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Retail Loyalty in the Midst of a Pandemic Part 2: Creating Authentic Connections

This is the second in a series of business briefs exploring how retailers can build loyalty and thrive in these unusual times.

As COVID-19 has made social distancing part of our everyday, there are fewer opportunities for retailers to interact with their customers in person. While this will be the case for some time, it isn't a new challenge. Fortunately, e-commerce was already well established before the coronavirus hit; lockdowns and quarantines have drastically increased our dependence on it. Whether in response to the pandemic or preexisting industry trends, brands need to figure out how to create emotional online connections with customers when offline experiences are limited.

Key shifts and how to respond

Trend: brands must find new ways to establish authentic connections as more customers engage across digital channels

This year has been particularly challenging for small businesses, but they can be heartened to know that their size and "closeness" to their customers gives them an edge over the bigger players when it comes to understanding their audience. A focus on maintaining and deepening relationships could be the difference between staying afloat or not — a wise investment in emotional capital when revenues may be soft. Social media use has surged during the pandemic, and many companies are using platforms like Facebook, Instagram, and others to connect in new and more personal ways with great success.

There's much nuance to in-person interactions that may feel challenging to replicate online, but retailers have plenty of tools and strategies to leverage to help them strike the right chord with customers looking for authenticity, convenience, stability, and empathy.

Tactic 1: rethink customer data

To build a rapport with customers, it's key to read the room. This is especially true in the midst of a pandemic when people are experiencing unprecedented levels of stress in their lives. During such an uncertain time, brands must ask themselves what they're doing to help customers. Since people's pandemic experiences are incredibly varied, retailers need to adjust their approach according to each person's unique wants and needs.

This is where personalization makes all the difference, and for brands who invest in it, the rewards are high. Consumers said they were 110% likelier to add additional items to their basket when a shopping experience was highly personalized and 40% likelier to spend more than originally planned.

Luckily, it's easier than ever to get to know customers from afar, thanks to the availability of data. But the challenge isn't just capturing the data; it's having the tools in place to manage and act on it. With the increasing number of touchpoints a customer may have with a brand online, it's often easier said than done. To make sense of complex information, companies are trying to streamline data flow and present it as a single view to better understand and engage customers.

Example: Hollister's end-of-year wrap-up email.

Example: Hollister encourages customers to earn more points by downloading the app or sharing more information about themselves.

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Year-in-review emails are a really effective way for retailers to leverage customer data to create a compelling, personalized experience.

Hollister's end-of-year wrap-up gives customers a chance to reflect back on positive moments with the brand and interesting insights into their own behavior.

Hollister also encourages customers to earn more points by downloading the app or sharing more information about themselves, all of which build loyalty in the long run.

Given how dramatically consumer behavior has changed in response to the pandemic, it's critical for brands to take a fresh look at their data. The Harvard Business Review notes that these sudden changes may render existing predictive models and forecasts unreliable or inapplicable. As such, companies will need to review their current systems and reassess the best way to proceed. A few ways they can do this are:

- Review KPIs to ensure historical data isn't skewing predictive models

- Perform pre/post COVID analysis to determine how customer profiles and buying behavior is shifting, and update segmentation models and associated email triggers appropriately. (Welcome programs and first-time buyer engagement programs are especially important to monitor and update.)

- Analyze customer data more frequently, keeping an eye out for developing trends in buying behaviors to help stay ahead of unexpected drops or surges in sales, or identify new markets

- Leverage new data sources that provide valuable insight into customer behavior, like email interactions, web sessions, and customer care logs

Tactic 2: foster trust outside of the sale

To make sure customers are sticky in the long term, it's critical to earn their trust. That can be tricky when many retail brands are facing unprecedented and unpredictable challenges in their supply chains. But there are plenty of steps to take to both manage and meet customer expectations.

While it's impossible to control ever-changing regulations or USPS slowdowns, what can be controlled is the level of transparency shared with customers, which will make all the difference. Applications can use inventory APIs to ensure that only in-stock items are being featured on websites, emails, and other communications with customers. Boxed did exactly this by tapping into their API to pull products from their best sellers pages to ensure that every recipient saw items that were in stock based on their shipping location. This prevented the pang of disappointment customers feel when they add an item to their shopping cart, only to discover it's unavailable at checkout.

In the event that inventory replenishment takes longer than usual, retailers can offer customers the option to get notified when desired products are back in stock.
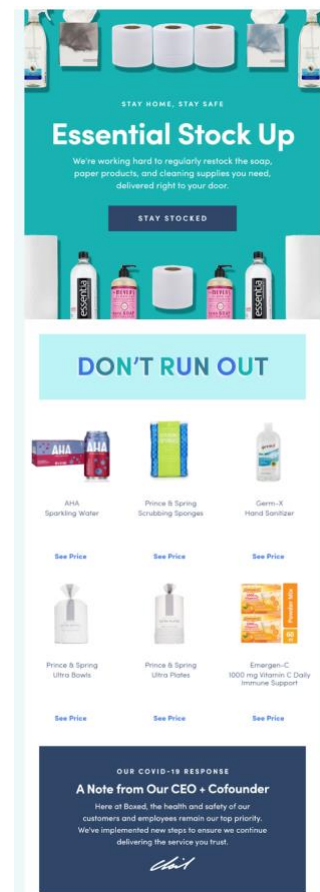
Example: Boxed used inventory APIs to ensure that only in-stock items are being featured on websites, emails, and other communications with customers.

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During times of increased sales, companies can also build contingency plans, so they're prepared to meet the demand in a COVID-safe and timely way. During this time of extreme uncertainty, making good on promises is more important to the customer experience than ever.

In the event that something goes wrong and companies are unable to deliver on customer expectations, a quick and authentic response is critical. Anson Calder, a retailer of high-end leather goods, sent an effective acknowledgement to customers who pre-ordered new iPhone cases before the holidays but did not receive them on time. In addition to acknowledging potential customer disappointment, they offered impacted customers a $20 off gift card as an extra touch.
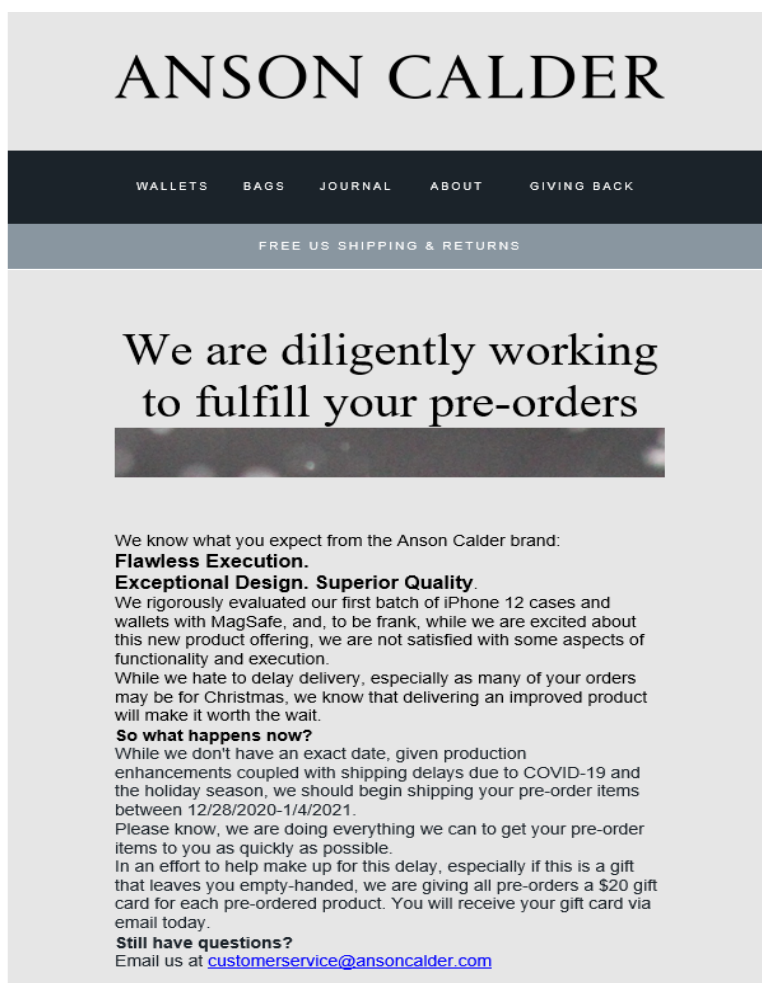
Companies should also be proactive in keeping communication open between teams, especially marketing and customer service. For instance, giving customer service access to marketing emails can provide them with additional insight to guide their conversations with customers and provide a personalized experience.

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Another area where retailers can earn consumer trust is corporate responsibility. COVID-19 has put companies in the spotlight as the pandemic has laid bare economic disparity and many people are examining capitalism's role in creating them. While this may feel tricky to navigate, brands should look at this as a unique opportunity to reflect on current practices and make changes for the better.

Not only is it a moral imperative, but it's what customers want. In fact, 81% of them say that being able to trust a brand to do what's right is a deal-breaker for them. However, only 34% say they trust most of the brands they buy or use. With such a wide gap, it's clear that it's time for companies to rise to the challenge.

But just stating the commitment to help or making a one-time change isn't enough — it's vital to be dedicated for the long term. Consumers remain wary of empty virtual signaling, with 33% of them reporting to have convinced other people to stop using a brand that they felt wasn't acting appropriately in response to the pandemic. It's also the right thing to do.

**Tactic 3: be creative with communicating value**

Orders to create "sticky" content are familiar to many marketers, but it's helpful to remember why. Compelling content isn't an end in itself — rather, it's a way to stay top-of-mind for customers so that when the time comes to make a purchase, they'll come to you. It puts brands ahead of their competitors by allowing them to demonstrate that they understand customer interests, needs, and where they're coming from (which you'll know from the aforementioned customer data).

Integrating shareable elements is a great way to encourage people to share on social media, increasing reach and being introduced to new customers. Don't be afraid to get creative and take a fresh approach or experiment with interactive components — the goal here is to be memorable to have an edge against competitors.

Retailers would also be wise to weave in educational content, making sure there's a mix across programs, campaigns, and channels. This is an extremely effective way to showcase expertise and stand out from the competition. People are more likely to buy from brands that have established themselves as experts in their industry and already have an emotional connection to that brand. For instance, how-to videos, such as Food52's series, with a consistent host make it possible for companies to recreate an in-person experience that customers can enjoy from home.

Since the economy's recovery remains unpredictable, people are likely to remain budget conscious. Even though price sensitivity will continue to play a significant role in purchasing decisions, brands don't have to rely on excessive promotions to appeal to customers in this way. For retailers with membership programs, they can use data visualization to drive home value and savings, reminding customers of the impact of their membership.

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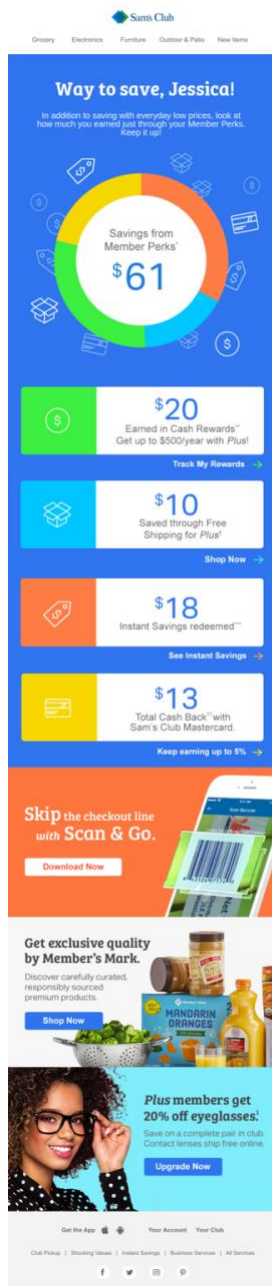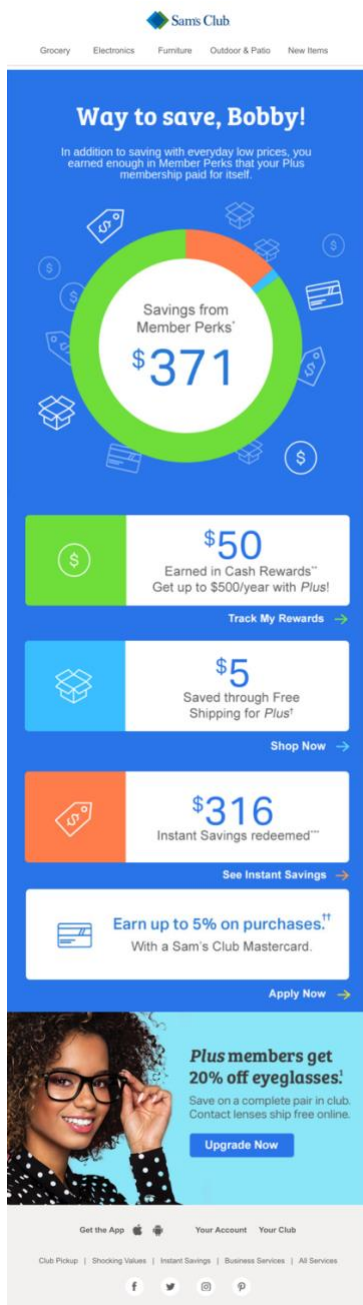
This email from Sam's Club is a great example of using data visualization to demonstrate value. The bright, easy-to-understand visuals show the amount each member saved to date in four areas: cash rewards, cash back, instant savings, and free shipping. And to emphasize the total impact of the membership program, they showed the total savings at the top of the email. This approach was so successful, the company recreated it for mobile push and in-app messaging.

There's no question that this has been a challenging year for most retailers, but thankfully today's marketplace offers the technology to create connections that previously would have only been possible in store. In fact, online experiences afford companies the chance to understand and accommodate customers in new, unique ways.

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Of course, we all eagerly await the day when social distancing is no longer necessary, but in the meantime, brands have plenty of opportunities to build trust with customers. The key lies in personalized, transparent communication that speaks to individual customer wants and needs. The data and tools are all there to make it happen — brands just have to take advantage of them.

One area where personalization can really help boost retention is loyalty programs, which we'll explore in the final part of the series. By leveraging customer data, retailers can tailor rewards initiatives on an individual level, ensuring that these efforts are building real relationships with consumers and giving them compelling reasons to stick around.

Access the remaining installment from our series:

- Retail Loyalty in the Midst of a Pandemic Part 3: Frictionless and Flexible Approach to Loyalty

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