

# Role of Digital Marketing for Developing Customer Loyalty

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**Abstract:** *Loyalty marketing is an approach to marketing, based on strategic management, in which a company focuses on growing and retaining existing customers through incentives. Marketing efforts designed to attract customers to make purchases again and again from a specific company. Strategies used in India through digital marketing for customer loyalty such as E-mail marketing, social media marketing, Video marketing, Content marketing, Mobile optimized website, SMS text marketing, Search engine optimization, Blogging, Customer reviews and website. There is a case study of HUL's famous coffee brand Bru, As India's top coffee brand Bru wanted to re-engage its existing customer base and reward loyal consumers for their purchases. This case study looks at how the Hindustan Unilever firm enticed its core audience of young women with free mobile airtime rewards- building a useful database through digital marketing of airtime rewards.*

**Keywords:** Digital Marketing, Customer Loyalty

## I. MEANING OF LOYALTY IN MARKETING

**Loyalty marketing** is an approach to marketing, based on strategic management, in which a company focuses on growing and retaining existing customers through incentives. Marketing efforts designed to attract customers to make purchases again and again from a specific company. A structured approach that benefit the company like discounts, rewards, free merchandise, or exclusive access.

## II. BENEFITS OF LOYALTY MARKETING

- Loyalty programs create a competitive advantage
- Loyalty programs save money
- Loyalty programs improve credibility
- Loyalty programs improve customer relationships
- Loyalty programs improve customer experience
- Loyalty programs improve metrics
- Loyalty programs increase customer lifetime value
- Loyalty programs improve customer retention rates

## III. STRATEGIES USED IN DIGITAL MARKETING FOR CUSTOMER LOYALTY

Digital marketing strategies are highly effective when it comes to acquiring new customers and increasing loyalty among existing customers. When implemented in the right way, digital marketing strategies can help a business to significantly increase its customer retention rate and thereby boost profits. Below is a review of digital marketing strategies that a business can use to boost loyalty and increase customer retention.

### 3.1 Email Marketing

When it comes to boosting customer loyalty, email marketing is undoubtedly one of the most effective digital marketing strategies a business can use. One of the main reasons why businesses lose customers is lack of customer contact. Email marketing is a great way to keep in touch with your customers and let them know what's going on in your business. Once

you have built an email list, there are a number of different things you can do that over time will help to build loyalty to your business:

- Use Email to Send Special Customer-Only Promotions
- Use Email to Keep in Touch
- Use Email to Educate Your Customers

### **3.2. Social Media Marketing**

There is nothing more powerful than social media in today's competitive world. Social media can boost revenue for any business when used effectively, and it can be a particularly useful tool when it comes to increasing loyalty.

- **Build Deeper Relationships:** To begin with, social media is an incredible way to build a deep and lasting relationship with your customers. By sharing relevant content and engaging in conversations on your social media channels, you can show your customers that you genuinely care about them and that you are the only brand they need to consider in this particular market.
- **Improve Customer Support:** People are more loyal to businesses that provide great customer support, so a company can use social media to improve this aspect of business. Business can use sites like Facebook and Twitter to answer customer queries and address problems quickly and the great thing is that social media is a highly visible channel, which means that anyone looking at your social media profiles will get to see just how great your customer support really is. The key to success with social media is to be active. There is no point in creating a Facebook page and then never posting on it.

### **3.3. Video Marketing**

Video is a powerful digital marketing tool that can help business to bring your brand to life. Video marketing builds trust and credibility, and it can ultimately help you to establish a deeper connection with your audience, which is absolutely critical when it comes to retention.

There are many ways you could use video marketing in your business:

- You could make and share videos that give your customers an insight into the inner workings of your business.
- You could create videos that provide useful content to your audience – for example helpful advice, tips and insights that are relevant to your audience.
- You can create promotional videos to introduce customers to your latest products and services.

Once you have created these videos, you can use them throughout your various marketing channels. As an example, you could post them to YouTube and start a YouTube channel that provides relevant content to your audience. You could also post your videos to your social media channels like Facebook and Twitter, and they could go onto your company blog or into your email newsletters.

### **3.4. Content Marketing**

Content marketing is all about creating and distributing content that is relevant and useful to your audience. This could be in the form of articles, blog posts, downloadable reports, videos, etc. or it could even involve creating a special community where customers can interact with each other.

By engaging in content marketing, your business can establish itself as an expert in its field, and in terms of loyalty it can help to engage your audience and keep them interested in your offering until they are ready to make their next purchase.

### **3.5 Mobile Optimized Website**

With more and more people browsing the internet from their smart phones and tablets, having a mobile optimized website which adapts to different screen sizes is now absolutely essential for any business. Furthermore, mobile shoppers are more likely to abandon your website if they encounter a problem like the site being only accessible for desktops. Businesses today have the need to adapt to this growing trend; especially considering the fact that more than 50% of content consumption happens via smart phones and tablets today. A mobile optimized website helps you to boost loyalty:

- **Responsive Design Improves the User Experience:** A key aspect of gaining customer loyalty is providing a great experience to your customers whenever and wherever they interact with your brand. By having a fully mobile optimized website, you can be sure that the browsing experience the customer has will be a good
- **Responsive Design makes it Easier for People to Interact with your Brand:** The more times someone interacts with your business after making a purchase, the more likely they are to buy from you again and become a loyal customer. By having a fully responsive, mobile optimized website, people are more likely to interact with your brand at more regular intervals – for example while looking at their smart phone when sitting on the train, or while looking at their tablet in the evening when watching TV.

### 3.6 SMS Text Message Marketing

Text messaging is something that most of us use on a daily basis to communicate with friends and family, some of the top brands in the world today communicate with customers through text messages. Most messages are read within minutes of receipt, which makes it a great method to reach your target audience and virtually guarantees that your message gets across. Text messaging can be the perfect tool to use when launching a customer loyalty program. You can use it to send out details of:

- Special customer-only discounts
- Event invitations
- Customer surveys, etc.

As with any marketing tool, the key to successful SMS marketing is using it sparingly and only sending out relevant offers that are highly targeted to the receiver. As text messaging is such a personal communication method, this is especially important because people get very easily irritated if they are bombarded with ‘spammy’ promotional text messages.

### 3.7 Search Engine Optimization (SEO)

At first glance, you might be wondering what Search Engine Optimization has got to do with boosting customer loyalty. While SEO is usually concerned with ranking websites highly in search engines to acquire new customers, there is another benefit to SEO that is often overlooked to increasing customer loyalty and high quality content. In addition, you can work to generate back links to your website from leading authority sources. You should also ensure that your website is optimized for specific, targeted keywords that are relevant to your market.

### 3.8 Blogging

As we have previously discussed, boosting customer loyalty has a lot to do with building relationships and establishing your business as a trusted authority source. On a company blog, you can create and distribute relevant, high quality content that your customers will find interesting and/or useful. You can also use it to share the latest company news and give customers an insight into the inner workings of your business.

- Blogging establishes your business as an authority source
- Blogging builds a relationship with your audience

### 3.9 Customer Reviews

Research has shown that most consumers today read online reviews before doing business with a company for the first time. But customer reviews could also help you to boost loyalty

- **Customer reviews provide you with valuable feedback:** Customer reviews (and especially negative ones) provide you with highly valuable feedback, which you can then use to improve your products and services. By gaining a clearer picture of what your company does well and what could be improved upon, you can greatly improve your customers’ experiences and keep them loyal to your brand. Remember.
- **Boost the loyalty of the reviewer by responding to their feedback:** When someone leaves you a review, it is important to personally respond to the customer and show him or her that you have taken their feedback on board. By doing this you will show them that you are genuinely interested in customer service, while the interaction involved also goes a long way towards building a solid relationship between you and the customer.

### **3.10. A Professional Website**

Having a well-designed website will help you to establish a professional image, which goes a long way in attracting new customers and retaining your existing ones. If people find your website to be useful and easy to use, they are much more likely to visit it more often, which results in higher customer retention rates. A good business website should be visually attractive, while also making it easy for people to find the information they are looking for.

## **IV. CASE STUDY: HUL BRAND-BRU COFFEE GIANT WINS LOYALTY WITH MOBILE AIRTIME REWARDS**

### **4.1 Airtime Rewards**

As India's top coffee brand, Bru wanted to re-engage its existing customer base and reward loyal consumers for their purchases. This case study looks at how the Hindustan Unilever firm enticed its core audience of young women with free mobile airtime rewards- building a useful database in the process.

### **4.2 Case Study Summary**

- Coffee giant looks to reengage core audience of 25-44 year old females
- Rewards customers with free mobile airtime- big draw for low income customers
- Also reached out to retailers to build relationships and boost distribution in India
- Campaign attracted 188,000 customer entries in the first 22 weeks
- Permission trader audience of 150,000 to boost distribution

### **4.3 The Challenge**

As Bru had been previously challenged in identifying loyal customers and measuring their participation, the key aim of the campaign was to get a better understanding of its customers, developing a permission database that Hindustan Unilever could draw on.

The Bru consumer base is largely made up of 25- to 45-year-old women, who use their use their mobile phones to talk to their families and relatives. However, because they are either minimum wage earners or housewives, they rely on other members of their family to provide them with money to recharge their mobile phones.

### **4.4 The Solution**

Because a large majority of Bru consumers still use pay-as-you-go mobile plans, the brand decided to address the needs of its audience with a free airtime reward acting as "cash" for mobile talk time. Unlike a discount, however, the incentive could not be absorbed by wholesalers further up the chain. This ensured that the end retailers benefitted, prompting them to engage with Bru independently via their mobile phones.

Bru developed an integrated mobile marketing campaign that launched in November 2014 and is due to complete on December 31, 2015.

Bru was able to offer both consumers and traders free airtime via mobile redemption of codes printed within the product packaging — regardless of their handset or mobile network — in return for traders answering questions about their business needs and consumers about their shopping priorities and habits. Each engagement was permission, with participants opting into engagement. Using this approach, Bru was able to develop an extensive database of the target audience, which offered a deeper understanding of this key market.

### **4.5 How it Worked**

Consumers were sent targeted reminders to create "Bru moments" and increase purchase frequency. The reminders also drove awareness of the campaign through alternative consumer databases. In order to increase the sales of traders, offers were amplified to first- and second-level entries to increase their Bru purchase behavior.

Margins for traders are a combination of the base margin and achievement of certain targets, like minimum quantity purchase. Usually these additional incentives are provided through third-party items or incremental cash. Third-party items tend to cause a lot of wastage given supply chain complications and rejection by some of the stakeholders in the value chain. And incremental cash tends to create channel conflicts in large businesses like HUL, where products are

serviced through multiple channels like general trade, modern trade, wholesale, canteens, out-of-home, etc. However, mobile talk time provided an excellent alternative to ensure minimum wastage or channel conflicts. Therefore, it was a great mechanism through which Bru could reward traders who participated in the promotion.

#### **4.6 Results**

The entire promotional campaign, targeted at traders and consumers, was done completely via mobile. This was the first time Hindustan Unilever had done this with any of its brands in India. Overall, the integrated campaign was very successful with both traders and consumers.

The most significant results of the campaign included astounding redemption levels of 48 percent for traders and 50 percent for consumers, compared to an average expected redemption of 2 to 3 percent. Furthermore, 55 percent of traders and 50 percent of consumers opted in to further engagement with the brand as a result of the campaign. Bru received a total of 2.7 million calls across both groups.

#### **4.7 Key Results for Each Target Audience:**

##### **A. Traders**

- 973,000 complete entries
- Permission audience of 150,000
- Over 40 percent of traders re-engaged with the campaign
- 277,000 traders engaged with the campaign, 98 percent of whom completed the profiling call.

##### **B. Consumers**

- 189,000 completed entries, 94 percent of whom completed the profiling call
- Permission audience of 180,000
- Over one million calls made
- 22 percent of entrants repeated entry
- 131,000 new consumer profiles
- The campaign attracted 188,000 entries in the first 22 weeks

### **V. CONCLUSION**

In today's competitive and frenzied market scenario, it is must for Indian businesses to have a well-integrated strategy for internet marketing in India. Without Digital Marketing, businesses may fall short of creating contemporary marketing strategies. Digital Marketing scope in future of marketing will not only let businesses survive but also thrive in the most result-oriented fashion. Including new techniques, following latest updates of Google and incorporating future trends of digital marketing will let your inbound marketing reap great benefits for you in 2017.

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