



Retailer's Playbook: Finding and Winning New Customers





Few things are more important for a retailer than a steady stream of customers coming into the store, whether it's a brick-and-mortar business or online. But finding new customers (and keeping them) and then turning them into loyal customers can be difficult and expensive.

When it comes to acquiring and retaining customers, the goal should be to develop strategies that scale efficiently and make the most of every dollar. But to do that, you first need to understand your target consumers.

So we surveyed 1,800 U.S. consumers, illuminating trends on how they discover new retailers, why they decide to try a retailer, and what convinces them to recommend a retailer to others. From there, we developed strategies and tactics that capitalize on those behaviors to help you maintain a steady flow of new and repeat customers.

Report Highlights

- Consumers said they were most likely to ask friends and family for retail recommendations.
- Forty-six percent of consumers trust the reviews of other customers over professionals.
- Google Reviews is the favorite source for online reviews.
- Seventy-five percent of consumers said that they are likely to discover a new retail store on Facebook over other social networks.
- Sales and promotions are the factor most likely to influence someone to try a retail store.
- A flexible return policy is a very or extremely important factor for most consumers looking to try a store.
- Consumers don't recommend retailers very often — the biggest group (27 percent) only does so a few times a year.
- Forty-one percent of consumers include a photo when they post on social media about a retailer.
- Free shipping is one factor that might make someone write a positive online review. Rude staff would likely make someone write a negative online review.



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DISCOVERY: HOW CONSUMERS FIND NEW RETAILERS

Once a consumer has decided to purchase something, they have a plethora of retail options available to them. When they're trying to figure out where to start, how do you make sure that your retail store shows up on their list? Here are some of our key findings:

Consumers rely on their networks and online reviews to discover new retailers.

Consumers are most likely to turn to their friends and family for retail recommendations than any other source. Thirty-eight percent of consumers said it was their go-to source for retail ideas, while 29 percent preferred online review sites, and 13 percent went straight to social media.

These preferences do vary a little by age group. Thirty-nine percent of millennials and 51 percent of the 53+ group rely on friend and family recommendations. But 40 percent of Gen Xers and 34 percent of Gen Zers cite online reviews as their top source for retail discovery.

While friend and family recommendations and online reviews might be the sources that consumers are most likely to use, that doesn't mean consumers don't rely on a variety of sources to find new businesses.

Here's a look at all the sources that consumers seek out when they want to try a new retail store:



When you are looking for a new retail store to try, which of the following are you likely to seek out?



47%
ONLINE REVIEWS
POSTED BY CUSTOMERS

58%
RECOMMENDATIONS OF
FRIENDS OR FAMILY MEMBERS

21%
PROFESSIONAL REVIEWS

18%
THE STORE'S SOCIAL
MEDIA PRESENCE

29%
SOCIAL MEDIA
RECOMMENDATIONS

12%
POPULAR BLOGS

23%
NEWS ARTICLES OR
FEATURES

Consumers trust the opinions of other consumers.

Forty-six of consumers surveyed trust the reviews of other customers more than reviews by professionals. Only 12 percent trust expert reviews over the reviews of other customers.

When asked how trustworthy they find online reviews by other customers, 43 percent said they are very or extremely trustworthy. While the majority — 53 percent — find customer reviews somewhat trustworthy.

So while consumers trust other consumers more than professionals, they don't always trust their reviews completely. Seventy-seven percent said that it was very or extremely important that a reliable review has specific details about the products or services purchased.

When determining the reliability of a review, consumers also thought it was very or extremely important that the review have photos (46 percent), that the reviewer has visited multiple times (46 percent), and that their tone wasn't overly positive or negative (44 percent).



Consumers aren't necessarily going straight to review sites for reviews.

When we say online reviews, you might think about sites like Yelp and TripAdvisor. But the biggest group of consumers — 28 percent — said that Google Reviews is their favorite source for online reviews. This percentage is even higher among Gen Z — 41% said that Google Reviews is their favorite review source.

Google Reviews are built into the discovery process, which might explain consumer's preference. Consumers see Google Reviews any time they use a Google Search engine. So if a consumer wants to know the “Best Stationery Store” in their city, and Googles it, the first thing that comes up is a list of stationery stores near them with star ratings.

After Google Reviews, the favorite sites for online reviews are Facebook (26 percent) and Yelp (22 percent). There's an interesting divide on this. Thirty-five percent of Millennials and 30 percent of Gen Xers citing Facebook as their favorite source, while 27 percent of Millennials and 24 percent of 53+ prefer Yelp.

How often do consumers look up reviews on a website or app?



Facebook is the top social network for discovery.

Seventy-five percent of consumers said that they are likely to discover a new retail store on



Facebook. This is more than three times the number that are likely to discover a retailer on Instagram (23 percent). And it's five times more than Twitter (15 percent) and Snapchat (12 percent).

The likelihood that someone will find a new retailer on Facebook is even higher among millennials (80 percent), Xennials (81 percent), and Gen Xers (87 percent).

Where social media usage really starts to shift is with the youngest generation — Gen Z. Only 61 percent said they are likely to find a new retailer on Facebook, 48 percent said they are likely to discover a new retailer on Instagram, 35 percent said they are likely to find it on Twitter, and 30 percent said they are likely to find new retailers on Snapchat.

In terms of content, 40 percent of consumers have become interested in a retail store because of a picture someone posted on social media.



Some social media discovery is proactive.

Not all consumers are just scrolling through social and coming across retailers. Some are asking their networks for recommendations (Facebook even has a special feature for this now).

Nineteen percent of respondents ask for retail recommendations via social media a few times per month. But 38 percent ask for retail recommendations on social media even more often than that — 12 percent ask for recommendations more than once a day.



RETAILER'S PLAY

Strategy: Increase your business's discoverability

Retailers need look at consumers' discovery processes and respond by making their businesses more discoverable. Each channel should be optimized to be easily findable by new customers, but depending on who your ideal customer is, you may choose to spend more time on one than the other.

For example, 45 percent of Gen Z consumers and 36 percent of Millennials look to social media for recommendations. Older age groups don't place nearly as much value on recommendations made via social. But 30 percent of Gen Zers are also looking at retailer's social presence (their profiles, posts, etc.) as part of the discovery process — that's nearly double any other generation.

The tricky part here is that most of these sources include content generated by other people. You can't control what they write or if they even write at all, but you can engage in tactics that encourage reviews, particularly positive ones.

Here are some tactics to make sure that these channels help (not hurt) your chances of being discovered:

Tactic 1: Update your social profiles

Social media plays a big part in the discovery process and while you can't control what other people write about your business, you can control your own social media presence. Sixty percent of respondents said that a retailer's social presence is important in their decision to try it out (and this is even higher among some groups like Gen Z, Millennials, and Xennials).

You should aim to have an active presence on social networks where your target audience spends time. Part of that is ensuring that your profiles are up to date and full of information that potential customers search for.

Retail consumers who we surveyed said that they expect to find customer reviews, contact information, photos of products and the store, as well as info about prices on retailer's social channels. This is very similar to what they expect to find on a retailer's website, which speaks to



how consumers use social profiles (as a website substitute).

Tactic 2: Invest in PR

Whether it's through a popular blog, more traditional publications, or professional reviews, all retail consumers surveyed said that they look to editorial sources to discover new retailers.

Gen Zers and Millennials, as well as Xennials, rely on blogs to discover new retailers more than other age groups. The 53+ group has more of an affinity towards more traditional articles and



features. And 21 percent of all retail consumers look to professional reviews. (Although the idea of what a professional review is might vary by generation; [Gen Z](#), for instance, sees influencers as experts.)

So you should invest some time and energy in publicizing your business. If you are doing PR outreach in house, make sure that you have a solid pitch before you reach out to bloggers or reporters (email is often the most effective way to do this) and your website and social channels are up to date (writers will look there first). You can also outsource this work through a contractor or an agency who can help you craft a pitch and who comes with a list of contacts.



If your target customer is young (Gen Z or Millennial), you also might think of starting an [influencer program](#) to get the word out.

Tactic 3: Tend to your online reviews

Online customer reviews are the second most used source for discovering new retail stores. So your business needs to put its best foot forward wherever there are reviews online.

The first step is to claim your business pages on Google and [Yelp](#), and ensure you have a Facebook page for your business. Then, much as you did with your social channels, make sure your review pages have pricing or cost information, hours of operations, and a link to your website. (Fifty-four percent of consumers almost always or often click on website links included in review pages.)

You also want to make sure that your review pages are full of images. Most consumers (69 percent) want to see photos of your products or services, while a smaller group (19 percent) want to see photos of your brick-and-mortar space.

Once you have your pages all set up, you need to make sure you are monitoring them. Forty percent of consumers read the most recent review first, so you want to make sure that first review makes a good impression. You should get in the habit of responding to reviews where possible, showing that you are engaged with your customers.

Twenty percent of consumers look to negative reviews first, so responding to that feedback could be particularly important. Remember, the customer that left that review isn't lost yet — responding to the negative feedback is your opportunity to save the relationship. So respond quickly, offer an apology, and let them know you appreciate the feedback. (If the review is particularly bad, you might reach out privately and offer a discount or refund.)



DECISION: WHY CONSUMERS TRY NEW RETAILERS

Once a consumer has discovered your business, you need to convince them to give it a try. With so many retail options available, how do you get a shopper to choose you instead of your competitors? Here are some of our key findings:

Sales and promotions are influential in the decision-making process.

Eighteen percent of customers said that sales and promotions are the most influential factor when they are deciding to try a new retail store. As you can see below, this is only slightly ahead of friends and family recommendations and free shipping. These are the most influential factors when it comes to deciding to try a retailer:

Still thinking about the factors that influence whether or not you will try a retail store, which of the following would you say is most important?





When asked about which factors were least influential in their decision to try a retailer, 34 percent of consumers said special shopping events.

While sales and promotions might be the most influential factor in the decision to try a new retailer, consumers said that plenty of those other factors are still important. For instance, 69 percent said that free shipping is very or extremely important when it comes to trying a retail store. And 47 percent said it's very or extremely important that a retailer have online shopping.

Consumers might look for a different retailer if credit cards aren't taken.

Sixty-one percent of consumers it's very or extremely important that a retailer they are going to try accepts credit cards. (And it's even more important to Millennials and Xennials.)

When we asked generally about businesses 35 percent of consumers said that if a place they were thinking about visiting didn't accept credit cards, they would look for a different place. That could mean a huge loss if your business is not properly equipped to handle all sorts of credit card payments.

But more than the loss of a single customer's business, it could also damage your business's reputation. When asked why a business wouldn't accept credit cards, 43 percent of consumers said that they don't want to pay the fee to the credit card company. But with younger people (particularly Millennials) there's a perception that businesses that don't accept credit cards are old-fashioned.

Since consumers rely so heavily on the recommendations of others to find new retailers, you don't want the idea that your business is old fashioned spreading.



35% of consumers said that if a place they were thinking about visiting didn't accept credit cards, they would look for a different place.



Consumers want the option buy online and return in store.

Seventy-four percent of retail consumers said that if they are going to try a retailer that it's very or extremely important that they have a flexible return policy. (This is highest amongst people who make the highest incomes.)

So what makes a flexible return policy? The most important factor for the consumers surveyed is that they can buy online and return to a local store. (Gen Z, Millennials, and Xennials also put high value on the ability to return without a receipt — like the result of their relatively paperless lifestyle.)

Consumers said that the least important factor in a return policy is a long return window. This is surprising since most companies that are known for their return policies — like Zappos or Nordstrom — really play up their long, long return windows.

But here's the kicker: Twenty-two percent of consumers said they wouldn't be likely to try a retailer if they knew it didn't offer a return policy with the features they find important. Forty-two percent said they would only be somewhat likely to try.



RETAILER'S PLAY

Strategy: Encourage consumers to try your business

Just because a consumer knows about your business, doesn't mean that they will visit it. So once you've made your retail store discoverable, the next step is to make sure that your business is attractive to potential customers.

This means two things. First you need to develop programs, policies, and processes that appeal to your target audience. And then you need to communicate them.

We've already reviewed what retail customers value in a business they are going to try. Here are some tactics you can use to capitalize on those behaviors:

Tactic 1: Plan a calendar of regular promotions and sales

If promotions influence new customers to try your business, then you need to create a calendar that has regular sales events.

First, take a look at the times of year that consumers expect to find sales. Retailers often have sales around holidays — President's Day Weekend, Labor Day, the weekend after Thanksgiving — or times of year, like back-to-school shopping season. Determine which of those sale holidays or seasons would be best suited for your business.

Then take a look at your actual sales. If you have a point-of-sale system with [integrated analytics](#), you should be able to review your over sales and revenue during a given month, quarter, or year. You might schedule sales based on the dips in sales — so you can make sure people are coming in during your business's slow times — or you might do the opposite to encourage even more traffic.

Once you've created a calendar, you need to think about how you're going to get the word out to potential customers. You know that consumers tend to discover new retailers through word-of-mouth, review sites, and social media, so that's a good place to start.

For each sale, plan to send an email to current customers — not only will it bring them to your



store, but also they might share the sale with their friends. (You could even incentivize that behavior with a discount for referrals.)

Then make sure you update your review pages with your sale information. You could do this in the information section or you could upload an image with all of the sale information.

And last, but not least, promote your sale all over your social channels. Develop clear messaging that gives all the necessary details and update your profile pages with photos that reflect something big is going on at your store.

When you post about your sale on social media, target your communication so it reaches an audience in your area. Ninety-two percent of respondents in the survey said that proximity is important when they are deciding to try a new business.



(And if you have a little money, put some dollars behind your posts to make them even more effective.)

Tactic 2: Make sure your technology is up-to-date

You could lose out on business if you don't accept credit cards. So you want to make sure that you have a [POS](#) and payment processing system that is integrated so you can easily take credit cards.



(And remember, you need to accept chip cards — [84 percent of cards](#) processed through Square have a chip.)

While most people use cash, credit, or debit, more and more people are starting to use mobile payments as well. Our study found that 26 percent of consumers have used mobile payments, but that number increases with younger generations (Xennials, Millennials, and Gen Zers).

Mobile payments are the fastest, most convenient, and secure way to pay. And a [previous study](#) we did on payment methods found that people who do use them love them — they are often cited as the ideal payment method.

Tactic 3: Craft a stellar return policy

A [return policy](#) can be a deal breaker or a deal maker for consumers. So it's important to focus on creating a return policy that will speak to your target audience.

While our data shows that features like buying online and returning in-store are most important to retail consumers, you shouldn't shy away from other features. For example, you might decide that you want to offer a long return window. A [study on return policies](#) by the University of Texas-Dallas found that policies that provide more time for returns and refund a larger percentage of the original cost are the most effective in increasing overall sales.

To determine what to offer in your policy, you should do your research. Read up on the latest studies and see what your competitors' policies look like (so you can meet or exceed it). You also might survey your existing sellers to determine what they would appreciate most in a return policy.

Once you've determined what to include in your return policy, you need to make sure that it is clearly communicated. There should be no question in your customers' minds as to what can and cannot be returned.

Outline the types of items that are accepted, the condition they must be in, where they can be returned, and what (if any) time frame they must be returned within. You should also be clear about whether you offer money-back refunds or store credit. Then make sure the policy is posted in your store and on your site.



Of course, the other bonus of a flexible return policy is that it can help you create a loyal customer base. Nordstrom and Zappos' return policies, for instance, make it incredibly easy and convenient for customers to shop. People are more willing to shop there (and take a chance on buying something that may or may not work) because there will be no hassle for returning it.

Tactic 4: Invest in omnichannel sales and marketing

One of the features that consumers want in a return policy is the ability to buy online and return in store (also called BORIS). More and more customers are using omnichannel features like [BORIS](#) and [BOPIS](#) (buy-online-pick-up-in-store). A study by JDA Software found that use of these features has increased by more than 50 percent and 44 percent, respectively, in the last year.

Retailers that excel at [omnichannel retail](#) create a seamless brand ecosystem that leverages in-store, mobile, and desktop channels to engage customers and nurture them along their buying journey. An omnichannel strategy means being wherever a consumer want to engage with — or purchase from — your business and it's the kind of experience that customer have come to expect.

While creating an omnichannel experience is a lot of work for you, the good news is that there are major benefits.

A [Harvard Business Review](#) study found that omnichannel shoppers spend an average of four percent more every time they shop in the store and 10 percent more online than single-channel customers do. And customers who used more than four sales channels (such as a mobile app, website, social media, etc.) spent nine percent more in the store than customers who just used one sales channel.

If you haven't implemented an omnichannel strategy yet, the first place thing to do is make sure that you have an website and online store that is optimized for mobile. Ideally, you should use an [e-commerce platform](#) that integrates with your POS so you can track sales across both your brick-and-mortar locations and your online shop.



RECOMMENDATION: WHY CUSTOMERS RECOMMEND RETAILERS

You have a new customer. We know that consumers trust each other, so how do you use your new customer to get more? Here are some of our key findings:

Consumers don't recommend retailers very often.

While customers are very reliant on recommendations from friends and family as well as consumer online reviews, most of them don't recommend retailers very often. When we asked consumers how often they recommend retailers, the largest groups (27 percent) said that they only recommend a few times a year. But there is a small group (about seven percent) that are super recommenders — they recommend once a day or more.

When they do decide to make a recommendation, 77 percent of retail consumers do so in personal conversations, 25 percent post on social media, and 19 percent post to review sites.

These percentages shift, however, when you look at different age groups. For instance, Millennials are more likely to recommend retailers via social media (36 percent) while nearly all consumers in the 53+ group recommend retailers in person (96 percent). Xennials are the group that are most likely to recommend retailers with a written review.

And what are they most likely to recommend? Nearly half of respondents place equal weight



on the products available at a store and the service they get there. But 33 percent will make a recommendation based on product alone, while 19 percent will base their review on service.

Social recommendations are about more than words.

When consumers take to social media to share recommendations, they often use more than just words — they use photos too. Forty-one percent of retail consumers often or almost always include a photo as part of a social media post recommending a retailer. Only 23 percent rarely or never do.

What inspires someone to post a picture of a retailer to social media? Fifty percent said the product or service being offered has inspired them to post a picture.

What would inspire you to post a picture of a retail store on social media?



INTERESTING ART OR DECOR

37%

STORE DISPLAY

36%

A FEATURE THAT IDENTIFIES
WHERE THEY ARE

35%

THE EXTERIOR OF THE
STORE

28%

Repeat visitors write online reviews.

People who write reviews are more likely to be repeat customers. Fifty two percent of consumers said they would want to visit a retail store two to three times before writing a review.

Still, there is a group (24 percent) that would review a retailer after the first visit. And that number goes up with Gen Xers — 33 percent of whom would review a retailer after the first visit.



Free shipping and rude staff make people likely to write reviews.

Positive online reviews are very important for your business. In fact, only eight percent of consumers surveyed don't put any importance on positive online reviews. And 31 percent said they are extremely important.

But here's the thing about reviews — they aren't always good. Of course, you can't totally avoid bad reviews, but you can create an environment that fosters positive feedback.

When we asked retail consumers the top three factors that would make them write a negative review, they were all pretty basic: the staff was rude or inattentive; the store was dirty or uninviting; and the products were poor in quality.

Which of the following might make you especially likely to write a negative review?



9% TROUBLE CHECKING OUT

13% MESSY INVENTORY

12% RESTRICTIVE RETURN POLICIES

12% PRODUCTS WERE OUT OF STOCK OR UNAVAILABLE

9% LIMITED SIZE QUANTITIES

44% PRODUCTS WERE POOR IN QUALITY

3% IT WAS TOO LOUD

61% STAFF WAS RUDE OR INATTENTIVE

14% THERE WERE STRONG SMELLS

47% STORE WAS DIRTY OR UNINVITING

1% SOME OTHER REASON

10% STAFF WAS INTRUSIVE OR TOO ATTENTIVE

11% LONG CHECK-OUT LINES

20% COULDN'T FIND SOMEONE TO HELP ME



So what gets a retailer positive reviews (besides great products): free or expedited shipping, a forgiving return or exchange policy, and a free gift with purchase.

Which of the following might make you especially likely to write a positive review?



35% FREE GIFT WITH PURCHASE

9% SOMEONE OFFERS TO START YOU A DRESSING ROOM

32% FREE RETURNS

20% MAKES SUGGESTIONS FOR OTHER THINGS YOU MAY LIKE

4% SOMETHING ELSE

29% HELPS YOU FIND AN ITEM SOMEWHERE ELSE

29% LOYALTY PROGRAM

35% FORGIVING RETURN AND EXCHANGE POLICIES (WITHOUT A RECEIPT)

17% SPECIAL SHOPPING EVENT

41% FREE SHIPPING OR EXPEDITED SHIPPING

13% OFFERS YOU WATER OR REFRESHMENTS



RETAILER'S PLAY

Strategy: Turn new customers into brand advocates

Once you've convinced a consumer to visit your store, you have a big opportunity — to turn them into a repeat customer who advocates for your business. This is important for two reasons, and both affect your bottom line.

First, returning customers are more valuable to your business. A [study on customer loyalty](#) by Bain & Company found that when customers come back in, they spend roughly 67 percent more than first-time customers. And another study by [Bain & Company](#) found that increasing customer retention rates by five percent increased profits anywhere from 25 to 95 percent.

You'll also spend much less money maintaining the relationship with a current client than you might trying to acquire a new one. Customer acquisition is anywhere from five to 25 times more expensive than customer retention, [depending on the source](#). That is, unless you use your loyal customers as an acquisition channel.

That brings us to the second reason. If most consumers rely on friends and family for retail recommendations, then every new customer that visits your store has the potential to bring in more new customers. By harnessing the power of your loyal customers, you can bring down the cost of — and create — a scalable acquisition program.

So once you get that customer in the door, you need to put tactics in place that encourage repeat business, and then brand advocacy.

Tactic 1: Make customer experience a priority

While the products that you sell are important, the difference between someone deciding to write a positive or negative review about your business really comes down to experience. (And whether or not they do business with you more than once may depend on this also.)

The good news? To ensure that you aren't getting negative reviews, you really need to invest in the basics — a clean and orderly store with helpful and friendly staff.



The bad news? It's very easy to be lax with the basics, especially if you have a multilocation business that you can't constantly monitor.

To ensure your retail experience doesn't rub anyone the wrong way, you want to prioritize a few things:

Hire the right staff.

A good customer experience starts with the people who create it: your employees. This starts by developing a clear description of each of the roles you are hiring for. If you're clear with your expectations, you're more likely to get applicants who can meet them.

If you already have staff that you think do a great job, ask them to refer like minded people to new roles. Or better yet, let your favorite customers know that you're hiring.



Once you have some candidates in place, make sure you're rigorous in the interview process. Don't just wing it; [have a list of questions](#) ready to go that really get to what the candidate would be like to work with.



Provide consistent training.

Once you've hired the right people, you need to set them up for success — and that means comprehensive training.

First and foremost, you need to teach your employees how you expect them to interact with customers. Review how you want your workers to greet people and help them shop (Do you want them to start dressing rooms for people? Do you expect them to provide recommendations?). And go over how you want them to handle more difficult things, like returns, ordering inventory from other stores, and unsatisfied customers. Make sure you give them a chance to practice their customer service and provide feedback before you let them out on the floor.

It's important for your staff to be friendly and attentive, but they also need to make the process of shopping quick and easy for customers. That means training them on all of your systems and technology.



Make sure every employee knows how to input orders and take payments quickly on your POS from day one. Again, have them practice frequent transactions like making purchases and issuing refunds as well as less frequent types like selling or redeeming gift



cards. (Training new hires is much easier, though, if you have an intuitive [point-of-sale](#) so make sure your technology is optimized for easy of use.)

Set up day-to-day processes.

Customers want to shop in clean and orderly stores. So create processes and schedules to ensure that your stores are always in tip-top shape. That may mean assigning the employees who close to vacuum and wipe down counters. Or maybe it means making sure that employees on every shift are doing small chores to organize and clean the store during the day.

Those processes should also include organizing inventory. Make your customers' experience seamless by ensure that similar products are all kept in the same area. If you sell clothing, make sure that items are folded or hung and ordered by size. (And don't forget about the back of your store — the faster your employees can access inventory in the back, the better they can serve customers.)

Once you've outlined processes and set expectations for employees' responsibilities, make sure you have someone to oversee it all, whether that's you or a manager.

Now that you have the basics in place, you can focus on creating an experience that wows.

Tactic 2: Start a loyalty program

Yes, a loyalty program is one aspect that could lead to a positive review. But it can also help you turn a first time customer into a regular.

Eighty-one percent of consumers agree that loyalty programs make them more likely to continue doing business with a brand, according to a [study by Bond](#) in collaboration with Visa. Customer loyalty programs are particularly attractive to Millennial consumers; 68 percent of 20- to 34-year-olds said they would change where they shopped if it meant getting more rewards, according to the same study.

It's really pretty easy to understand why customers love loyalty programs — everyone likes getting things for free or discounted. But there are also major benefits for retailers that use loyalty programs effectively.



Loyalty programs can help your bottom line. In addition to creating loyal customers, we've found that participants enrolled in a [Square Loyalty](#) program spend 33 percent (on average) more after they join than before.

A loyalty program can be done manually (with punch cards and stamps), but choosing a digital program that integrates with your POS can give you insight into your consumers' behaviors and help you make informed decisions about where to allocate more time and effort. With a digital program you can also collect email addresses, which will help you build relationships with your customers through email.

If you decide to move forward with a loyalty program, you'll want to think what kind of rewards you will offer (you want it to be valuable) and [how people will earn those rewards](#) (is it by transaction or spend or type of product). Once you have your program set up, make sure you promote it both in store and on all of your communication channels.

Tactic 3: Invest in a referral program

If people mostly rely on friend and family recommendations when they are looking for new retailers, then why not incentivize their friends and family to talk your business up?

If you want to start a referral program, first you want to consider what you are offering in exchange for the referral. Many retailers provide discounts (often to both the referrer and the referee) in exchange for a referral, but that's not the only way to go. You might provide a free gift or, if you have an eCommerce business, free shipping.

Then you need to decide how to administer and track the referrals. You could do this with physical coupons and give away "friends and family" vouchers to customers in the store that they can share with their loved ones. Or you might choose to go digital and create either referral codes or links for customers, or ask them to refer friends' email addresses to your business. If you decide to go digital, there are a number of [software options](#) that can do the heavy lifting.

Tactic 4: Inspire sharing

If consumers are also looking to social media to discover new retailers, then you want to make sure your customers are posting about your business. You can do this through a campaign that



asks people to share your business or by creating an experience that is shared organically.

Create social campaign for endorsements

With this approach you aren't asking consumers to write a direct endorsement of your business via social. Instead you're asking them to generate content that is related to to your business or brand. When they share that content, they are tacitly endorsing your brand and helping you reach new groups of prospective customers.

You've probably seen this type of user generated content (or UGC) campaign all over social media, you may have even participated in one. One of the best known UGC campaigns is run by [Starbucks](#) every holiday season. They ask customers to decorate their holiday cups and then share photos of it on social media.

If you're going to run this type of campaign, here are some things to think about:

- **Audience:** Who do you want to create content for your campaign? If you want your current customers to create content for you, you want to make sure that you reach out to them through email or another channel and let them know about your campaign. If you want to expand your reach with [social influencers](#), you'll want to set aside some additional budget. Urban Outfitters runs a campaign called #OUonYou that encourages style bloggers to share outfits they've purchased at the store.
- **Content:** What do you want people to post about? Home furnishings site Wayfair has a campaign — #WayfairAtHome — that asks people to share how they've used their Wayfair purchases to decorate their home. A campaign that asks people to share how they use your products (either through words or images) can be run all year long. But you could also capitalize on a holiday or season to run a more specific campaign (like Starbucks).
- **Rewards:** Are you offering something for people who post? Aerie by American Eagle ran a campaign to raise awareness about their practice of not photoshopping their models. They asked people to post unretouched photos of themselves in swimwear with the hashtag #AerieREAL and for every photo they donated \$1 to the National Eating Disorder Association. You could run a contest and offer gift cards or discounts to people with the best posts. That's not to say that you have to offer something in



return at all or that it has to be monetary. Sometimes just reposting the consumer's content is enough of a reward.

- **Hashtag:** How are you tagging all this UGC? You might have noticed that all of these campaigns ask people to use a specific hashtag. This will allow you to find all of the UGC on various social networks. Think carefully about your hashtag. Make it short and easy to remember.

Encourage organic sharing

There are other ways to encouraging people to share your brand other than campaigns. You can create experiences that inspire them to do so on their own.

As we previously discussed, great customer service is one way to do this. So are special events, like previews of a new season's merchandise or VIP shopping events or night's that highlight a specific brand or producer that your store carries.

And then there's your store itself. Interesting art and decor and head turning displays and features that easily identify your business are all things that people can photograph and the post to social platforms to let people know where they are. This is an important thing to think about if you cater to a younger demographic that tends to spend time on platforms like Instagram and Snapchat.



CONCLUSION

While the channels where you can reach consumers have changed dramatically over the last decade, one thing remains remarkably consistent — consumers today trust each other. Whether they approach each other in person, over social media, or through review sites, consumers rely on the recommendations of other consumers when they are looking for new retailers.

But that doesn't mean that retailers are powerless. You can't control the conversations, but you can put policies and practices in place that encourage consumers to try your business. Flexible return policies, omnichannel features, and good promotions all go a long way in making your business attractive to new customers.

Once you've gained new customers, you need to put systems in place that encourage them to come back and recommend you to others. Good service and a clean and orderly store go a long way with most customers. But to really rev up the recommendation engine, you should aim to wow them with extras.

Once you have a system that encourages people to recommend your business, you should be able to scale customer acquisition and retention efficiently. Your loyal customers will recommend you to new customers. Then they will become repeat customers who recommend you to others.



METHODOLOGY

The survey, conducted by Square in partnership with the research firm Qualtrics, reached 1,800 online respondents across the United States with the goal of understanding how consumers both discover and recommend businesses, with a particular emphasis on restaurant, retail, and salon businesses.

Participants were all U.S. residents, over 13 years of age, and not working in market research. The key metrics evaluated were financial product usage, mobile device compatibility, technology usage and experience, and psychographics.

When reviewing responses, consumers were grouped by age groups defined as:

- Generation Z, ages 13 to 20

- Millennial, ages 21 to 33

- Xennial, ages 34 to 40

- Generation Y, ages 41 to 53

- Baby Boomers and Silent Generation, ages 53 and above



About Square

Square creates tools that help sellers of all sizes start, run, and grow their businesses. Square's point-of-sale service offers tools for every part of running a business, from accepting credit cards and tracking inventory, to real-time analytics and invoicing.

Square powers business of every size by offering custom processing rates, advance reporting, world-class data security, and partner integrations and APIs.

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