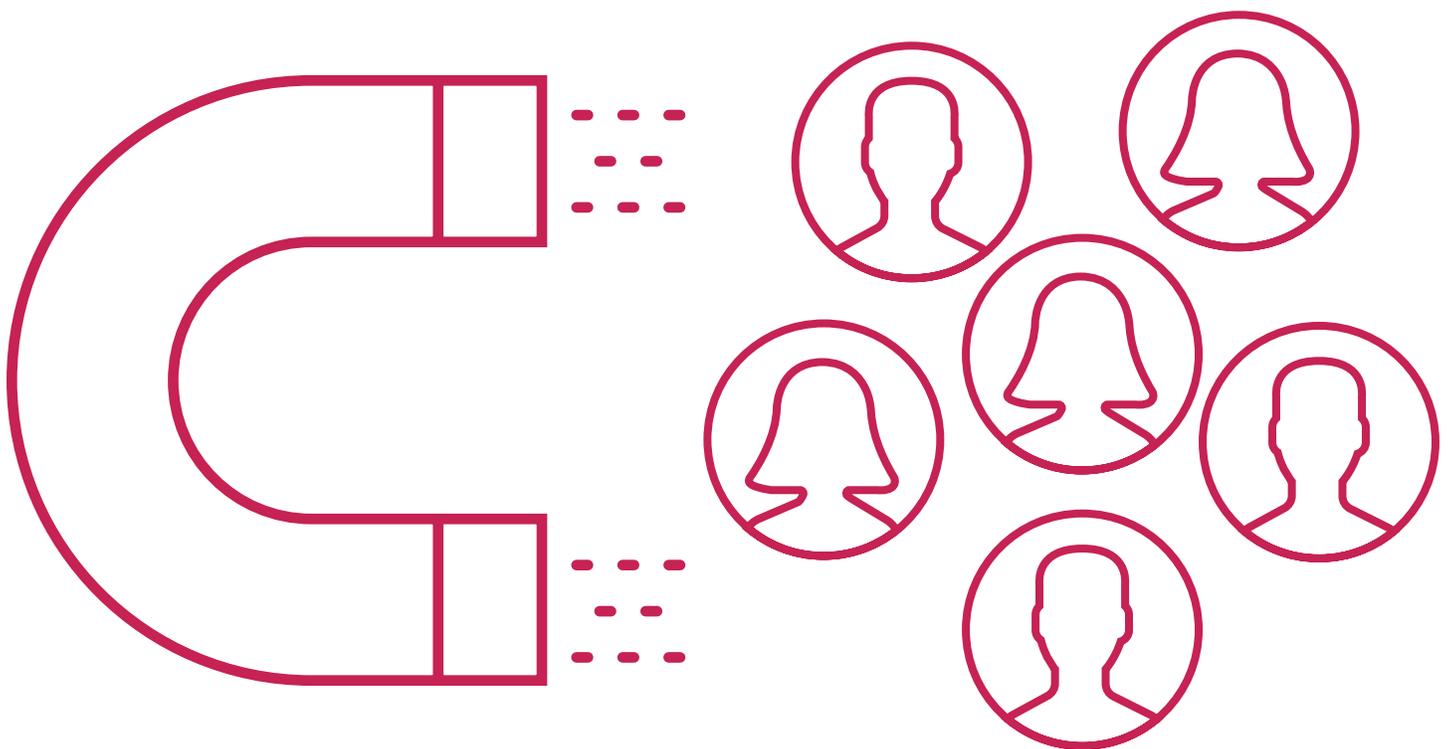


The True Profitability of
Repeat Customers Online



Sweet Tooth

Here at Sweet Tooth, we are big advocates of customer retention. We believe that getting existing customers to come back is more valuable and cost effective than constantly acquiring new ones. But just how profitable are these repeat customers?

Learn about why repeat customers are profitable, the extras they provide, and how to capitalize!

A 5% increase in retention can boost profitability 25% -95%.



+ 25 - 95%

A Small Change Makes a Big Impact

The ecommerce world has become obsessed with customer acquisition in recent years. The ability to do advanced targeting has made customer acquisition attractive, but retention has incredible results. A small increase in your retention rate can have a big impact on profitability according to the Harvard Business Review.





41%



Repeat and loyal customers represent 8% of traffic but 41% of revenue.

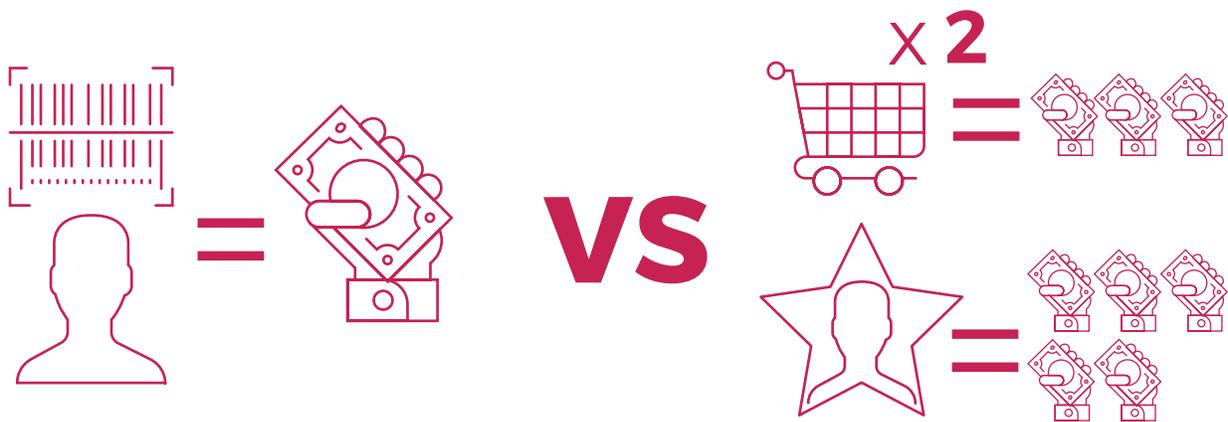
Why is a Small Change So Impactful?

eCommerce right now is very acquisition oriented, and that is why a typical ecommerce website's traffic is only 8% repeat or loyal customers. The remainder is made up of general traffic or those who have purchased only once before.

While repeat and loyal customers only represent 8% of traffic, they represent 41% of a site's revenue! When you look at the breakdown it is easy to see how a small change can create a big impact.

Why Are Repeat Customers So Profitable?

“A returning customer spends 3x more than a first time buyer, and a loyal customer spends 5x more.”



One of the reasons repeat customers are so profitable is because they spend more. A repeat customer is comfortable and familiar with your site and processes. This familiarity leads repeat customers to spend 3x more than a first time purchaser and loyal customers to spend 5x more.

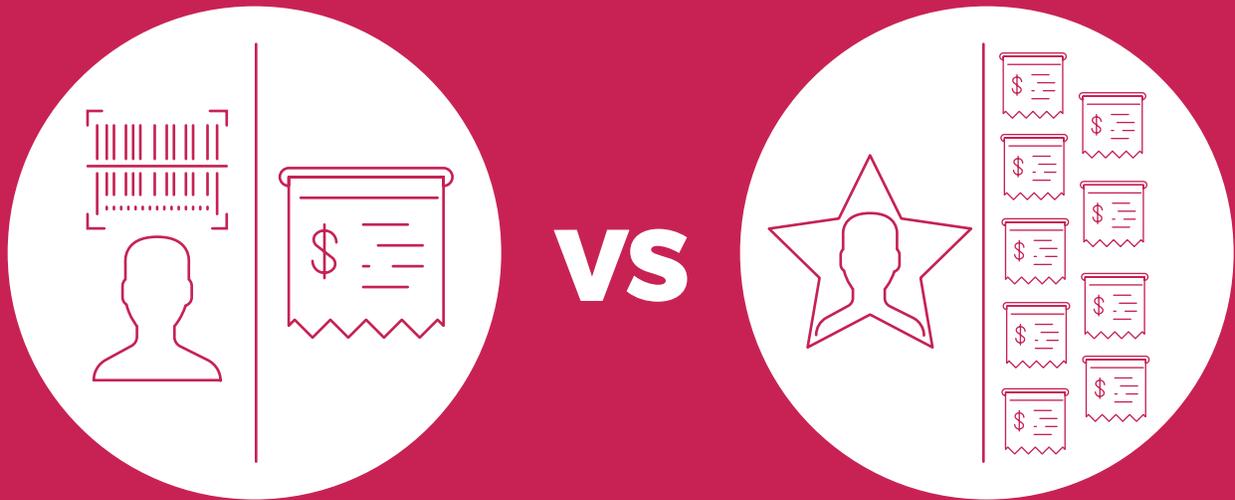
Why Are Repeat Customers So Profitable?

“It costs 7x more to acquire a new customer than it does to retain an existing one.”



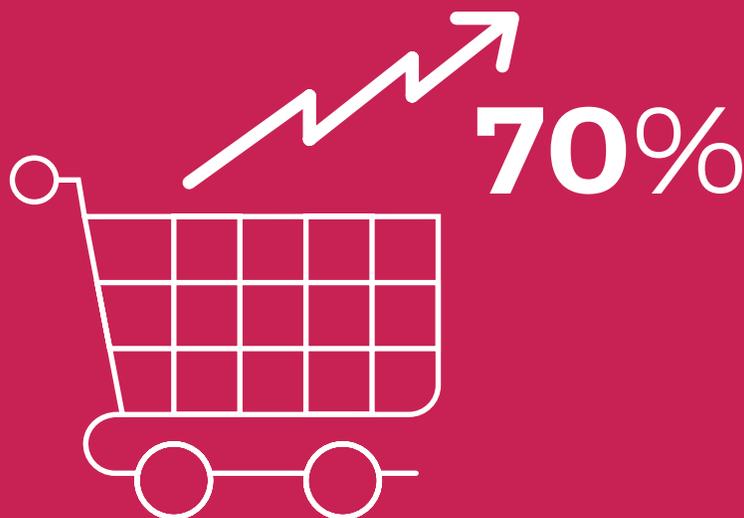
Not only do these customers spend more per visit, they cost less, too! Acquisition channels like adwords, social ads, and retargeting are expensive. These channels are getting even more expensive as more stores move online.

Repeat Customers Have Higher Conversion Rates



“A loyal customer is 9x more likely to convert than a first time visitor.”

Retailers spend countless hours and dollars optimizing site flow and checkout processes to get a small lift in conversion. A focus on retention can provide a major boost to your conversion rate. When you create a loyal customer they are 9x more likely to convert than a first time buyer.



Once a shopper has made their first purchase, you get a drastic increase in that customer’s conversion rate. Adobe saw a 70% increase in conversion with customers making their second purchase vs their first.

Repeat Customers Provide Even More Benefits

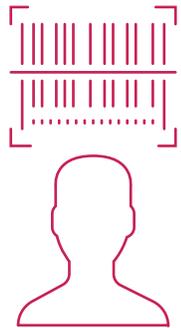
“The average shopper spends 17% more during the holidays, but a repeat customer spends 25% more.”



Every online retailer loves Cyber Monday because it signals the start of the holiday rush. This is hands down the best time of the year in ecommerce, but if you focus on retention it becomes even better. Shoppers tend to spend 17% more per order during the holidays, but repeat customers spend 25% more.

Repeat Customers Provide Even More Benefits

“Repeat customers are 2.5x more likely to share your store than a first time shopper.”



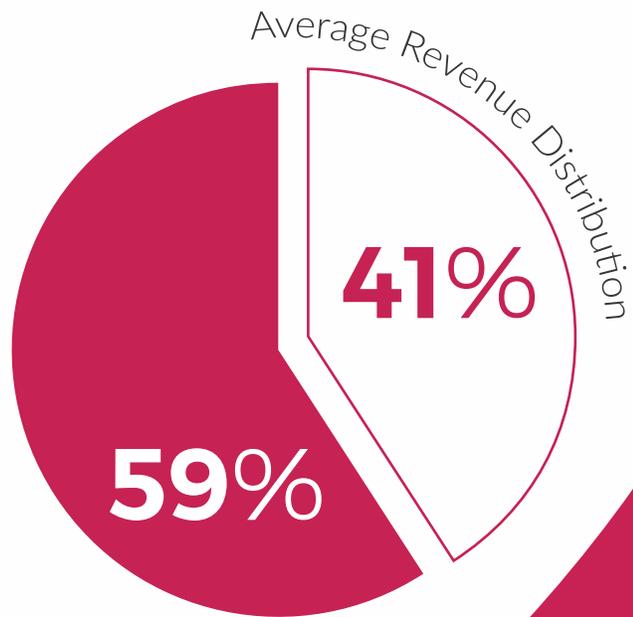
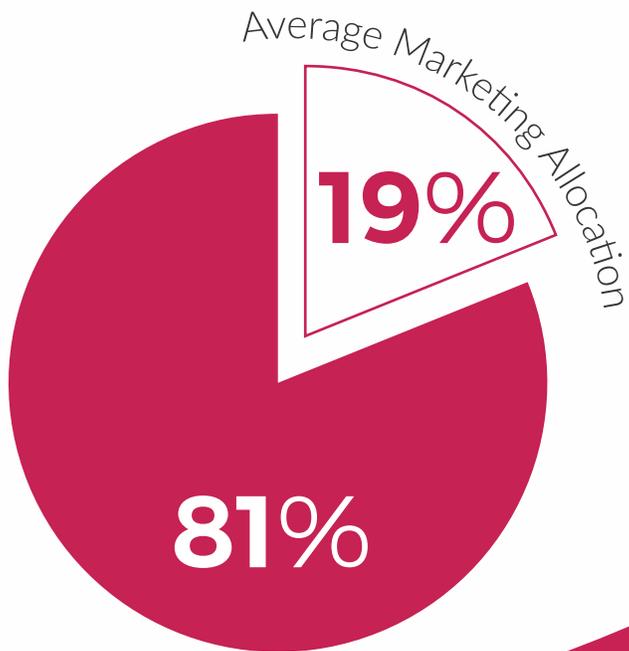
VS



X 2



Nothing is more powerful than word of mouth advertising. The problem is you can't simply pay for it . . . or can you? When you invest in customer retention you will see more referrals. This is because repeat customers are 2.5x more likely to tell their friends and family about your store.



Why Do So Few People Invest in Retention?

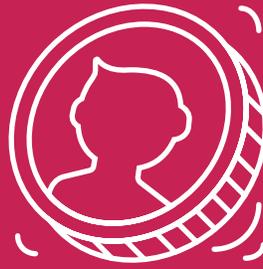
There are a ton of stats out there to show you how profitable repeat customers can be. This makes it very surprising that only 32% of C-level execs believe that retention should be a focus. This has led the average ecommerce store to only devote 19% of their marketing dollars to customer retention, even though repeat and loyal customers represent 41% of revenue. This illustrates that there is a real imbalance in ecommerce marketing allocation.





+28%

Average
Year-Over-Year
Sales Lift



+40%

Average Increase in
Customer Lifetime
Value



+20%

Average Increase in
Repeat Purchase Rate

Sweet Tooth's customers can expect to see these types of growth after introducing a professional loyalty program.

A Loyalty Program is an Amazing Place to Start

We are passionate about customer retention at Sweet Tooth, and we would love to help kick start your retention efforts. A loyalty program is an amazing way to get the power of retention marketing working for you.

We have launched over 5,000 online programs and have seen some amazing results. We have seen our programs drive a 28% increase in revenue, a 40% increase in lifetime value, and a 20% increase in repeat purchase rates. Get in touch to see how we can help you!



Understanding the positive impact retention marketing can have on your business is paramount to your continued success, and employing a strategy that involves a loyalty program will lead to nothing but amazing results.

Sources

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