

# How To Create Loyal Customers In The Digital Age

## **Adopting a digital strategy might seem daunting, but the consequences of failing to do so are even scarier**

When the world changes, retail changes too. And it's fair to say the world has changed.

In an age where communication and relationships are carried out in digital form, mobile devices and social media are driving buying decisions. So how can businesses adapt to this new environment and create satisfied, loyal customers?

According to Gareth Jude, retail industry executive at Telstra, relationships in retail are nothing new. It's just that the way in which we go about creating them has evolved.

"A digital relationship is a modern way of facilitating that interaction," he says. "People are living with their mobile phones. Our research shows that the penetration of smart phones in the Australian population is 75 per cent, which is huge. It's one of the biggest in the world."

So what exactly does that mean for business? It means it's time to get digital. Here are three ways to bring your business up to speed.

### **Get smart**

Recent Telstra research found that 25 per cent of Australians made a purchase using their mobile phone in 2012. According to Jude, Australians trust their phones to guide them through the buying process.

"When we go to a retail store now, we don't pull out a paper catalogue. We might talk to the sales assistant, but we will certainly pull out our mobile phone," he says.

"Of the people who do so, 51 per cent says the use of their mobile has changed their purchasing decision. It's a very important device in peoples' lives."

So how can businesses leverage from this?

One way, says Jude, is to create a Wi-Fi hot spot within your store. "Through digital media you can have a big screen saying, 'Join our hot spot now for special offers or deals'," he says.

"This encourages customers to take their phone out of their pocket. Once they join your Wi-Fi hot spot, you can start building that relationship, learning about their shopping preferences; when they visit, how often they visit. Over a period of time, you can build a profile so the shopping experience becomes more relevant to them."

### **Get social**

The best way to build a relationship with customers has always been through word of mouth, says Jude, and today, that word of mouth happens via social media.

“Our research shows that the average Australian has 220 Facebook friends, but they have only seen 47 of them face to face in the last 12 months,” says Jude.

“If you were to build relationships with customers through word of mouth in the old world, it would take you 12 months to get around a network of 47 people. But if you want to build a relationship through social media, you can connect with 220 people immediately.”

Telstra’s research also shows that the amount of product searches on social media is going up every year. In fact, 58 per cent of product searches on social media are resulting in some sort of purchase.

“This is a relationship you want to have,” says Jude.

## Get with the times

“If you haven’t got a digital or social media strategy, you need one,” says Jude.

Why? The proof is in history, he says.

In the late 50s and early 60s, for example, mass adoption of the motorcar saw new retail formats emerge, such as shopping centres and supermarkets. Then came the barcode in the late ‘80s, which revolutionised retail yet again—and those who were late to adopt change paid the price.

“You could manage your business better than you did the year before, try a lot harder, but as soon as the world changes, and a new format is created that’s better than what you can offer, you’re on the way out,” warns Jude.

“Retailers who don’t change will eventually become irrelevant to consumers—and eventually they’ll suffer the commercial consequence of that.”