



# Leveraging Customer Movement for FY25 Strategic Planning

The DTC Collective is a community that brings together influential, global voices to realize the potential of digital retail. The group was founded to give retail execs an opportunity to share otherwise behind closed doors strategies for dealing with the rapid shifts in the industry, from the mounting privacy regulations to the massive shift to digital through the pandemic. The founding members saw a need for a community to come together and discuss how to do things differently in an all direct-to-consumer world, and help actively shape the trajectory of the retail industry.



Retailers often think of the customer journey as being very linear and plan their messaging streams accordingly. It's a logical conclusion. After all, most messaging streams do have a clear beginning: the welcome series, in which retailers introduce themselves to their new subscribers and share the benefits of their brands.

**In reality, the customer journey is far more fluid.**

Retailers must adapt their messaging strategies to reflect that. And by focusing on Customer Movement, they can.

**Customer Movement — or moving customers through the purchase funnel from first-time buyers to repeat loyal shoppers — is the process of increasing customer value by looking at both the quantity and quality of your customer base.**

Quantity can be influenced through acquisition and retention, while quality refers to average order value, orders per buyer, and tenure. Prioritizing both equally, retailers can generate short-term revenue without sacrificing long-term gains.

At core, Customer Movement allows a more dynamic view of the shopper based on time and high-value actions. These high-value actions inform messaging and drive revenue... but only if that data is actionable.

Insights tend to be siloed by channel. Instead of thinking about where a customer is engaging — site or email, for example — **retailers must think about where a customer is in their experience.**

## From a strategy standpoint, we think of the customer experience in four different categories:

1. Target shoppers who haven't purchased and may not even be brand-aware
2. Active shoppers who are actively in market to purchase
3. Customers who have purchased from a brand at least once and remain active
4. Lapsed customers who have purchased previously, but are not actively engaged

Customers naturally “move” from one category to the next. With the right Customer Movement strategy and tactical mix, retailers can be right there with them.

Retailers often look at campaign automation in terms of bottom of funnel activity — this is why so much focus is put on individual channels and last-click based performance. But the tactics that bring shoppers back into an active state is where retailers should be focusing. An example would be behavioral triggers that bring a customer onsite after they've done something that signals strong purchase intent. These tactics are foundational to an effective Customer Movement program and are not “set it and forget it.”

As you understand purchase frequency and conversion rates, Customer Movement data allows you to optimize sends around marketing channel traffic to introduce the shopper to the right product. This translates naturally into a messaging strategy, ultimately shortening the path from discovery to purchase.

Customer Movement was the main topic of conversation with the retail executives who attended our most recent DTC Collective. Read on for a summary of our discussion.

## Do retailers look at their data this way?

The short answer here is, no. Only one of the attending DTC members discussed viewing his customer file through the lens of Customer Movement, but even that view was limited only to focusing on using RFM modeling to improve acquisition outcomes. Taking a complete view of customer data, identifying key metrics to impact in specific segments, using this as the foundation for experimentation and prioritization is just not a reality today.

Data infrastructure tends to be the biggest hurdle. Your data is only good as it is sound, and most retailers don't have the resources to handle this type of analytics, clear ownership for this view, organizations designed for customer-centric execution, or planning and budgeting processes that transcend a channel-centric view.

Getting buy-in from finance is another challenge.

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*“It’s really valuable to understand what your rebuy rate is and how many customers you’ve acquired historically... and then finance comes in and says they want to be up 5%. If I have to get 5% from customer acquisition, I have to go to finance and say, ‘If we’re going to achieve 5% more without moving the needle on rebuy, we’re going to have a less efficient P&L.’”*

**PRESIDENT — DETAILS INTERACTIVE**

# Customer Movement data and messaging strategies

Customer Movement data empowers retailers to move from a channel-centric to a customer-centric state of mind. That prevents them from, say, spending an outsize percentage of their budget on Google for targeting known customers, when email is a far more reliable revenue driver.

Take one top retailer for example. Because the brand is known for underwear, that seems like it'd be their clear top first purchase category. However, analyzing their Customer Movement data, we learned that it's actually loungewear.

Customer Movement data analysis becomes even more important when retailers have less data on someone. Anonymous shopper behaviors often translate to signals that end up caught in segmentation. However, understanding their category and product assortment empowers retailers to scale programs like this.

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*“Affinities like new arrivals and price drops can be associated with a shopper, which allows you to automate evergreen campaigns. This approach becomes valuable for things that can't be segmented or personalized. You need to have a level of trust with your system to ensure it does preserve the shopper experience.”*

**CHIEF PRODUCT OFFICER — BLUECORE**

Of course, retailers always want to be able to identify their customers. Once retailers do know them, spend-per-shopper is a strong Customer Movement metric. It highlights what marketing is conclusively achieving at the individual level, making it far easier to identify opportunities to engage.

# Thinking much bigger than the conversion

Customer Movement may sound like it's all about conversion: creating more first-time shoppers before nurturing them into repeat customers. However, it's much bigger than that.

The more retailers can identify high-value actions, the more confident they can be that they're not disrupting the customer experience just to focus on a purchase. Giving customers the best possible experience, whether in-store or online, is ultimately part of the long-term loyalty play.

How can retailers put this into practice? They must understand that everyone plays a role in advocating for Customer Movement. While executives aren't likely to be in the weeds executing, their sponsorship is key.

*“We all have to think about full-funnel marketing. Customer Movement works really well when you think about who's interacted with the brand before. Ultimately, you have to focus on top of funnel and new customer acquisition, but there are going to be different measurements.”*

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*“We can bring this information up, but if nobody looks at it or understands it, it's up to us to help educate them. In this time where efficiency is king, it becomes that much more paramount how we look at data.”*

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