The CRM Blueprint: Turning Users into Lifelong Customers

How do you define loyalty?

"Loyalty is when customers are willing to turn down a better product or price to continue doing business with you."

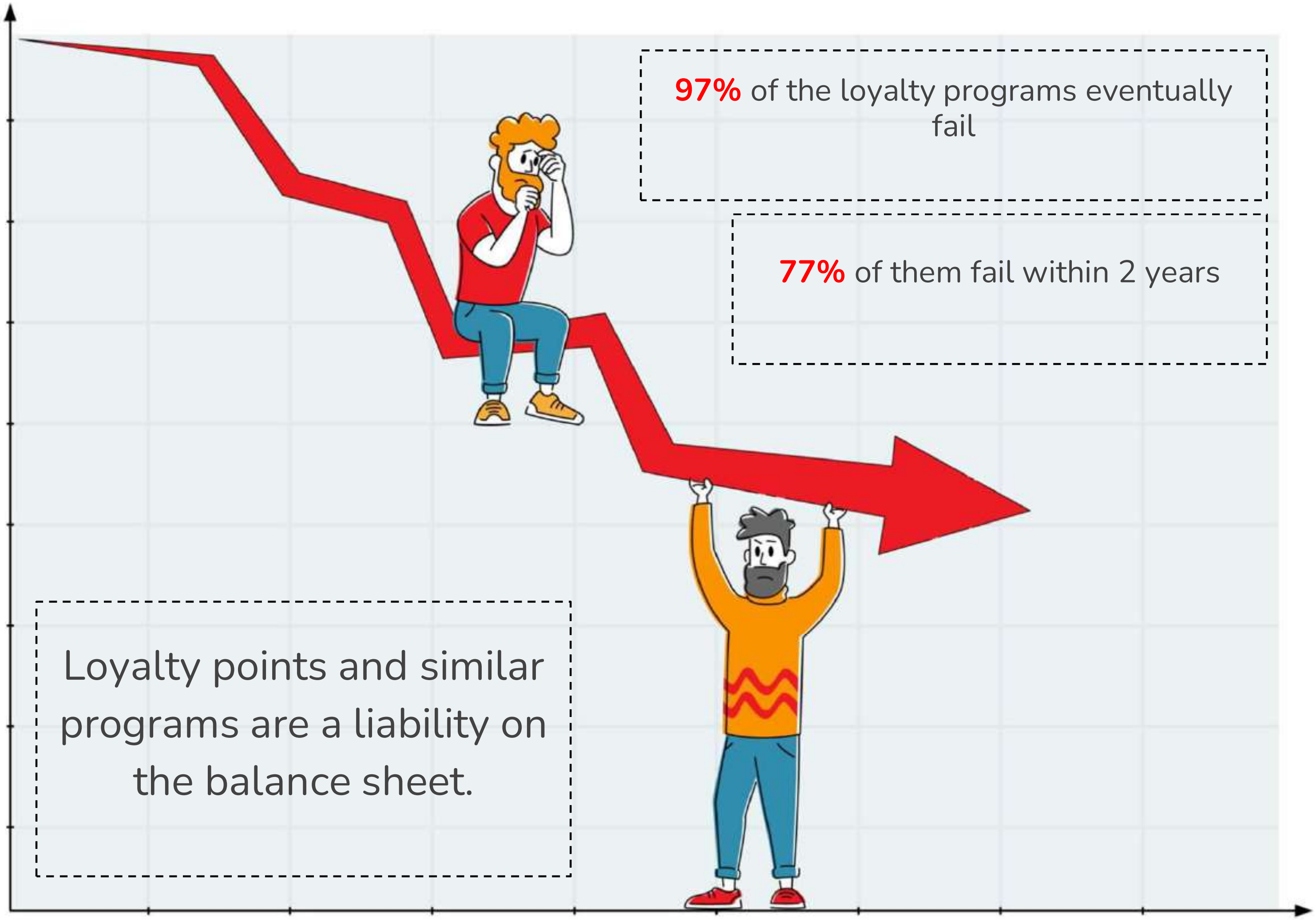
\- Seth Godin

What does that mean?

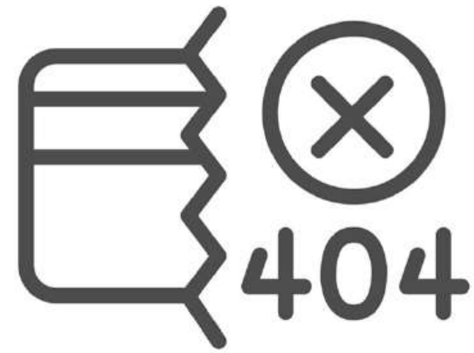
- Trust — Users believe you'll deliver consistently
- Value over time — They grow with your product
- Emotional connection — They feel seen and understood
- Personal relevance — Right message, right time, right format

Why does loyalty matter?

- 5x cheaper to retain customers than acquire new ones
- Increasing retention by just 5% can boost profits by 25–95%
- Customers in loyalty programs generate 12–18% more revenue annually than non-members
- Loyal customers are 4x more likely to refer friends
- They spend 67% more over time than new customers


97% of the loyalty programs eventually fail
77% of them fail within 2 years
Loyalty points and similar programs are a liability on the balance sheet.

Loyalty program fails because they ...



- Focus on on transactional rewards rather than fostering genuine customer relationships.

- Lack of Personalization: Many programs do not tailor rewards or communications to individual customer preferences.

- Complexity & Confusion: Complicated rules and unclear benefits frustrate customers.

- Inadequate Communication: Failure to regularly engage and inform members results in low participation and interest .

The role of CRM in loyalty

CRM = Connection + Relevance + Momentum

- More than email: CRM is behavioral marketing
- It starts the moment a user signs up
- Loyalty is at the core of CRM

Babbel's CRM Strategy in a Nutshell

- Coherent coverage of the entire user lifecycle (Onboarding, Activation, Engagement, Retention, Win-back).
- Multi-channel: Email, Push, In-app, SMS, Retargeting.
- Data sits at the core of decisioning, whether human or data science models.
- Clear and measurable goals and KPIs for each stage.
- User centric communication (timing, personalization, actions).
- Test, and then test more.

No loyalty program, but user loyalty

- Focus on user habit building
- Acting on the most impactful points in the user journey
- Delivering value to the user
- Having a long-term perspective (and measuring it)
- Segmented propositions

Applying This Blueprint to Your Business

1. Know your user journey & friction points
2. Deliver value to the users
3. Build a scalable, multifaceted messaging framework
4. Start small → optimize with data
5. Test & measure
6. Let the data speak for itself

Let's talk about CRM

Surfing the buzzword wave

Micro-segmentation, Churn prediction

5% - 15% LTV

The bad old days

2% - 4%

Segmentation, Personalization

3% - 7% LTV

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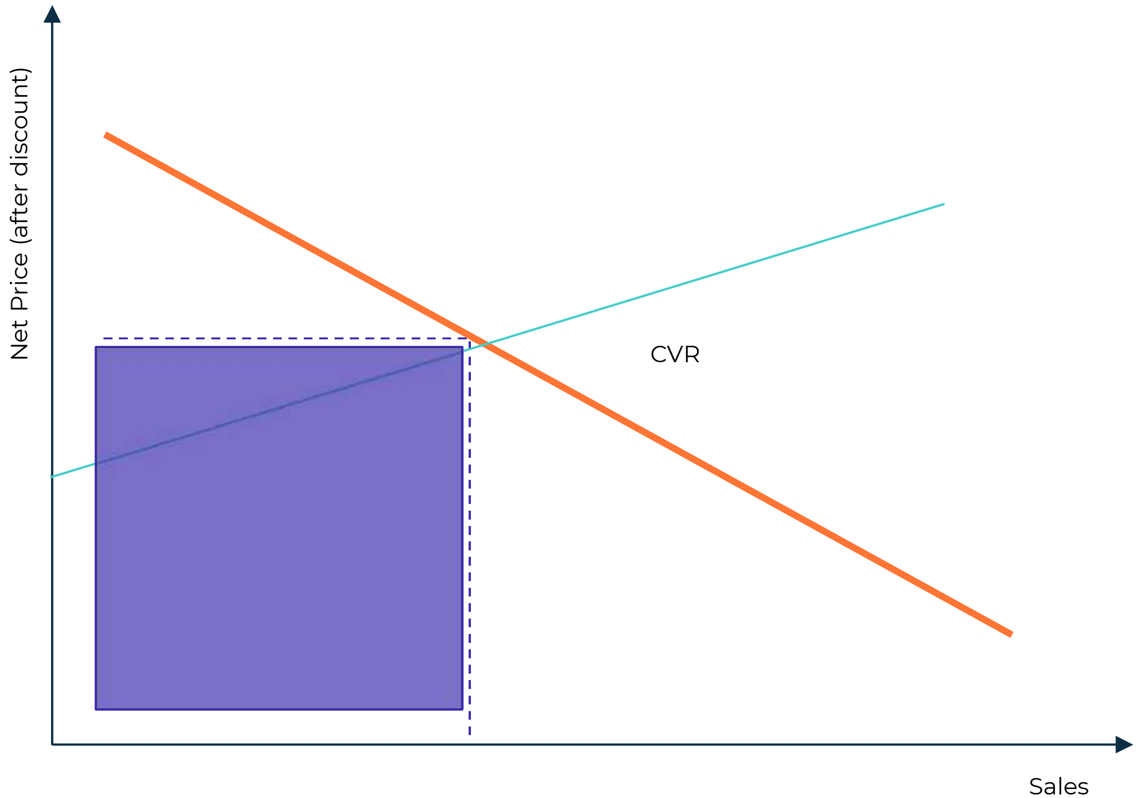
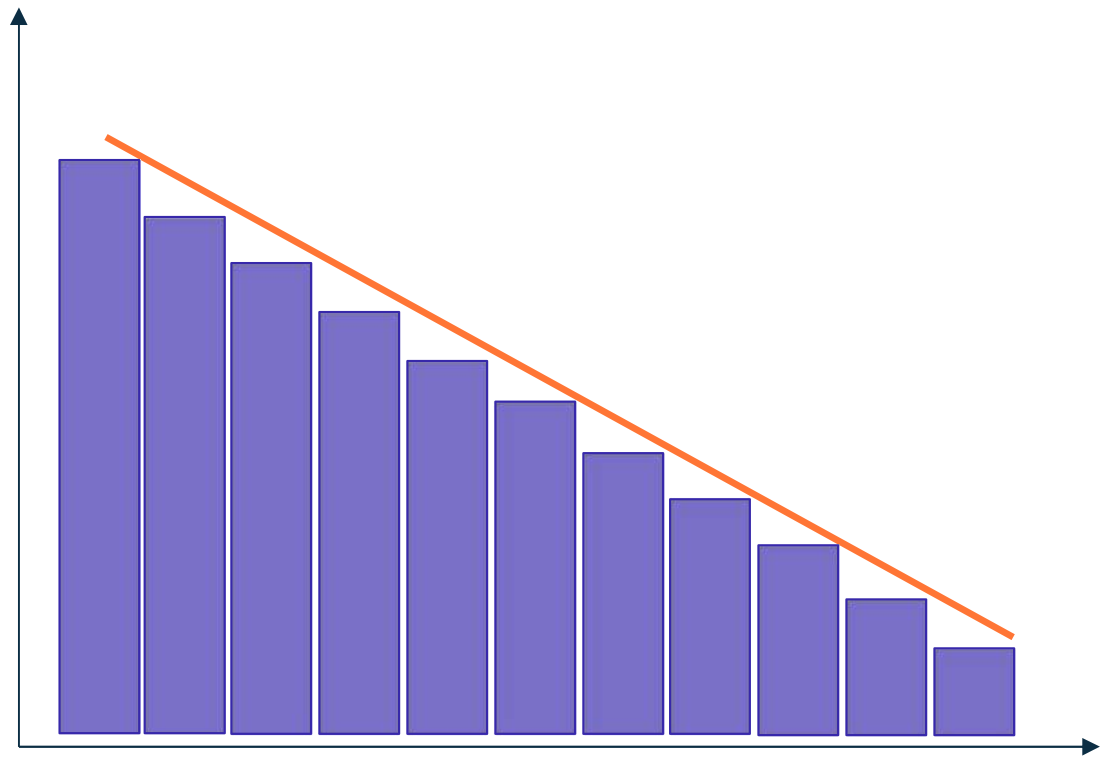
SaaS, Multi-channel, Orchestration, Personalization, Omni-channel

8% - 25% LTV

The infamous curves



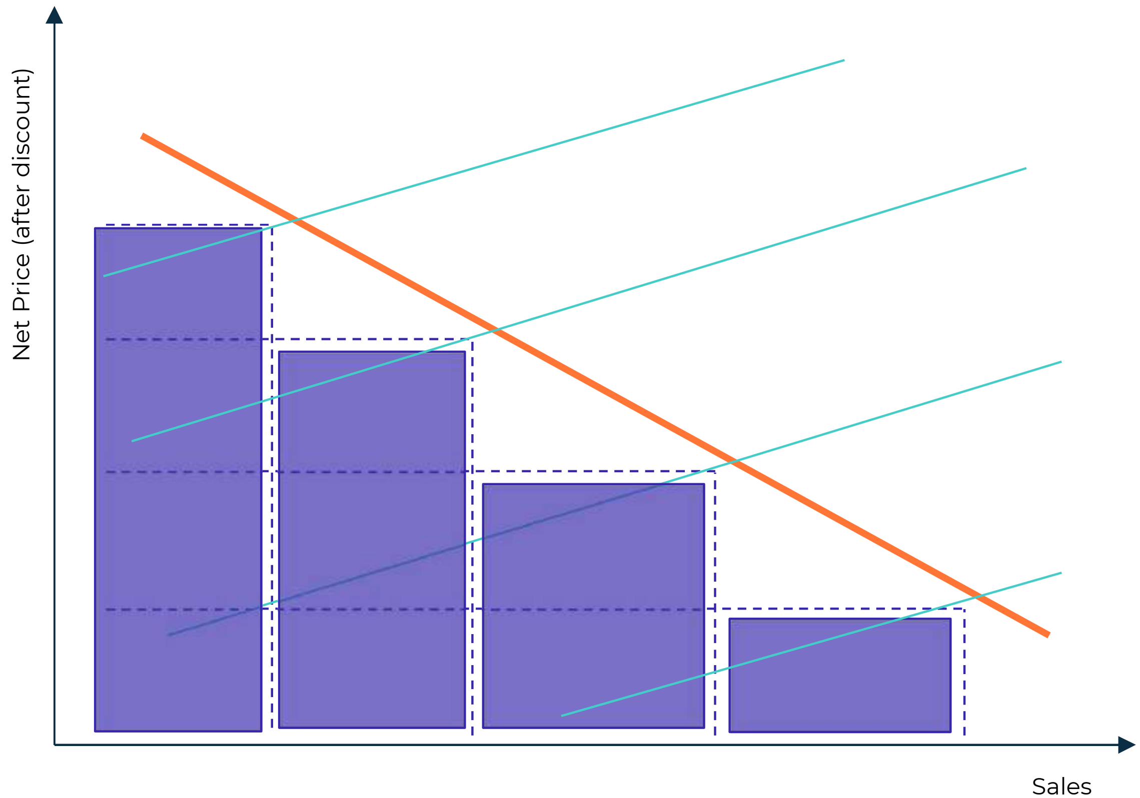
What the Finanzamt wants



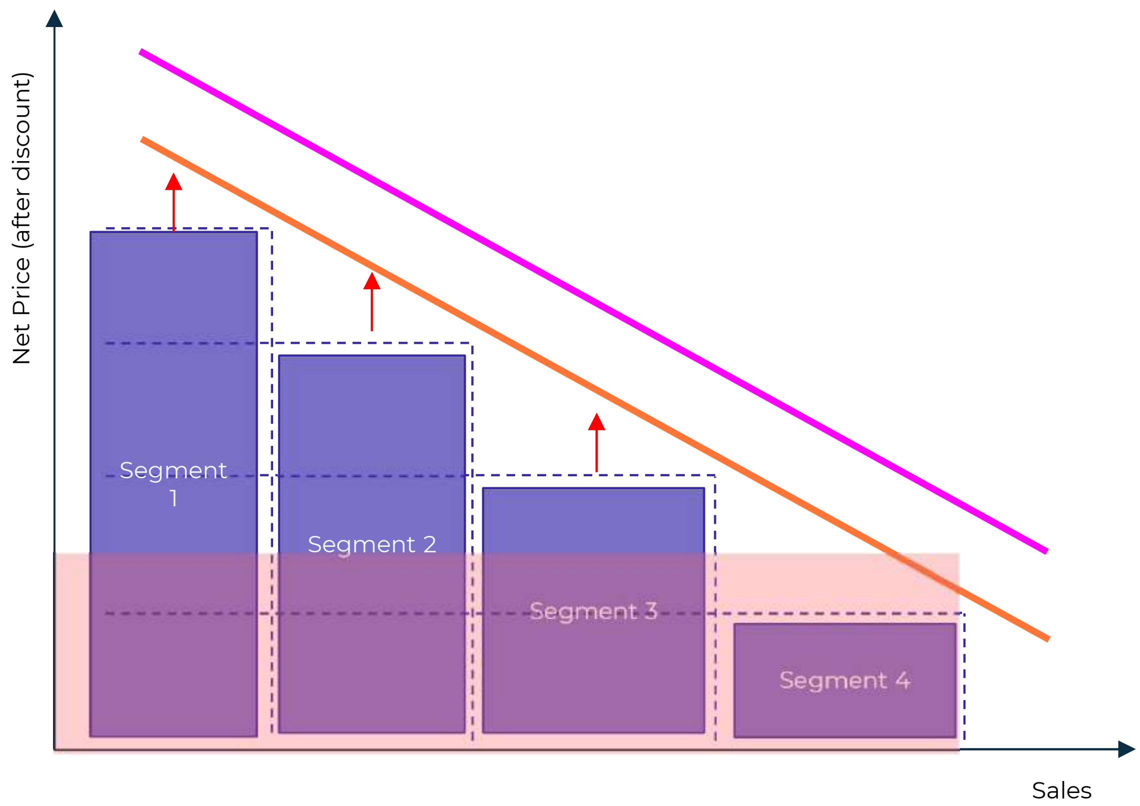
In a hypothetical world of perfect information, we'd know exactly how much each potential customer is willing to pay and offer them that particular price point to maximize the revenue as long as the marginal margins make sense for the business.

That's far from practical or achievable though.

But life (or Datenschutz) gets in the way of perfect information



What does loyalty do?



Today's CRM

- ✓ Workflows
- ✓ Multi-channel
- ✓ Fast processing
- ✓ Predictions & AI
- ✓ Micro-segmentation
- ✓ Behavioral insights

There's a lot that AI can already do today, but it's all in chunks

Copywriting

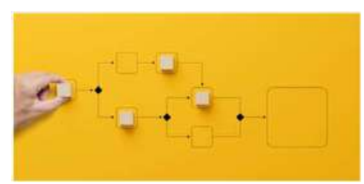
A/B testing optimization

Natural language based segmentation

Surface hidden insights & suggestions

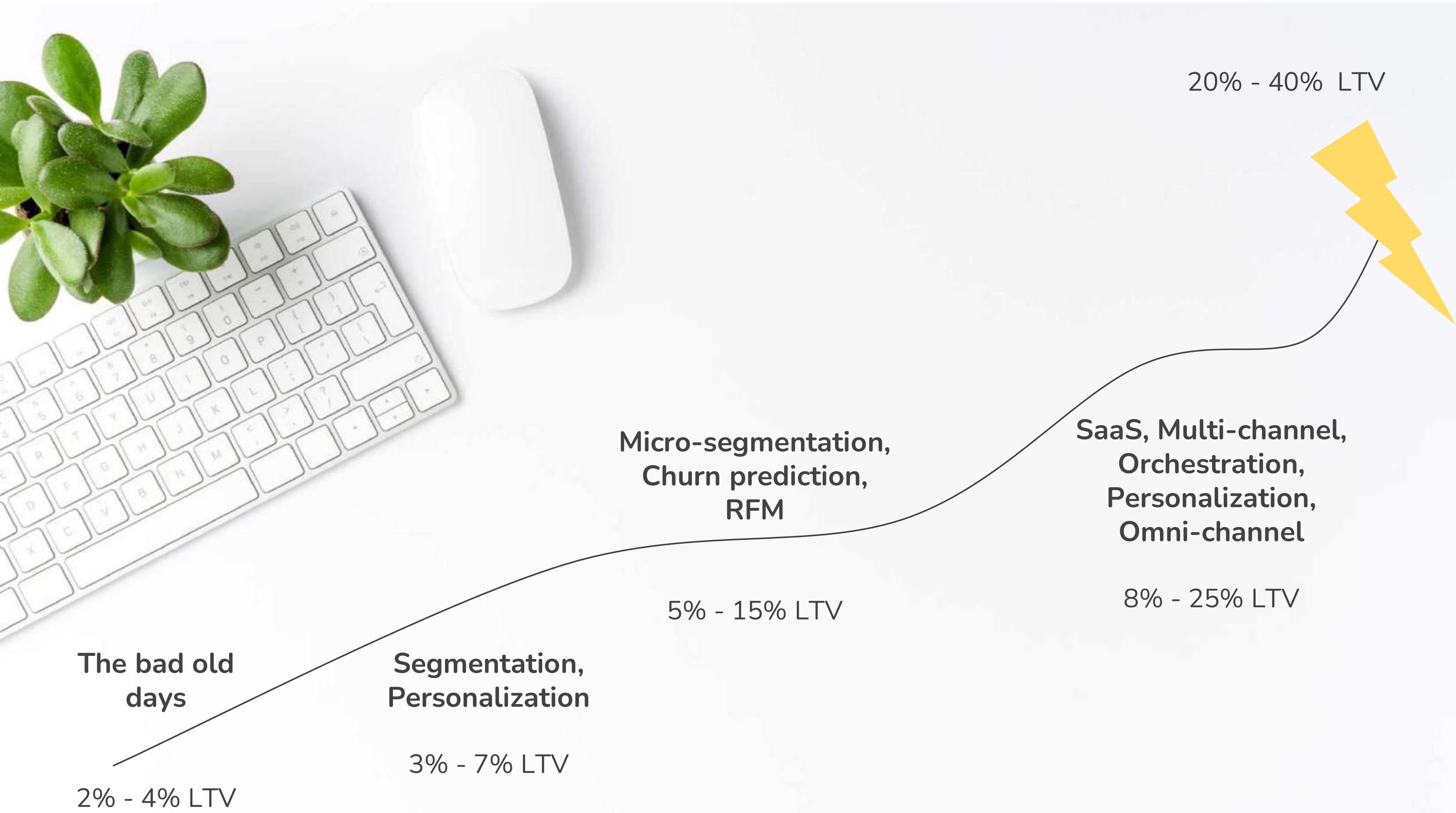
Image Generation

Dynamic pricing / discounting

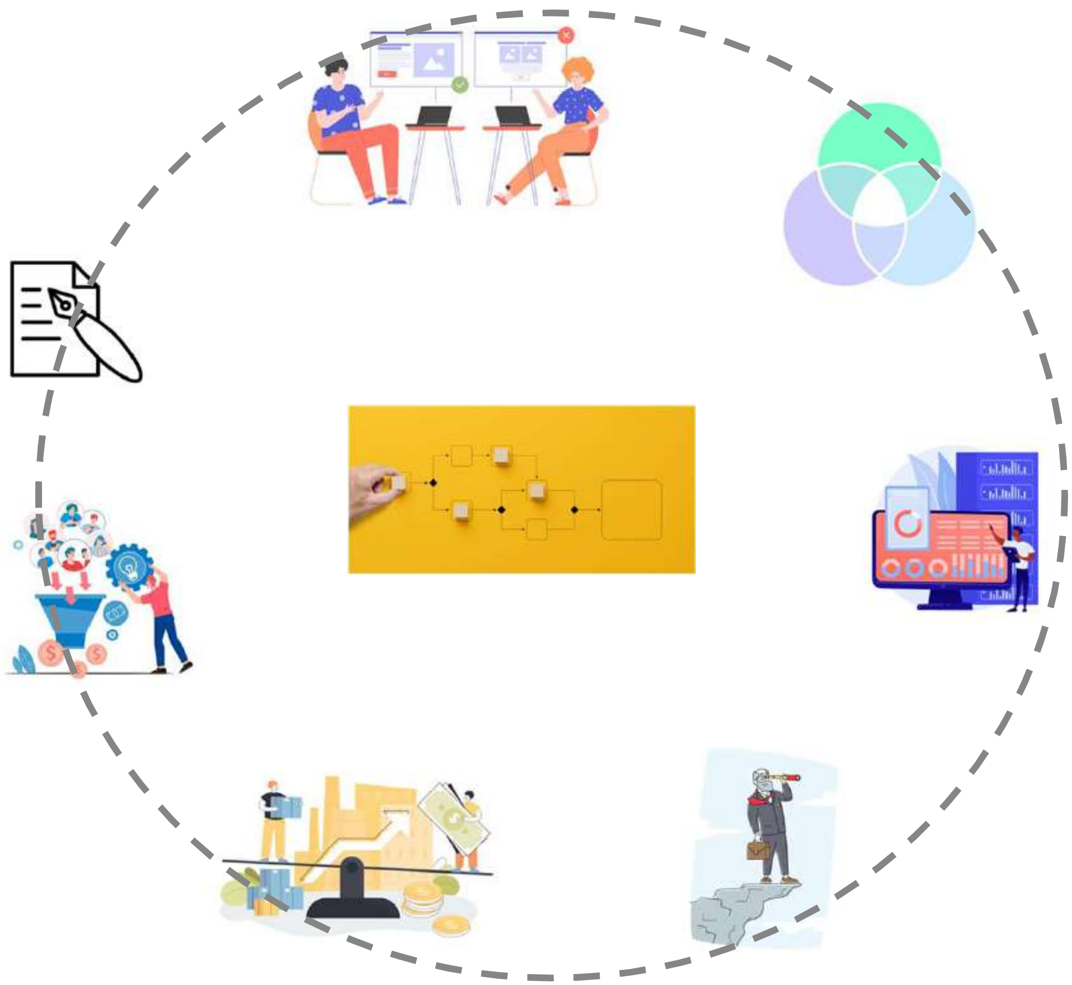


Natural language based workflows creation

Predicting the next move


20% - 40% LTV
Micro-segmentation, Churn prediction, RFM
SaaS, Multi-channel, Orchestration, Personalization, Omni-channel
5% - 15% LTV
8% - 25% LTV
The bad old days
Segmentation, Personalization
3% - 7% LTV
2% - 4% LTV

When it all comes together (interconnectivity & context)



Achieve truly automated hyper personalization at scale at a fractional cost.

Think Netflix or Spotify - now imagine that level of personalization in your CRM, but at a faster pace

80% of the content watched on Netflix comes from its AI-driven recommendations, significantly improving user retention and engagement

Personalization has driven over **40% of all listening activity** on Spotify

Amazon's AI recommendations contribute to **35% of total sales**

Successful programs share these common characteristics

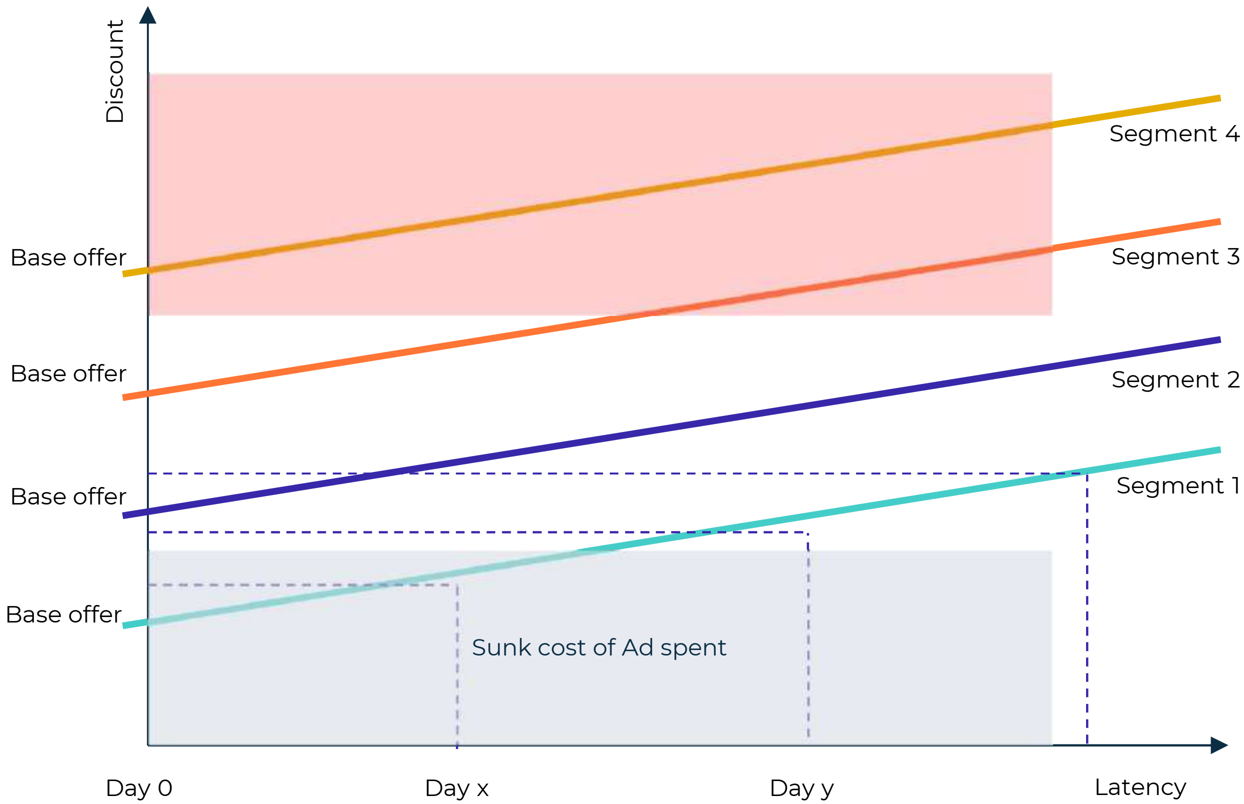
1. Clearly defined objectives
2. Differentially reward target users
3. Offer compelling value proposition to users
4. Communicate value proposition clearly
5. Data leveraged throughout the organization
6. Cross-functional support throughout the organization

Final Words

- Have clear objectives and goals for each stage.
- Forecast the future based on behavior, not just transactions.
- Make data the core of your retention / loyalty / CRM programs.
- Focus on valuable moments, not just messaging volume.
- CRM is a behavior driver, not a broadcaster. Is your strategic engine for loyalty and CLV growth.
- Start with lifecycle, then layer in AI.
- AI will make CRM smarter, faster, individualized, and human centric.
- Be prepared for hyper personalized CRM that will drive user loyalty.

Thank You

Something more practical - the cart that was left behind



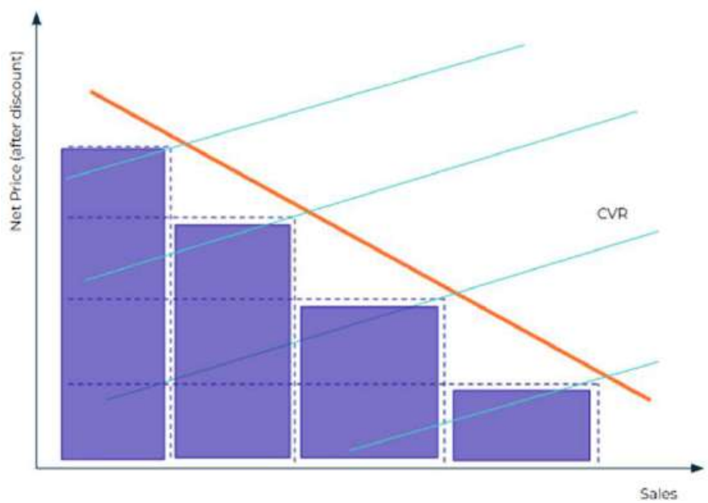
Segment / Latency	2 days	7 days	...
1	0%	10%	....
2	5%	...	...
....	...	...	...

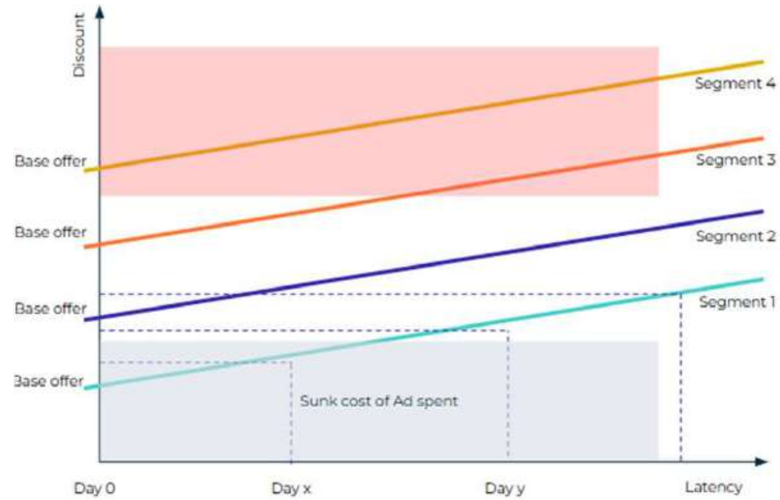
Example 1 - Price Sensitivity Testing

	A	B	C
	Standard	10% discount	20% discount
CVR		+7%	+15%
AOV		-6%	-12%
LTV		**10%**	**14%**

2 days to design the test, 1 day to set up, 2 weeks to execute and analyze

Example 2 - Segmentation based pricing & offers





Segment / Latency	2 days	7 days	...
1	0%	10%	....
2	5%	...	...
....	...	...	...

+8% LTV

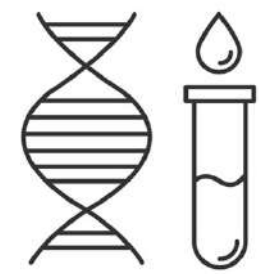
2x ROI

2 months from conception to implementation & automation.

Example 2 - Segmentation based pricing & offers

Who's
likely to
convert

Segment / Latency	2 days	7 days	...
1	0%	10%	....
2	5%	...	...
....	...	...	...



+4% LTV

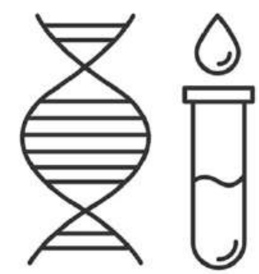
6 weeks to test & implement

Example 2 - Segmentation based pricing & offers

Likelihood to churn

Segment / Latency	2 days	7 days	...
1	0%	10%	....
2	5%	...	...
....	...	...	...

Likelihood to reactivate



+10% LTV

4x ROI

6 weeks to test & implement

Example 2 - Segmentation based pricing & offers