

The background features a blurred image of a laptop. Overlaid on this are several circular icons representing different business concepts: an envelope, an open book, a house, a television, a shopping cart, a smartphone, a laptop, a document, and a key. The overall color scheme is light blue.

 commercialise

**Use Your Data to  
Identify & Grow  
VIP Customers**





# Grow Your VIP Customers

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It's easy to spot a VIP backstage at a concert, or on the red carpet of a big event – they typically receive special treatment and perks, are communicated to differently, and *everyone* is paying attention to them.

The same is true – or should be, at least – for VIP customers of your ecommerce store. These are customers who are loyal to your brand, spend a lot of money with you, and continue to come back to make repeat purchases. And you should reward them for that loyalty by treating them like VIPs.

Why? It's just good business. Showing your VIPs that you appreciate them will keep them coming back – and ensure they keep adding value to your bottom line. It will also increase the chance that they'll turn into brand ambassadors, bringing you even more business through word of mouth.

*How* is another question – how do you know what makes a VIP customer a VIP, and how do you differentiate them from your regular customer base? Read on for our tips on using data to identify your VIP customers – and strategies for making sure they stay VIPs.



# What Makes a VIP?

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What makes a VIP customer for you will depend on your individual business, but these are a few metrics that can indicate a Very Important (and Very Valuable) customer:

## 1. Multiple Purchases

One of the most important traits that signal a VIP customer is multiple purchases or a high number of total orders over time. You can begin by analysing new vs. repeat customer data. Looking at your repeat customers, who are the customers who most frequently visit your store and make purchases?

## 2. Average Order Value

Don't confuse high volume with high value. Customers who buy a lot of your lowest price or low margin items may not be worthy of VIP status. Instead, look for buyers with especially high Average Order Value, or AOV.

You can calculate AOV by dividing the total revenue brought in by each customer by the number of their orders.

## 3. Full Price Purchases

Merchants know this better than anyone: there are some customers who will only buy during a sale, or with a coupon. Your high-value customers, on the other hand, likely have a history of paying full price for their purchases.

This is important data, both to help you identify your best customers and to more effectively market your products. Many store owners unknowingly deflate their margins by offering discounts to customers who are more than willing to pay full price.

This data can also help you determine your products that have a high volume of full-price purchases. Consider highlighting these items on your home page – and keeping them out of your discount strategies.



## 4. Customer Lifetime Value

Using data to determine the lifetime value of each customer is a sure way to find your most valuable buyers. Customers with higher LTV contribute a significantly higher amount to your bottom line.

Customer Lifetime Value is the estimated total of how much each customer will spend over the lifetime of their relationship with your store. The traditional calculation for determining LTV is:

$$\text{(Average Value of a Sale) X (Number of Repeat Transactions) X (Average Retention Time in Months or Years for a Typical Customer)}$$

LTV is also incredibly useful for a number of other calculations, like LTV-based return on ad spend and LTV to Customer Acquisition Cost Ratio.

## 5. Products Purchased

Do you have products that generate a higher profit margin for your store? Are there items that require less marketing dollars to sell?

Customers who buy more products in these categories can be flagged as high value buyers. By connecting high margin product data with your repeat customer information, you'll be better able to quantify the value of each purchase and each customer.

## 6. Returns

Returns can happen with the best of customers – sometimes, an item just doesn't work out. However, if you have frequent buyers with an unusually high rate of returns or cancelled orders, you may want to exclude them from VIP status. The time and cost it takes to deal with returns may offset the benefit of repeat buyers.

Analyse your return and repeat customer data to determine if you have regular buyers who are eating away at your profits with a high rate of returns.



# Automate with customer segmentation

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Looking at all those metrics on a regular basis can be incredibly time consuming – not to mention running the reports you need to figure out which customers fall into which bucket.

If you're an Ecommercialise user, you can use our customer segmentation features to automate this. Create a custom segment or use one of our pre-built ones, and customers will automatically be included in the right ones depending on the segment rules and their purchase behaviour. Then, you can use those segments for reporting, targeted marketing and communications and more – you can even push them directly to your email marketing platform.

Ecommercialise comes with 24 pre-built customer segments, including these ones that are especially useful for VIPs:

## **Repeat Customers in Last 12 Months:**

Customers who have purchased twice or more in the last year.

## **High AOV:**

Customers who have purchased twice or more in the last year.

## **Full-Price Customers:**

Customers who have always bought your products at full price, and who have never used a discount code.

## **VIP Customers:**

Your top 10% of customers, based on revenue.

## **Big Spenders:**

Your top 10% of customers, based on average order value.

## **Big Ticket Spenders:**

Customers who buy from your top 10% of highest-priced items.

## **Most Active Customers:**

Customers who have placed three or more orders in a selected date range.



# Strategies for VIPs

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Now that you've identified your VIP customers, you can use it to do two things:

- 1. **Develop strategies to retain your VIP customers**
- 2. **Predict and identify who out of your new customers has the potential to become a VIP**

To hang on to your most-valued (and most valuable) buyers, you'll want to roll out the metaphorical red carpet. Use these simple strategies to keep VIPs coming back:

- A. **Exclusive online events and previews**
- B. **Loyalty programmes**
- C. **Referral programmes**
- D. **Subscription plans**
- E. **Customer appreciation gifts and perks**

Next, analyse the common characteristics of your customers with the highest ROI in order to find more of them. Data from your high-value customers, combined with internal data on product categories, acquisition source and more, can help you determine who has the potential to become a VIP.

By establishing a "Potential VIP" segment, you can use targeted marketing campaigns to highlight appealing products and price points commonly found among your high-value customers – and ensure those new customers turn into VIPs, too.

**Like this report and want to know how you can easily incorporate them? We can help!**

Contact us at [admin@ecommercialise.com](mailto:admin@ecommercialise.com) or click [HERE](#) to start a FREE trial today to see more!