

4 TIPS FOR EFFECTIVE OMNICHANNEL CLIENTELING



A RETAIL PRO WHITEPAPER



Early days of clienteling

Knowing what makes a customer tick — everything from tastes, to sizes, to expendable income — that is the Holy Grail for retailers. Yes, the data is out there, and it is being collected by most retailers today. But only when it is analyzed appropriately is it useful for retailers.

That is where clienteling solutions come into play.

Clienteling is a natural outgrowth of data collection and loyalty programs. In the early days of loyalty programs, retailers asked demographic questions and logged them into an enormous database. Sometimes there were obvious rewards attached but sometimes the rewards were fleeting or not outlined clearly.

In every case, they generated reams of information but did not realize its full potential. With today's clienteling solutions, response rates are higher than with traditional methods because the messaging is more targeted.

Customer data can provide a wealth of information for those retailers with the wherewithal to parse through it, said Alex Romanov, CEO at iSign. Romanov should know: He was the founder and CEO of Alpine Electronics of Canada between 1979 and 1995, and led many marketing campaigns to capture specific information regarding Alpine's customer base. What they found, and how they found it, propelled the company to success despite fierce competition from competitors Pioneer and JVC.



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Alpine asked customers to write about what their Alpine systems meant to them. The company also asked for — and received — demographic information, all in exchange for a chance to win a Lamborghini sports car.

The result, said Romanov, was an information-rich dossier on their customers as a whole. For example, the typical buyer was male, roughly 19 years old and had a sizable amount of disposable income available: Romanov said the company's research found that the typical Alpine customer could spend up to \$10,000 on car stereo equipment.

Such information helped Alpine tailor its products to that specific segment, and led to the company gaining 52% of the market share in Canada.

Creating a personalized retail experience

That type of profiling 30 years ago required attention to detail and dedication to paperwork. But the data was there and such endeavors formed a rudimentary foundation on which clienteling solutions of today are formed.

In the end, the retailer's goal is to please the customer and increase revenue and market share, and the customer's goal is to be valued. That is a universal truth for customers



at high-end retailers or big-box stores. Shoppers want a richer, more personalized retail experience, one that brings intelligence from their past interaction histories as well as thorough information about products and inventory availability.

It's a tall order, but by embracing the customer's adoption of new technology and adapting to the ways customers prefer to interact with their preferred brands, retailers can create a personalized shopping experience that is more satisfying than shopping online.

Here are four tips on how to implement clienteling solutions and exceed customer expectations.

1

Start with your associates

The shopping experience starts with the associates. Friendly, helpful people support the retailer. Associates are responsible for promoting the retail brand, and every interaction with a consumer counts.

"A positive moment of truth—that one powerful event in the life of a consumer that defines their opinion of a given retailer—can make or break customer loyalty. Friendly, helpful sales and service associates are vital to creating those moments of truth," a recent report from Price Waterhouse Coopers noted, adding, "The more retailers understand each customer before they walk in the door, the greater chance they have of delivering that positive moment of truth—a personalized, satisfactory buying



experience that will keep them coming back for more."

But how does that happen? Can associates be expected to rely on their memories of the hundreds of customers they have served to provide "exceptional" service?

That is an unrealistic goal. Retailers need to arm their associates with hardware and software as well as training to get the job done properly. It is not enough to give salespeople mobile devices and expect them to abandon the cash wrap and sell products while walking the floor. Business processes must be in place to help the salesperson "remember" the customer's past sales, a task that can be eased by using customer relationship management (CRM) technologies.

Social media information and other data analytics can also be provided to paint a fuller picture of the prospective customer's wants and needs. For example, a VIP customer might be invited via a notification on her smartphone to a favorite retailer' preview event of a special collection. Based on data profiling of the customer's past purchases, the store knows the customer is interested, and the customer feels valued by being asked to attend an exclusive event.

2

Create a relevant offer

Nothing defeats clienteling faster than sending an offer that is out-of-the-blue. Knowing the customer and sending marketing messages to those who can act upon them is crucial to success. The latter requirement means adding



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location into the mix. By considering proximity, retailers are stacking the deck in their favor. Convenience is a major selling point.

"You don't send a customer a coupon when they are 50 miles away, washing their car," said Romanov. His company, iSign, produces mobile marketing systems that take advantage of shoppers' proximity to stores. The systems let retailers collect anonymous metrics for analytics, without infringing on a customer's privacy.

Proximity solutions with a strong call to action can grab a potential shopper's attention when he or she is near the store and can immediately respond. By adding CRM data to the formula, messages can be tailored for individual shoppers.

According to Romanov, the average response rate using a proximity clienteling solution is much greater than, for example, direct mail, in which a successful campaign garners a 1% to 2% response rate. In some cases, Romanov has seen response rates as high as 73% – depending on the offer.

That is because the message is highly targeted; the customers are already in the mall, so they have a higher likelihood of being enticed into a particular retailer than other potential customers (who might be at home, on vacation or in a movie theater) on a given day.

Retailers can respond immediately to daily data that is gleaned from relevant proximity messages and make adjustments as needed.

That data is preferential but worthwhile because it can quickly become highly valuable predictive data.



3

Encourage repeat customers

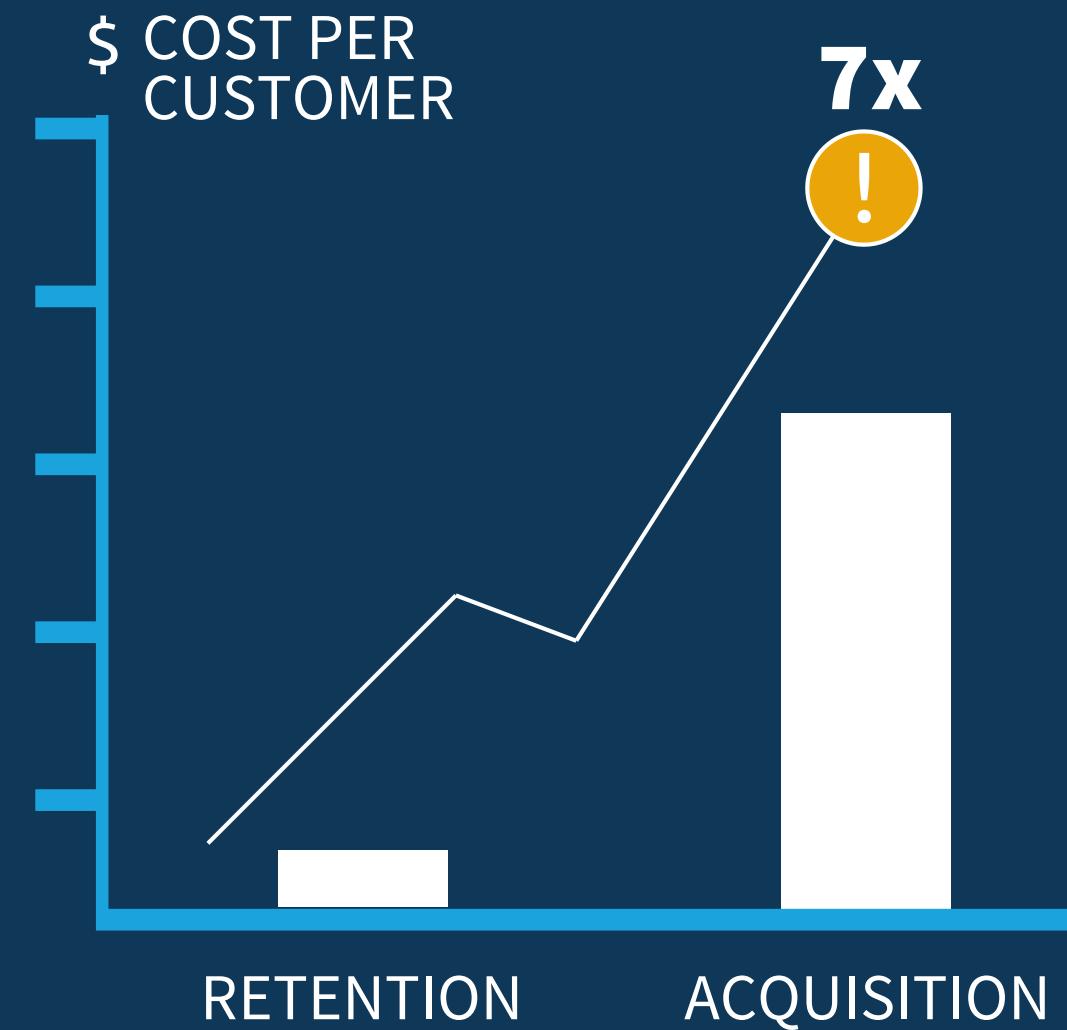
Companies tend to focus on customer acquisition over retention, even though it can cost 7x more to acquire new customers, according to KISSmetrics. Well structured, simple-to-use loyalty programs can be a solid piece of a clienteling program.

Companies such as AppCard can ease the enrollment process for loyalty programs by automatically enrolling shoppers. Retailers can discover who is promoting their businesses—through social networking, for instance—and reward their most loyal brand advocates. Those types of apps help retailers understand their customers through real-time analytics reports and retain them through personalized offers.

4

Augment service with tech

This means more than line busting with iPads. It means integrating a solution from which both retailers and customers receive tangible benefits. For example, a small luxury clothier in Westport, CT., has remained in business for more than 50 years because of its painstaking attention to its customer. When it decided to create a digital experience, the men's shop knew it



would include the customer, from the design phase to the implementation phase.

The goal was to develop a platform that would assist the sales associates when engaging with customers. What resulted was a technology platform that enables 1-to-1 marketing, providing sales associates with the ability to curate personalized product selections based on customer profiles, preferences, past purchase history and real-time inventory.

Because of its ease-of-use, associates immediately embraced the innovative online tool, which significantly boosted overall store traffic.

Retail transformation

Retailing is undergoing a transformation. Associates are no longer simply reacting to customers' purchases and handling their payment transactions: To offer no more than that offers customers little reason to stray from their favorite e-commerce site.

Retailers must offer a targeted shopping experience that satisfies their customers. KISSmetrics reports that 71% of consumers have ended their relationship with a company due to poor customer service.

Clienteling offers retailers data from specific moments in a customer transaction, and that can significantly increase their marketing and sales effectiveness through customized offers, loyalty programs, targeted content, contests and promotions—delivered physically, via social media or on mobile devices.



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