit that site on a regular – even daily – basis and create that all-important community of brand-loyal fans.

Another debate is the extent to which transactional web sites should be personalised. Some believe it is unwise to overly tailor sites according to customers’ shopping profile and habits, because you might restrict the extent to which they browse your range. However, a degree of personalisation can help persuade people that you are there to help. Fitzgerald says: “Imagine if you walk into a store and someone knows the type of dresses you prefer. It’s not saying: ‘This is what you must have.’ You’re just making a helpful suggestion.”

Littlewoods e-commerce director Neal Preece says personalisation can help to show your customers “you have an understanding of them and their needs”, and that it will “undoubtedly help increase loyalty”. However, he also points out that retailers are wasting their time unless this communication strategy is underpinned by the right product and service.

For retailers to embark on any personalisation at all, they must first pay careful attention to both collecting data and analysing it. Andrew Hood, managing director of web analytics consultancy Lynchpin, recommends looking at the common triggers that encourage repeat online purchase behaviour and using that to improve the overall customer experience. “Ultimately, creating online loyalty starts with understanding how your VIP customers behave, identifying the common factors and using this to target and grow the high value segment,” he says.

Customer communication is integral to building brand loyalty and it needs to be personalised, relevant and timely. To do this, retailers must gain a better understanding of the way their customers shop and the role of the internet to them. But, warns Forster, communication is a fine balance. “The last thing you want to do is lose customers by bombarding them with what might be perceived to be spam.”

You only need to look at the high street to see that shoppers want to be loyal – who wants to trawl 10 shops if they are guaranteed to get what they want at one? More than ever, people are shopping around for bargains online, but the desire to be brand-loyal does not disappear as soon as people log on to their computer. The trouble is, many e-tailers simply aren't giving people much of a reason to return.

Fostering customer loyalty online requires:

- A site that is easy to navigate
- Accurate search facilities
- A quick and flexible delivery proposition
- An efficient after-sales service
- A customer service team that is easily accessible via phone
- An ability to offer something extra, be that blogs, forums or podcasts
- Careful analysis of customer data to determine what your different types of customers demand and to communicate with those customers effectively