Introduction

How engaged are your customers? Engaged customers are loyal customers. They spend more, visit your business more frequently, and refer other great customers like themselves to your business.

Given the importance of customer engagement, it’s not surprising to learn that it’s a top priority for merchants, especially multi-location, offline businesses that rely on a steady stream of customers to thrive.
Savvy merchants are turning to customer engagement platforms to connect with customers, grow their businesses, and increase revenue and ROI. With an effective customer engagement platform, you can reward your best customers so you can drive engagement and revenue. It frees up your time to do what you do best – run your business.

To help merchants engage their customers in personalized, relevant and meaningful ways, we’ve created this guide that answers the following questions:

- What is customer engagement?
- Why is customer engagement important?
- What are the three tenets of customer engagement?
- What should you look for in a customer engagement platform?

Let’s dive in and learn more about how you can engage your best customers and grow your business.

**What Is Customer Engagement?**

Customer engagement is all about interacting with customers in a way that forms a meaningful connection that fosters long-term brand affinity and loyalty. Simply put, *customer engagement* is the relationship that customers have with your business. The key word here is *relationship*.

Merchants that connect with their customers in personal and relevant ways are more likely to keep customers coming back and spending more – and keep them away from the competition.
Why Is Customer Engagement Important?

The stronger your connection is with your customers, the more engaged they are likely to be. Here’s why engaged customers are so valuable:

**Drives more repeat business**

By engaging existing customers, you’re focusing on customer retention, which is a smart financial move. It costs [five times more](#) to find new customers than it does to keep existing ones.

**Turbocharges revenue**

Once a customer forms a connection with your business, he or she will likely become a repeat customer – and that’s a powerful boost for your bottom line.

An engaged customer is worth 23% more in terms of share of wallet, profitability, and revenue, compared to the average customer, according to a [Gallup poll](#).
Improves customer service

Focusing on customer engagement means focusing on how you interact with customers. If your customer service is lackluster, 86% of consumers will quit doing business with you. By engaging customers and capturing and responding to feedback you can spot problems address them proactively.

The Three Tenets of Customer Engagement

Now that you understand what customer engagement is and why it’s important for your business, let’s explore the three tenants of customer engagement.

1. Capture robust customer data to understand your audience

The best way to engage customers is to get to know them on an individual level. It’s a given that not all customers are created equal and your customer base is made up of many different kinds of people. If you’re going to connect with them, you have to know them. Capturing data about their spending habits and preferences is critical.
You need a customer engagement platform that gives you access to this kind of data in a hassle-free way. You should capture customer data including:

- **Visit frequency.** How often customers are shopping at your store.
- **Average spend.** How much customers spend each visit.
- **Lifetime value.** A customer’s long-term worth to your business.
- **Competitor benchmarks.** How your customers interact with and purchase from your competition.
- **Itemized purchases.** What customers purchase down to SKU level detail and when they buy it.

2. Re-engage customers personally and directly
Think of customer engagement as an ongoing conversation. To succeed, you have to constantly reach out to customers at the right time, with the right message, and on the right channel.

Thanx makes it easy to re-engage customers. Here’s how:

- **Identify customer segments**

  Using data you have about your customers, it’s simple to identify customer segments and send tailored messages to each group.

  For instance, you can easily identify your most valuable customers (VIPs). Your VIP customers likely drive nearly 80 percent of your revenue, so it is extremely important to know who these customers are. Once you identify VIPs, you can reward their loyalty with specialized offers designed to engage them, reward them, and keep them coming back again and again.

  ![Customer segments](image)

  You can also segment your customers based on unique spending habits. A fast-casual restaurant, for example, can segment customers based on zip codes and send each group a specialized lunch offer. This kind of segmentation can drive 16x more responses than blanket promotions.

  Research shows more than half of all consumers want rewards, but just 11% of merchants actually offer them, according to DMA. So, why not give customers what they want?

- **Send personal, relevant messages**

  With customer segments created, you can craft personalized, relevant messages. Research shows 63% of consumers are interested in receiving tailored messages from merchants based on their shopping habits, according to research from DMA.
Using Thanx, you can send the personalized messages that you create on a variety of different channels. Reach out via push notification, text, or email.

Automated winback campaigns

Customers stray. It happens. But, with Thanx, you can automatically identify when a customer’s visit frequency slows and send a promotion to bring him or her back to your store. Sounds simple, right? It is.

Winback campaigns have proven to drive 49% of lapsed customers back to merchants. Here’s a peek at Winback in Thanx.

Customer referral program
To drive new business, encourage your happiest customers to refer their friends. Make it easy by giving customers a referral code to send to their buddies. Remember, your loyal customers are your best advocates, so let them be your cheerleaders.

When a referral code is used, reward both customers. By offering a simple code, you’ll attract new customers and bring in fresh revenue. How much revenue? The average referral campaign, which we call Thanxgiving, generates 734% ROI.

We also ensure you know that your referral program is working with easy-to-read reports:

- **1:1 communication**

Every merchant needs customer feedback to ensure the best customer experience. Using Thanx, merchants can effortlessly collect feedback after every purchase.

For example, after Jane gets a car wash at Zach’s Bubble Wash, the merchant can ask her one, simple question: How likely are you to refer Zach’s Bubble Wash? If the feedback is good, send a personalized thank you. If the feedback is negative, take the time to address the customer’s concerns personally. Reply to the message, make efforts to correct any problems, and possibly send a special offer to get your customers to come back.

By responding to feedback personally and privately, you can drive 14-21% incremental revenue, and keep customers from sharing negative feedback on third-party review sites like Yelp.
### 3. Measure success in real revenue

How do you know if your engagement strategies are working? Tracking website traffic or reviews doesn't equate to revenue. Thanx measures success in same-store sales growth and shows you exactly how your bottom line is growing with access to statistics like:

- **Increased visit frequency**

  When you reward customers for their loyalty, it's highly likely you'll see an increase in their visit frequency and spend. See which customers are coming in more often and how much more they're spending as a result.

  You can even drill down and see if a customer is spending more in an effort to reach a certain reward, which we call the **Homestretch Effect**, or see if customer spending is up overall as a result of a well-structured rewards system.

- **Check increases**

  Thanx drives revenue that you wouldn't have otherwise, and we prove it. You can see exactly what kind of sales Thanx drives for your business, and see how it relates to customer spending.

- **Winback ROI**

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**Respond to feedback, sales will grow.**

Likelihood to return in two months increases by...

<table>
<thead>
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<th>Event</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>Customer completes survey</td>
<td>↑7%</td>
</tr>
<tr>
<td>Customer receives merchant response to feedback</td>
<td>↑14%</td>
</tr>
<tr>
<td>Customer receives merchant response to feedback &amp; reward</td>
<td>↑22%</td>
</tr>
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</table>
By using our automated winback campaigns, you’ll bring lapsed customers back to your business— and be able to measure the results. You can see how much revenue came in as a result of the messages automatically sent to lost customers.

Last year’s return (May–Dec): $143,394

Thanx identified 1,594 at-risk customers in the last year, roughly 15% of your customer base.

Customers won back by this program spent $143,394 in the last 9 months (you’ve only been running Winback since May).

- Feedback ROI

Can responding to customer feedback really drive revenue? Yes, it can. With the ability to personally and privately respond to customer feedback, you can see how likely customers are to return.

**LISTEN TO FEEDBACK, IT MATTERS**

Customers who provide feedback have a 1.4x higher lifetime value

Customer Rates Experience
Lower lifetime value

Customer Rates Experience with Feedback
Visits more often, higher check sizes, active longer

What Should You Look for in a Customer Engagement Platform?
When it’s time to select a customer engagement platform you have choices. To help you narrow the field, here is a list of things to look for when you’re ready to choose:

- **A comprehensive platform**

  Look for a robust customer engagement platform that captures the data you need to identify important customer segments and take action, communication tools to reach customers across a variety of channels, and automation to make your to-do list a lot easier.

- **Easy-to-understand data**

  A lot of customer engagement platforms say they offer great customer data, but if you have to hire someone to interpret it for you, it’s not much good. Look for a platform that offers a centralized dashboard, visual reports, and access to both big-picture data and granular data like SKU level reporting.

- **Ability to identify and reward your best customers**

  You want a customer engagement platform that helps you understand your customer base, gives you the ability to segment customers into similar visit and spending habits, and a way to reward these customers for their continued loyalty.

  Rewarding true loyalty is more effective than discount-driven loyalty programs that undermine your bottom line. Be wary of programs that force you to send a bunch of coupons to customers in an effort to drive sales. It erodes your margin and attracts discount-driven promiscuous customers. You want to focus on rewarding the customers who actually reward your business.

- **A platform that’s not POS specific**

  Many customer engagement platforms only work with certain point-of-sale systems. This presents a host of technical problems. If your POS system goes through a software update, for example, your new customer engagement platform might not work. And, what if you change systems altogether?

  Look for a program that works regardless of your POS system. Thanx partners with MasterCard to provide the most up-to-date customer data and combines that with effective tools that you can use to connect with customers.

- **A team that cares**

  When you invest in a customer engagement platform, it should come with support. Some program operators take your money, set up their software, and leave you to do the rest.
Thanx has a squad of dedicated people who care about your company's success. We have promotional materials you can use to get customers excited about joining your program, launch plans that walk you through how to engage customers month-to-month, and people who are willing to answer your questions anytime.

Wrap up

Focusing on customer engagement is critical for brick-and-mortar businesses that want to grow their bottom line with a modern solution. By using a customer engagement platform, you can identify your best customers and reward them in a way that drives repeat business and loyalty.

Get a demo today.