Retailing, Reimagined: Embracing Personalization To Drive Customer Engagement And Loyalty

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The New Loyalty Landscape

For decades, loyalty programs have played an integral role in retailers’ marketing and engagement strategies. Using punch cards and frequent buyer programs, they aim to keep customers engaged and drive ongoing foot traffic into store locations.

Shoppers recognize these programs and register for them without hesitation. As of 2015, U.S. shoppers hold 3.3 billion memberships, a 26% increase over 2013. More than 1 billion of these program subscriptions are within the retail category.¹

Shoppers may be registering for more loyalty programs than ever before, but their overall engagement with these programs is plummeting. The average American household belongs to 29 loyalty programs across retail, financial services, travel and other economic sectors, but is active in just 12 of them.²

The disconnect between loyalty program registration and engagement points to one hard truth: Many retailers are struggling to create loyalty programs that truly resonate with today’s savvy shoppers.

In the past, retailers could collect core demographic data and build basic profiles to understand and target their customers. Now, shoppers have different needs and use different commerce and information channels each time they shop. Because shopper behaviors and preferences are constantly shifting, retailers need to work harder to deliver unique shopping experiences, communications and offers to each individual.

“Traditional loyalty programs have followed a ‘one and done’ model,” noted Shelley Bransten, SVP of Retail Industry Solutions at Salesforce. “But as retailers invest in digital marketing tactics, mobile apps and even in-store beacons, they must access pertinent customer information from multiple sources, including their loyalty programs, to facilitate omnichannel engagement and personalization efforts.”

This E-book will uncover how retailers can embrace the new loyalty movement, and leverage customer data and insights to create more personalized and memorable interactions across all channels.
Welcome To The Age Of The Customer

Driving retail sales and engendering long-term loyalty is no longer just about pushing the same products, coupons and discounts to customers and hoping they stick. In the new world of retail, creating relevant and exhilarating experiences is key to success.

We are now living in a “Me2B” world, which is forcing retailers to shift from the traditional 4 P’s of marketing — Product, Price, Promotion and Place — and instead, focus on meeting the demands of the constantly evolving shopper.

When the retail framework revolved around the standard B2C model, retailers could serve up offers and the consumer would immediately respond. And, historically, retailers owned and navigated the shopper journey from beginning to end. But today, the customer is in control.

In the Age of the Customer, shoppers dictate where, when and how they engage with brands. They may browse on Pinterest using their tablet while sitting in front of the television or check prices and look up product availability using their smartphones in-store. In fact, the vast majority of shoppers (82%) now research products online before ever setting foot in a store. While most shoppers tend to consult online-only retailers (56%), a specific retailer (55%) or brand (46%) website, many are also using social media (16%), deal comparison sites (12%) and other outlets during the decision-making process.iii

Now that the shopping journey is less linear, more sporadic and spans across multiple technologies and touch points, retailers must remain agile and nimble. Accenture calls this new imperative “Adaptive Retail.” Customer expectations and industries are converging, thus raising the bar on what makes a great experience.

82% of shoppers research products online before setting foot in a store. - Salesforce
Remember how Amazon turned the traditional retail model on its head and not only impacted the variety of assortment customers expected, but also the prices and recommendations they craved? Now, a variety of other progressive organizations and apps are shaking up how customers order and receive products.

Services like Google Express, Instacart and Uber speed up the delivery and pickup process by allowing shoppers to receive their products within an hour. Subscription services, such as Birchbox, are expanding shoppers’ product horizons, and are giving them the opportunity to try new products before fully investing in them. Warby Parker also has stood out from the retail crowd with its try-before-you-buy business model, which allows shoppers to test five different eyeglass frames before they make a final purchase decision.

There is a roster of other companies that are heightening customer expectations and forcing retailers to raise the bar on their marketing, commerce and fulfillment strategies — and that list is growing by the day. Retailers can keep pace with new tech companies and retail startups by implementing more innovative business practices, and rethinking how they engage customers and win their loyalty.

Accenture’s 3 P’s Of Adaptive Retail

To survive and thrive in the Age of the Customer, retailers must become adaptive. Specifically, they must focus on the 3P’s:

Pervasiveness

Focusing less on individual locations or channels, and more on holistic journeys. Brands need to be adaptive and integrate with customers’ lives in meaningful ways.

Personalization

Understanding the attributes of the customer, including how, when and what they buy, and using analytics to optimize price, assortment, promotions and space.

Privacy

Striking the right balance in the customer relationship to create trust, engagement, affinity, desire and delight.
Personalization Drives Loyalty In A “Me2B” World

For decades, loyalty programs have played an important role in retailers’ marketing and engagement practices. Using punch cards and frequent-buyer programs, merchants used discounts and coupons to lure customers into stores throughout the year. But the reality is, the retail loyalty landscape has changed dramatically over the past five years.

Shoppers now demand highly personalized offers and experience across all channels; however, they don’t want retailers to be overly intrusive or creepy in their outreach. According to Accenture, 60% of shoppers want to receive real-time promotions and offers in-store, but only 20% want retailers to know their current location and a mere 14% want to share their browsing histories. iv

Shoppers’ reception to personalization can also vary by age. Take Millennials as a powerful example. This tech-savvy demographic group demands more personalization than other segments. Research from Accenture shows that while 17% of Millennials think being reminded of items they need while they’re shopping is cool, only 6% of Boomers feel the same way. Moreover, 27% of Millennials think it’s cool to be told which foods they should buy based on their dietary restrictions. Most other groups do not want this extensive guidance. v

60% of shoppers want to receive real-time promotions and offers in-store, but only 20% want retailers to know their current location. - Accenture
Beyond these trends, there will always be shoppers within each demographic group that appreciate personalization more than others.

Retailers can make shoppers feel more comfortable with personalization if they:

- **BUILD TRUST:** Shoppers need to feel confident that you’re going to keep their information secure and will only use it to make their lives easier.

- **RAISE AWARENESS:** Educate shoppers about how you plan to personalize experiences across channels, and make offers and interactions more relevant to personal wants and needs.

- **COMMUNICATE THE VALUE:** Share how personalized messages, offers and interactions will bring value to their lives and make shopping experiences more seamless and enjoyable.

- **BE TRANSPARENT:** Offer in-depth details regarding how you plan to use customer information to personalize loyalty programs, rewards and marketing campaigns.

- **GIVE SHOPPERS MORE CONTROL:** Empower shoppers to control how and when you use their information. For example, rather than blasting shoppers with the same email campaigns, let them determine what types of messages they receive and when. While some shoppers may only want to hear from you if there’s a sale, others will want to get a first look at new products and collections.

- **KEEP DATA SECURE:** Accenture research notes that shoppers are 37% more comfortable being tracked if they believe retailers will keep their data safe.\(^{vi}\) Determine how customer data will be used and then enforce the appropriate security processes and protocols. You also need to effectively communicate to customers exactly how you will ensure data security and what measures you have in place should a breach occur.

In addition to taking these above measures, retailers also need to constantly track consumer behaviors and feedback, and refine their strategies accordingly.

“There’s no cookie-cutter approach for when personalization is cool and when it’s creepy,” Bransten noted. “Retailers are coming to us because as they build their digital experiences and strive to improve [customers’] in-store experiences, they want the speed and agility to make changes. It’s a big test-and-learn process and that’s why a lot of retailers are having trouble.”
Tackling The Loyalty Program Problem

Many shoppers register for retailer loyalty programs only to have their cards, key fobs and apps collect dust. That is because retailers are not taking the appropriate steps to differentiate their programs and show how they provide value to shoppers’ lives.

Retailers can implement the following best practices to create more compelling and relevant loyalty programs:

- **Make the program and its perks easy to understand:** More than half (57%) of shoppers participate in loyalty programs to save money, while another 38% want to receive rewards. To boost program acquisition and activity, retailers need to make the program’s value clear to each customer. If you can’t effectively communicate the perks, rewards and great experiences your shoppers will receive, you won’t be able to stand out and inspire action.

- **Balance hard and soft benefits:** Successful loyalty programs combine hard and soft benefits. **Hard benefits** are money-oriented benefits, such as discounts, coupons and cost savings. For example, many retailers reward shoppers with a discount if they register for the program. Conversely, **soft benefits** are more experiential, exclusive opportunities not provided to everyday shoppers. Early access to new collections and VIP invitations to events are common examples of soft benefits. Be strategic about how you combine both types of benefits to engage shoppers and provide assistance when they need it most.

- **Turn employees into program evangelists:** Your store associates and managers should be ambassadors of your loyalty program and all corresponding initiatives. If they’re not actively participating in your program and can’t experience the benefits first-hand, they won’t be able to communicate those benefits to shoppers while they’re in store.

- **Embrace gamification and visualization:** Leader boards, badges and progress bars are fun and compelling elements that show shoppers how many points they’ve collected or how many purchases they’ve made within a specified period of time. They also show how close they are to redeeming their next reward, which is a strong incentive to make additional purchases.

- **Drive ongoing participation:** Many retailers focus on winning loyalty program sign-ups, however, very few successfully keep members engaged. Leverage a unique mix of messages, calls-to-action, and hard and soft benefits based on shoppers’ unique browsing and buying journeys.
Data is a vital ingredient for successful personalization. It allows retailers to better understand shoppers, their behaviors, preferences and past experiences, helping them create more powerful marketing, engagement and service experiences.

To craft a clearer picture of customers, retailers must create “digital customer genomes,” which Accenture defines as “the detailed digital DNA of businesses’ customers and the next generation of customer segmentation.”

Digital customer genomes combine traditional and alternate data. Traditional sources include data from internal customer relationship management (CRM), enterprise resource planning (ERP), e-Commerce, relational database management system (RDBMS) warehouses and other enterprise systems. These data streams forge together to create a solid demographic foundation that integrates transactional data and loyalty card information.

Alternate data refers to data found beyond business borders, such as social media, community forums and location-based information. Mining social networks and other consumer outlets for insights — either through social sign-on or web crawling — helps businesses better understand the attitudes and opinions of individual customers. New technologies, such as wearable devices and beacons, also provide businesses with a wealth of insights regarding consumer activity. Businesses can use this information to better understand consumer habits and individual shopping journeys.

By combining all of this data, retailers can create a single view of the customer, offering a detailed view of shopper behaviors, clothing sizes, preferences, social activity and much more. With the right tools and systems in place, retailers can extend this information to all departments, including marketing, e-Commerce, store merchandisers and even store associates.

Digital customer genomes are the detailed digital DNA of businesses’ shoppers.
Retailers have made massive investments in systems of record, such as POS, e-Commerce and inventory systems, among others. These systems are optimized silos that house valuable operational data, but only provide a limited view of the customer.

“Every retailer I meet with says that their top challenge is that their customer data is sitting in all these different places,” Bransten of Salesforce said. “They can’t access this information at the moment they need to personalize an experience. Data is siloed, so by the time they have created a relevant offer or message, the opportunity is gone and the customer has moved on.”

Retailers need to adopt systems of engagement to better understand their customers and, in turn, boost loyalty. Systems of engagement integrate with a retailer’s system of record to provide a unified, comprehensive view of the customer — or their customer genomes. They are born in the cloud, mobile first, social in nature, and driven by data science to drive engagement for customers.

Systems of engagement also empower retailers to better leverage digital customer genomes, which combine traditional and alternate data sources. As a result, team members are able to personalize experiences faster than ever before.

Data silos prevent retailers from creating the right offer at the right place and at the right time.
Embrace The Convergence Of Digital And Physical

When retailers transition to systems of engagement, team members have access to brand, product and customer data from all channels. Not only does this help improve operational efficiencies, such as inventory management and order fulfillment, but it also empowers team members to better understand shoppers and their unique preferences, helping them create more personalized shopping experiences across all channels.

- **Online**: If all systems and data streams are connected, a retailer’s e-Commerce team can track traffic and sales, and break down usage of the regular site versus the mobile site and branded app. The team can garner important insight into which elements of the mobile experience are more compelling, which banners are clicked on the most, and which features and capabilities shoppers find most important. Constantly consulting this data helps the team ensure mobile experiences remain relevant and useful.

- **In-store**: Store employees are retailers’ most powerful advocates and sales tools. But nearly half (48%) of shoppers say they typically know more about a store and products than a store associate. When associates use mobile devices in stores, they can tap into a wealth of information, including product information, stock levels and 360-degree customer profiles that include their purchase histories, customer service inquiries, and even their brand, size and color preferences. By providing your associates with instant access to information, you’re positioning them to have more valuable interactions with shoppers and overall, be more successful in their day-to-day lives.

- **On the go**: Imagine a runner using a smart watch to track her speed, heart rate and distance. As she ventures on her morning run, her smart watch notes that her blood sugar levels are low. Conveniently, she’s only a short distance away from a coffee chain she has a loyalty program account with. Using geo-fencing, the store is able to recognize the runner and send a discount on a line of protein bars. She redeems the offer, but then decides to order a coffee for when she finishes her run. She uses her mobile device to complete the transaction and set a time to pick up her beverage. Because the store recognizes her device, she can pick up her order and go.

It is no secret that shoppers are relying more on digital tools and touch points throughout their browsing and buying journeys. And digital’s impact on retail is only going to grow over the next decade. Retailers can embrace data and technology to meet and exceed shopper expectations, and create more immersive brand experiences.
Shoppers’ expectations continue to shift at an amazing pace. It was just a few years ago when consumers wanted to visit a store or web site, select an item and make a purchase as quickly as possible. They now crave relevant, compelling and contextual interactions.

The combination of technology and data lets retailers create a loop of communication with shoppers before, during and after they complete a transaction, leading to increased engagement and loyalty. Below are a few ways retailers can personalize interactions across the customer lifecycle:

- Emails featuring new products and preferred brands
- Mobile push notifications focused on preferred products
- Email requests to complete product ratings and reviews
- Follow-up blogs focused on how to use specific products
- Product recommendations based on browsing and purchase histories
- Web site, social ads or mobile app banners promoting sales for preferred brands or product categories
- Sales associates using data to drive cross-sells and up-sells at the point of sale
- Last-minute discounts for product bundles or add-ons
Conclusion

Technology is empowering shoppers to shop anywhere and at any time. In order to capture the attention of these savvy shoppers, retailers are upping their investment in personalization. In fact, 40% of retailers agree that creating a more personalized customer experience is their top priority. ix

By transitioning from systems of record to systems of engagement and adopting the principles of Adaptive Retail, retailers can break down organizational silos and extend robust customer profiles across key business functions, leading to:

- More immersive and contextual brand experiences
- More relevant loyalty programs and initiatives
- More tailored and personalized offers and messages
- More effective mobile apps, web sites and in-store experiences
- More educated and engaged store associates

Rather than relying on transaction-focused tactics, such as traditional loyalty programs, points systems and punch cards, retailers can create programs, campaigns and services that are relevant, experiential and unique to individual customers.

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i  COLLOQUY, COLLOQUY Loyalty Census
ii  COLLOQUY, COLLOQUY Loyalty Census
iii  Salesforce, 2015 Connected Shoppers Report, November 2015
iv  Accenture, Accenture Personalization Survey, March 2015
v  Accenture, Retail Hyperpersonalization: Creepy versus Cool, 2015
vi  Accenture, Retail Hyperpersonalization: Creepy versus Cool, 2015
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viii  Salesforce, 2015 Connected Shoppers Report, November 2015
ix  Accenture, Technology Vision for Retail, 2015
About Accenture

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