

Glew.

How to Use Lapse Point to Drive
Customer Retention

Lapse Point

Definition: The amount of time (in days) that a merchant / store has to upsell its customer before that customer most likely is not going to purchase again

Calculation: Focuses on customers with an amount orders greater than 1. Takes the average distance between each purchase for each unique customer in order to provide this dynamic, actionable, dependable upsell window

Why is Lapse Point Important: Timing is so important in ecommerce / multi-channel! Too late? Competitor will swoop in and take your Customer away. Too early? You will annoy the Customer who will unsubscribe

Lapse Point: Context

- Focuses on Repeat Purchasers Only
- Is specific to the merchant / store
- Has the ability to change over time
- Applies to any company whose goal is to get the customer to buy more than once
- Case Study 1: Make-Up
- Case Study 2: Phone Cases
- Case Study 3: Stereos

Active, At Risk and Lost Customer Segments

Once the Lapse Point is calculated, Glew places a Customer into one of three, lapse point-based statuses.

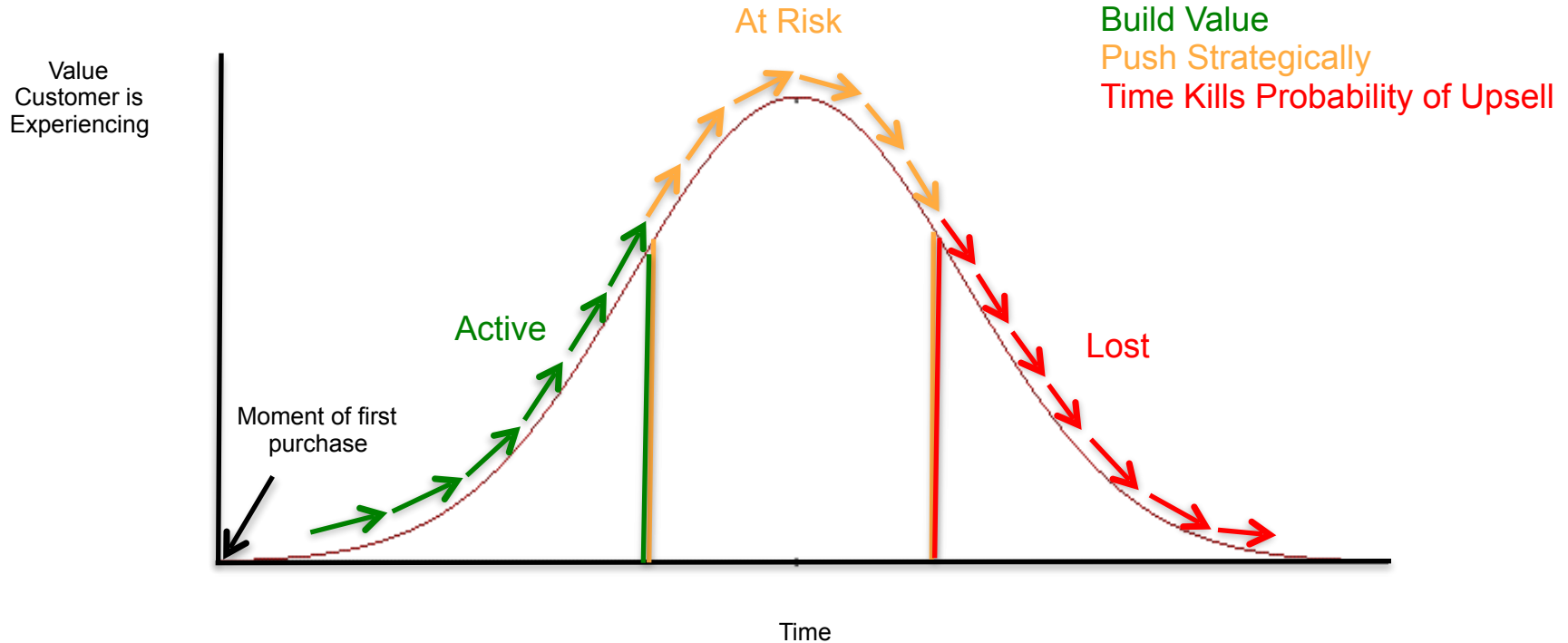
Example: Clothing Company's Lapse Point is 85 days

Active: Less than 80% of way through Lapse Point (bought 68 or less days ago)

At Risk: Over 80% of the way through Lapse Point (bought 69-85 days ago)

Lost: Over Lapse Point (bought more than 85 days ago)

The Upsell Window: Value vs. Time



Active

Less than 80% of the way through Lapse Point

This group of people just bought from you! Please do not ask them to buy again. Make it *their* idea to buy again

Get them the product.

Make sure they are happy.

Show them how to use it.

Add value to their life outside of *just* the product.

Show them celebrities using it.

Create a community around your product.

Make it *their* idea to come back and buy again

At Risk

PUSH THESE PEOPLE TO BUY AGAIN

INCREASE THE VOLUME OF EMAILS

DISCOUNT PRODUCTS THAT YOU WERE GOING TO DISCOUNT ANYWAY AND SEND THEM OVER TO THESE PEOPLE

You can / should push because:

- 1) You earned the right to push. You didn't ask them to buy while they were Active. Instead you were building value on purpose up to this point**
- 2) If you have a First Purchase At Risk Customer, you are pushing not just for the second purchase, but the expectation that Customer buys a third time on their own**
- 3) If they pass Lapse Point, they aren't coming back anyway based on your store's data. Nothing to lose**

Lost

These customers have passed Lapse Point

Move from offensive strategy back in the At Risk segment, to a defensive one in the Lost segment

“Defense against the unsubscribe button”

“Long-tail strategies”

Examples:

- 1) One year anniversary campaign**
- 2) New product launches**
- 3) Their birthday**

Action Point Suggestions

1. Most important Customer Funnel in your upsell strategy
2. Operate artificially off of another Lapse Point
3. Match up the right Customer Segment in Glew with the right Product Segment
 - At Risk Customers <> Overstocked Products
 - At Risk Customers <> “An Extra” for free, make them pay for shipping
 - Lost Customers <> New Product Launches
 - Lost Customers <> Personal Birthday Campaign
 - Active Customers <> Build Value (don't ask them to buy yet)

QUESTIONS?

