Report

Getting back to one-to-one service in retail.

northdoor

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As a retailer, we know you're passionate about your customer, and that you've spent a lot of time perfecting the products and services you offer.

Cast your mind back to the "good old days", where the shopkeepers knew his customers by name, knew their habits and when they needed to top up their shopping. If they wanted to buy a gift for that special someone, he would make suggestions based on conversations they'd had previously, and he always popped in a special treat for the child's birthday he knew was coming up.

But then Scale stepped in, the enemy of personalised service. Big product variety, big numbers of customers meant big changes in retail. Personalisation gave way to the demands of Scale, who demanded people be treated the same, processed the same and given a number instead of a name.

Now the two worlds are colliding, and the data that Scale produces can enable personalisation. Retailers are looking to merge online and offline customer data in order to provide tailored, and more profitable consumer experiences.

This report explores the business benefits of mapping the customer journey, and uncovering insights from that journey, that can drive retail growth.

Using data to improve the customer experience.

Retailers face an overwhelming amount of data produced by Scale, and, according to a recent e-consultancy report ("Understanding the customer journey" April 2015[1]), data lies at the heart of driving retail growth through improved customer experiences. Extracting and using customer insights to improve their experiences drives increased sales by improving customer loyalty and satisfaction.

When dealing with huge volumes of customer, product and purchase attributes in various data sources, joining up offline and online customer behaviour can prove to be challenging. When achieved however, it means the retailers are the helpful person behind the counter again: leveraging insight from that combined data to offer 1:1 personalised

services; in marketing, in-store and online. Personalisation and targeting has been proven to increase campaign responses and performance, as well as customer satisfaction.

Mapping the customer journey with data points, gives you a robust framework for knowing which data you need to understand, and how you can create actionable insight from the data in order to improve the customer experience.

86% of retailers in the e-consultancy survey said that the benefits from mapping the customer journey were profitability and increased revenue, while 83% cited reducing customer pain points and struggle.

What insights can be uncovered?

A variety of insights are accessed when linking offline and online customer behaviour. For example, connecting in-store purchases to online purchases to provide a comprehensive purchase history for the customer not only gives the retailer a more rounded picture of that individual customer to tailor campaigns and sales promotions, but gives the customer the ability to control purchase elements such as favourite items.

Accessing in depth customer data gives retailers the ability to build a more detailed picture of the customer, including:

- Interests and habits
- Personal values and influencers
- Channel preferences
- What content they respond to
- How they feel about the brand
- Price sensitivity
- Lifetime value
- Lags between first interaction and sale
- Customer acquisition costs
- Incentives preferences
- First time customer purchase patterns
- Recommendations and Net Promoter Score

Currently, retailers are struggling with understanding and linking many of these attributes, according to a recent e-consultancy study ("Building loyalty and driving revenue in a digital age" April 2014[2]) with only 42% being able to measure customer lifetime value for example.

Getting it right, and enabling this data to be shared and accessed, creates happier and more loyal customers that spend more. 89% of retailers in this study said that a great customer experience is key to driving loyalty, and it's clear that having a detailed level of understanding of the customer maximises the retailer's ability to provide tailored, and therefore better, experiences.

What are the challenges?

The challenges around linking offline and online data are primarily focused around the complexity of where and how data is stored and processed. Legacy systems often don't communicate with the more dynamic data stored in e-commerce store fronts or social media interactions for example, limiting the whole customer picture.

In the e-consultancy reports, a third of marketers stated they have to manage all these touch-points in silos, meaning it takes longer to access and combine the information, reducing the overall benefit to the retailer. Only a minority of organisations are using a variety of methods for joining up online and offline customer journeys, including loyalty schemes and point of sale data collection.

Challenges also exist around the organisational culture, prioritising the customer view across the business (marketing, sales, IT, operations, supply chain) needs to be consistently managed, and have a senior sponsor to enable the touch-points to be connected and managed correctly. It's important to appreciate that it's more than just enabling connections, it's being able to make sense of all that data and then create actionable insights that deliver value to the business.

Why we know it can be done.

If it was mentioned to the retailer behind the counter several decades ago, that he would need to keep all the knowledge about his customers as they grew into the millions, he may start to look a bit faint.
Indeed, the "Single Customer View" is a term often met with disbelieving stares, as most think it is too big a mountain to climb.

However, not that long ago, it was also thought that cross channel effectiveness was too big a challenge, and out of the reach of all but the retailers with the biggest budgets. Now cross channel is commonly understood as a route to retail growth.

Like cross channel, it's now also possible to take all this customer data and develop it into actionable insight, in a matter of days, across millions of customers, thousands of attributes and hundreds of sources of data.

Homebase, part of the Home Retail Group (HRG), has recently benefited from such a project.

2.5 million customers visit Homebase.co.uk every week, and more than 40% of all customers start their journeys online. In less than 90 days, Homebase were able to deliver individual customer engagement, integrated insight across all channels and real-time campaigns. This was powered by a completely flexible CDW (Customer Data Warehouse)

and the exponential expansion and recognition of customer attributes.

This led to initiatives such as personal garden planning in their digital project centre, which could then be linked to their in store visits. If they are in store and see a plant they like, they can log into the app and join up with their garden planning and research information.

This resulted in significant increases in both digital sales (double digit increase) and online traffic (30% increase).

It's clear that increasing knowledge of the customer from every interaction can lead to increased sales, and that developments in technology now make it possible to leverage all that data from legacy systems, cloud-based environments and social activity. This in turn enables retailers to create tailored, personalised experiences for their customers, replicating that one to one experience from decades ago, but in the modern, complex retail environment.

Sources

[1] https://econsultancy.com/reports/understanding-the-customer-journey/

[2] https://econsultancy.com/blog/64659-just-42-of-companies-are-able-to-measure-customer-lifetime-value#i.fmdp2hqzrevuyl

About Northdoor

Northdoor is an IT Consultancy specialising in Data. We believe that data can be the greatest asset that a business has and that effective use of data can provide business with a unique insight that gives it a competitive edge. Northdoor has a 27 year track record of delivering innovative solutions that bring real business value; this is reflected in 8 out of 10 of our customers being with us for over 10 years.

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know more, do more

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