

SMARTCONNECT



The Science of

CUSTOMER
ENGAGEMENT

& How To Use It

Is Quality of Service Overrated?

Quality of service is the cornerstone of every business. It shows commitment to customer satisfaction and builds trust over time.

While service and satisfaction go hand-in-hand, **engagement** defines the relationship you have with your customers and guides it for years to come.

According to the latest studies, engagement is actually more effective at converting new customers into repeat customers, and then loyal ones, than quality of service.

What is a good example of customer engagement? Just examine any successful major league sports team.

They create so much loyalty that fans will watch them regardless of where they are in the standings.

Not all brands are as exciting as a professional sports organization, but they can build that same enthusiasm in small yet significant ways.



Surprisingly, when it comes to developing customer loyalty, engagement is more important than quality of service.

You're Not Getting the Complete Picture

For decades, companies have been collecting data on customer satisfaction. Each data point analyzes and describes the quality of service, product offerings, and execution. This has become standard practice for most businesses, yet it fails to give a complete picture of their customers. Data on customer satisfaction serves as a proxy for success, but it significantly lacks the following:

- **Availability and pricing of goods and services from the customer's point of view**
- **A failure to understand true brand loyalty**
- **Superficial responses by the customer**
- **Substandard benchmarks for improvement**



The problem is a lack of depth necessary to understand true satisfaction and why, because the metrics are company-centric.

Satisfaction does not reflect the customer's place in the equation—only the outcomes.

Companies that fail to investigate this gray area may increase their chances of falling behind when the markets shift quickly (as we have already seen during the COVID pandemic).

For example, quality of service is a vital component of a customer satisfaction survey. However, there are situations where satisfaction is high, even though the service is mediocre or poor. These situations commonly appear because of a lack of availability or discounted pricing. The customer doesn't care if their order fails to arrive on time or is of inferior quality, as long as it arrives and at the low price they wanted.

Don't Rely on Customer Satisfaction

Engagement is not a marketing fad. Research shows that even satisfied customers will go somewhere else if they don't feel engaged with a brand. So, relying on satisfaction surveys can be misleading or even detrimental to future growth.

Focusing on satisfaction treats each customer as a group, as if everyone had the same backgrounds and interests, when, in fact, they are not. These surveys also treat newly acquired customers the same as repeat or loyal ones.



Should you stop giving customer satisfaction surveys? No. But you shouldn't rely upon them as much as you might think.

In today's highly competitive marketplace, satisfaction surveys won't give you the edge you need to maintain a strong customer base to grow your business. It's time to distinguish between satisfaction and stronger, more positive emotional responses.

What Is Engagement?

The concept of engagement has been described as a relationship between the customer and the company. Engagement is based on rational and emotional bonds with a brand. Rational could mean the following:

- **Convenience**
- **Price**
- **Quality**

Location, availability, and service are all rolled up into convenience.

As for price, studies have shown that price doesn't matter as much as you may think, especially if the company provides convenience.

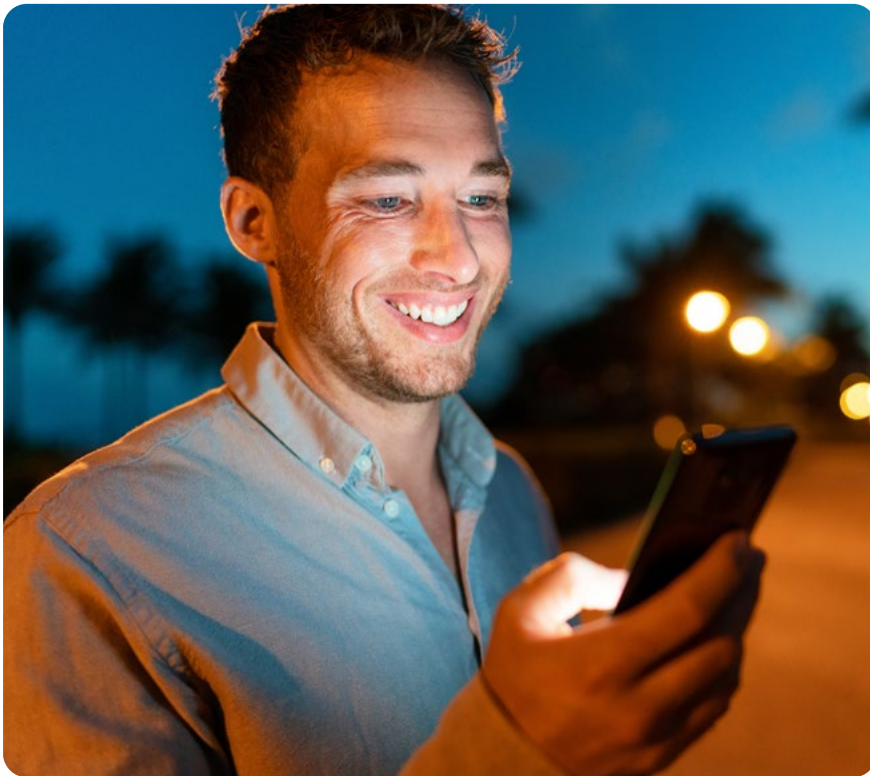
The same can be said for quality, except for the low quality of a product or service that may lead to lost sales.



Emotional bonds show the strength of the relationship. These include:

- **Trust**
- **Integrity**
- **Pride**
- **Passion**

Emotional bonds connect to the products and services, as well as the employees. They also connect with what the company stands for, its mission, and who it supports in the community.



The strength of emotional bonds varies from low-to-high, or none at all.

Of course, highly engaged customers are what you want, but medium and low engagement levels are much better than none.

People are much more likely to leave brands when they have no engagement whatsoever, which leads us to learn more about engaging with customers that have no purchasing history.

It's much better to have medium to low customer engagement, than to have no engagement at all.

Developing Bonds With New Customers

A customer's familiarity with your brand increases over time, but new customers have no prior experience. They don't understand everything you have to offer, yet they have already begun to engage with your brand.

To understand their current level of engagement, you need to ask some fundamental questions:

- 1. How did they find out about you?**
- 2. Did they find what they were looking for?**
- 3. How can you benefit them in the future?**

These are essential questions for every new customer that walks in the door.



You might get a range of answers:

- **“I found you on social media.”**
- **“My friend recommended you.”**
- **“We drove by your store the other day.**
- **“You sponsored a community event I attended.”**

Each of these indicates the level of engagement.

Community events show your integrity as well as the strength of commitment. If you're willing to commit to the community, you will commit to them as a customer.

Word-of-mouth and social media recommendations are the leading reason consumers choose a product or service, which shows that they trust the brand before buying it.

You can build momentum with new customers by consistently meeting their expectations, as well as expanding your role in their lives.

Do they know about your shared interests?

Many brands have chosen to be more green to show that they care about the environment.

People respond to this with enthusiasm because it's something they believe in.



Did you know that many of your repeat customers are as engaged with your brand as the new ones? It's true. Your relationship with them has probably been transactional. Yet, repeat customers are the most significant opportunity for your brand to grow, simply by engaging more with them.

The Benefits of Loyal Customers



Loyal customers bring enormous benefits to your company:

- **A continuous stream of revenue**
- **Reduced marketing costs**
- **Reduced operating costs**
- **Referrals**
- **Immunity to your competition**

As you can see, turning new and repeat customers into loyal ones is essential for any business.

A loyal customer becomes the backbone of your business and will go out of their way to engage with your brand. Best of all, they spend more money than new customers for several reasons:

- They take advantage of all the services you provide.
- They purchase from more product/service categories while migrating away from your competitors.
- They find more value in what you have to offer.
- They have inside knowledge of promotions and discounts.

Nurturing Loyal Customers



So how do you turn a new or repeat customer into a loyal one?

On the following pages, we'll describe a number of marketing and customer service activities, backed by research, that are the perfect starting point.

Loyalty is infectious, especially when **60%** of customers will tell their friends and family about their favorite brands.

1 Loyalty Program with Rewards

A loyalty program engages with people in several ways.

First, it allows them to earn discounts on products and services by earning points toward rewards.

Second, it gives them VIP status that builds an emotional connection through preferential treatment.

Finally, it draws them deeper into your brand through targeted, personalized communications, such as texts or emails broadcasting promotions or a new item in stock. Within a loyalty program, you engage with customers in ways that fulfill their rational and emotional needs.



2 Social Media

Engagement on social media is important for every industry. Consumer-driven industries, such as retail or restaurant, need to have a constant presence on social media and online review websites.

Social media allows you to promote the social aspects of your business, which make deeper connections with your brand. It also allows you to interact with their customers in nearly real-time.

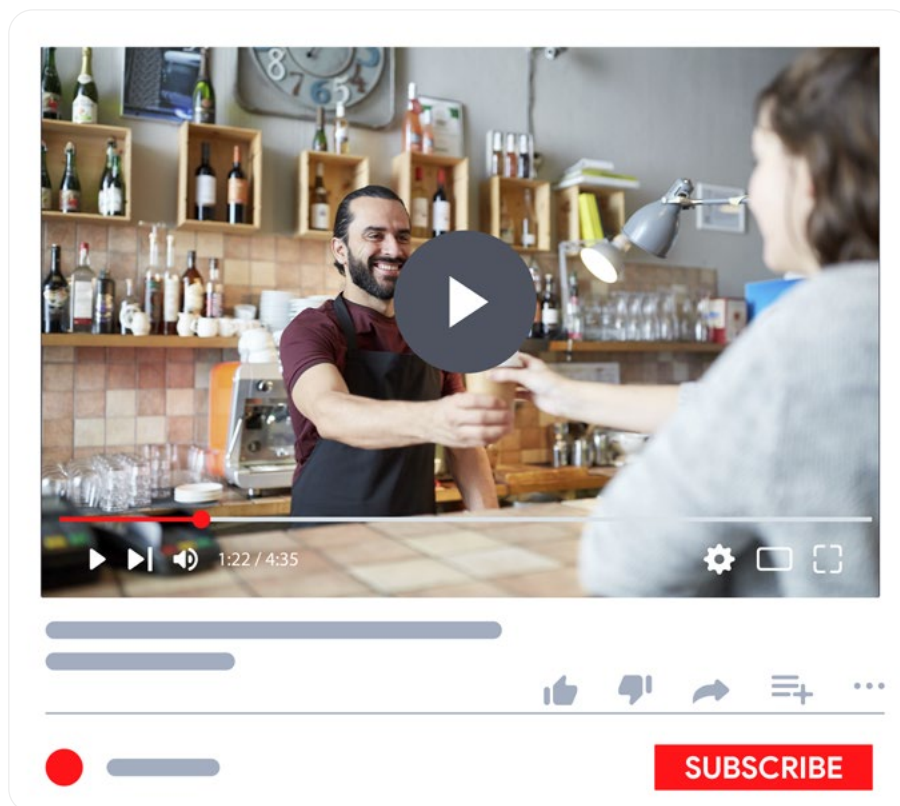
Your customers will identify with your brand as well as other people within your group of followers. This develops relationships with multiple people and builds a brand community.



3 Personalization

Personalization goes beyond using your customer's first name when sending texts or emails. Personalized marketing content involves marketing data to craft experiences that engage with customers on an emotional level.

One of the reasons why so many major brands use Instagram influencers or big-budget films for advertising their products is that people will tend to associate themselves with those brands. You can do the same thing but on a smaller scale.



Social media is a great place to start.

Setting up a YouTube channel can provide an up-close look into your store or ways of using the products and services you sell.

It doesn't need to be fancy or have a big budget.

People want to see real, authentic situations that show how it can benefit their life.

Personalization is becoming more important to consumers. In fact, **64%** of them want personalized offers from retail brands.

Communications should be personalized to the recipient's interactions with your business. You can show them some fantastic deals on things they purchased in the past or cross-sell items that may not have known were in stock.

You still need to address your customers by their first name, and you should also be segmenting them into groups. They are a diverse group with shared interests.

Personalization is one of the most powerful ways to retain customers because it feels like you're treating them as an individual.

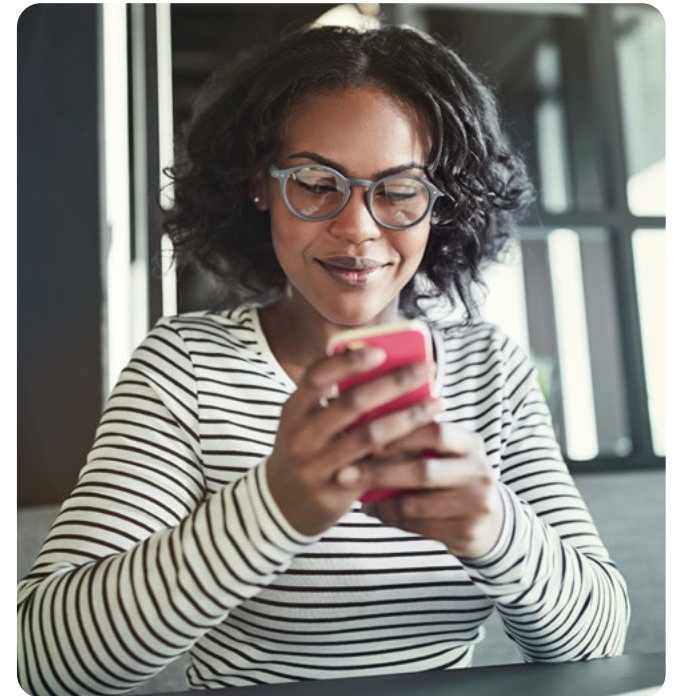
4 Feedback

Asking your customers for feedback is a great way to get them involved with your brand.

It makes them think about your company and take the time to share their experiences.

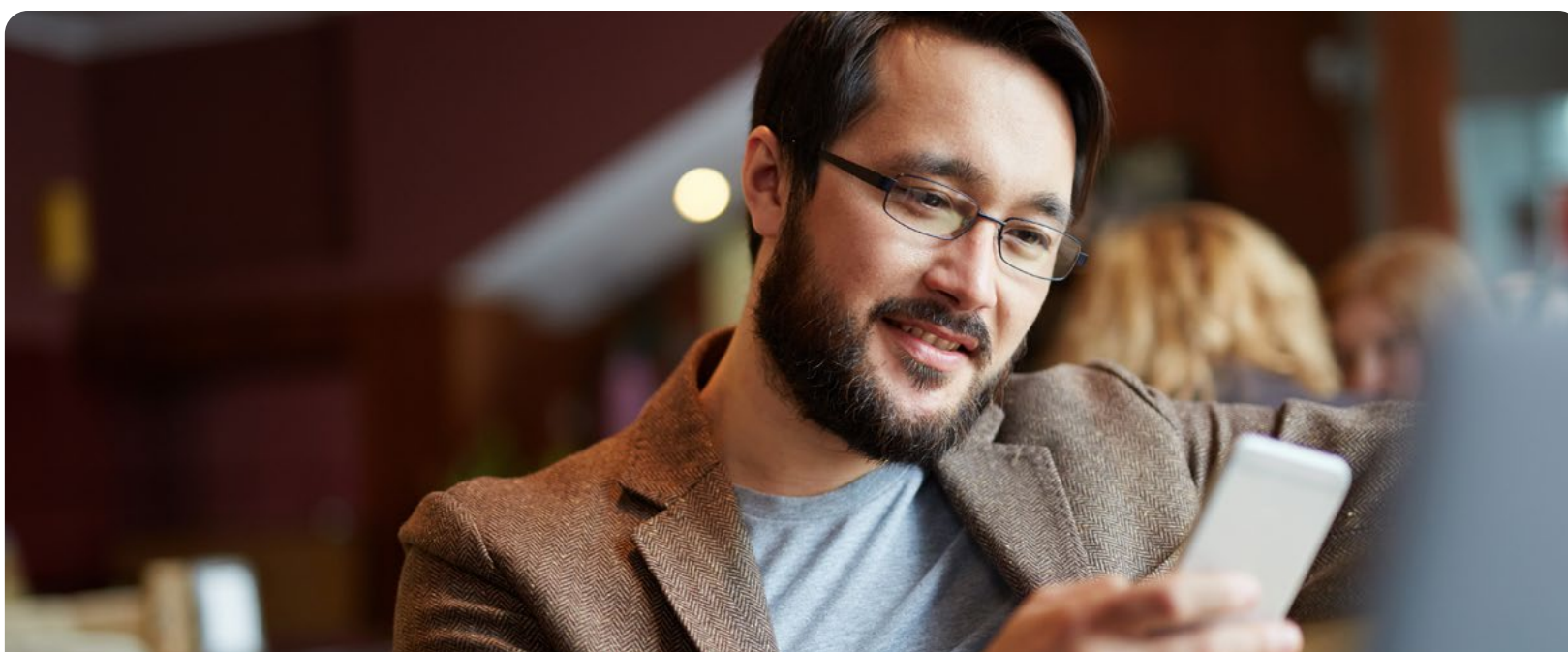
There are many ways to get valuable feedback:

- **Online Reviews**
- **Polls**
- **Satisfaction Surveys**
- **Process Improvement Surveys**



These are just a few ways that you can find out what your customers think about your brand. If they have time and can reflect upon their experiences, then it all mattered.

According to research, this means that they had an emotional connection with your brand.

**Text Message**

Today 11:21 AM

On a scale of 1-5 (5 being the best), how would you rate your latest experience in our store? Please reply with the number of your choice.

Polls and surveys require some time to think about what you want to achieve. Focus on your goals, then tailor your questions to achieve them.

Sending long forms with dozens of questions will be time-consuming and may irritate them.

A rule of thumb for surveys is to keep them under 3 minutes.

A majority of people will complete the entire form within that time frame. Longer forms may require an incentive to finish.

Summary

Engagement encompasses your products and services, employees, customer experience, market trends, and communication. Therefore, your brand comes from how you run your business, the operations, and day-to-day management, as well as the products and services you provide. Improving your management style to be more customer-centric will eventually build more engagement with your customers. In fact, little changes in your marketing and customer service can make a big difference.

Communication is the key to making a difference. Better communication will connect with your customers in significant ways. Plus, frequent communications will keep them engaged. Together, these build your brand community: shared experiences about products and services that create a community of advocates for your brand. And, that community will help your business weather every economic storm or any changes in the marketplace.

SmartConnect has all of the tools you need to improve customer engagement. To learn more, please watch our [Demo Video](#). Or, request an [Online Demo](#) with one of our experts. You can also call or text us at 727-463-9987.

We look forward to learning more about your company!



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