

Customer Loyalty for Online Businesses

Interview with consumer engagement strategist, Gregory Birge, F5DIGITAL Consulting

Online shopping has become increasingly popular given the convenience and ease of use. We interviewed Gregory Birge about what it means by online customer loyalty and how to build online customer relationships.

WHY E-SHOP BUSINESS IS BECOMING SO IMPORTANT?

It is about convenience. Internet and mobile allow consumer to purchase product anytime and anywhere. Consumer can research, compare price, and decide at own pace without pressure from sales personnel. Secondly, payment systems are more stable and secure. Banks and merchants have tightened up their security measures. One example will be the SMS validation (know as One-Time-Pin) by DBS each time you make an online purchase.

Also, payments and money transfers can be made through the Internet via Paypal and small amount payment gateways without having to enter credit card details each time.

WHAT IS THE MARKET POTENTIAL FOR ONLINE SHOPPING IN SINGAPORE?

A recent study by Paypal revealed that Singapore online shopping market has reached S\$1.1 billion in 2010 and is forecasted to reach S\$4.4 million in 2015.

Online shopping is definitely going to a norm, especially with the increase in IT-literate Internet-savvy population, the convenience and security stability.

LOOKING AT THE COMPETITION, HOW CAN ONLINE BUSINESS ATTRACT AND RETAIN CUSTOMERS?

Essentially, it is the whole customer experience that propels return and repeat purchases. Consumers usually look out for attractive looking website, easy and intuitive product search, ease of check-outs, secure payment, etc.

This is what I call the Iceberg Axiom. The website is the visible part of the iceberg. However, it is the hidden part that can disrupt the customer experience, such as coordination with other functions such as finance, logistics, and operations team.

SOME POINTS TO NOTE WHEN CREATING ONLINE BUSINESS.

- Create a dedicated experience
Uploading of your product catalog will not resonate. Online shop must have a dedicated experience; similar to the brand experience you have in your offline store.

- Select the right product
Select products based on the marketing strategy, either for online exclusive or offline bundles, etc. Dedicated sales strategy must be in place.

- Same pricing
Price gap of 10%-15% is acceptable but online does not mean cheap. Services must be proposed to value-add experience.

- Distribution + stock management
Same as offline sales, online sales require the same effort to manage stock, delivery and are not necessary easier. A clear exchange policy needs to be in place for example.

- Define product range clearly
Customers can easily compare prices, so companies should define their selected available products well. For companies offering wider product range, online act as a magnifier to the rest.

- One customer
If you have a loyalty program and redemption point, consumer should be entitled the same benefits offline and online.

- Select the proper tool and platform
There are multiple ecommerce solutions and it should be evaluated properly before implementation, such as off-the-shelf, credit card payment gateway, link to SAP or stock management, etc.

- Select the right online strategy
Strategies for online is similar to offline; need to consider if it is a dedicated brand web-store or selling via distributor site. Similar to other marketing initiatives, online shops works best when the focus of the entire strategy and planning is the consumer. **F**



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Gregory Birge, Founder & CEO of F5DIGITAL Consulting

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Paypal "Online and Mobile Shopping Insights" 2011