

TIME TO THROW OUT THE CALENDAR

and become a customer-keeper
for all seasons





The retailer that can think like its customers and predict what they will do next will leave its rivals behind—in the holiday season and beyond

JILL STANDISH
Senior Managing Director, Accenture

Retailers gearing up for the holiday season and the year ahead have much to look forward to. But the imperative is to improve consumer confidence in their brands, and to do that they need to be forensic in their approach to data.

This may sound like nothing new, but the ability to look forward—to learn the lessons from customer data that will ultimately pave a path to profit—is still a struggle for many organizations.

Accenture’s annual holiday research suggests that consumers feel confident about increasing their spending, but it also shows that they are changing. For example, millennials care about a retailers’ attitudes to inclusion and diversity practices—and are prepared to vote with their dollars for retailers that share their values.

Not all retailers will be prepared for that level of scrutiny.

NOT ALL CUSTOMERS ARE CREATED EQUAL. GET TO KNOW THEM AS INDIVIDUALS.

- **Invest** in data and analytics to identify your most profitable customers, as they are key to retail growth.
- **Make** inclusion and diversity a business imperative or customers will spend money with the rival that does.
- **Redesign** your social channels as a direct path to purchase and meet your customers on their terms.

Are your customers buying into you?

Retailers have traditionally regarded themselves as shopkeepers. Now, they need to become “customer-keepers”. Where once they focused relentlessly on product, they now need to look at every decision through a consumer lens.

What does that new mindset mean in practice? It boils down to building a detailed picture of your customers as individuals—each with their own set of behaviors. What do they want to buy, and how do they want to buy it? What draws them to your stores and digital channels, and what do they do once they are there? Do they simply spend on products, or are they increasingly interested in your additional services and experiences? And who are the customers you want to keep coming back?

Only retailers that take the time to ask these questions and can work out how to answer them will be positioned for success. The data, for instance, might show that the unprofitable store you’re planning to close is where some of your best customers try out your products before buying them on their smartphones. Or what if the data reveals that it is the product with wafer-thin margins that gets your customers through the door and spending on other, more profitable products and services?

FIGURE 1: Retailers Stuck in Silos



Source: 2018 Accenture US Holiday Shopping Survey

Approaching decision-making in this way will transform how retailers operate. While many brands think they have embraced digital transformation, few have moved beyond the operational silos of the past. Product assortment and placement, pricing, marketing, staffing and the like are interlinked in terms of their impact on customer acquisition and retention, but too many brands still see them as distinct activities.

The opportunity here is to build a granular understanding of the intersection between product, services and the customer, and that understanding comes from data. Retailers with the best data know better than their rivals who their most valuable customers are, and what it takes to win more of their spending.

Picking out the patterns

The insights come from the patterns in your data. There is such a vast array of inputs that identifying those patterns is too difficult for the human eye, but the artificial intelligence technologies that underpin data analytics tools make it easy. Not only can these tools identify key insights, but they also recommend the best course of action.

Smart new technologies enable retailers to more accurately assess the impacts of their decisions: the trade-offs they make between pricing and promotion and inventory levels; where to place products within the store and their distribution center networks; and the impact of consumer expectations on delivery and availability.

Imagine approaching these decisions knowing exactly how they affect your best and most profitable customers and the impact on your bottom line.

Patterns can also help you understand how your decisions affect each of your customer cohorts. Today, transparency is key, and retailers need to understand how their practices relating to age, gender, ethnicity, sexual orientation and ability, for example, play a role in shoppers' purchasing decisions. This will include who you employ and how you approach your advertising.

FIGURE 2: Transparency/Diversity of Customer Base



Source: 2018 Accenture US Holiday Shopping Survey

National and multinational retailers serve a diverse customer base, and must position their brands accordingly. This means more local decision-making supported by the granular picture of customers provided by analytics tools.

In terms of social media, the number of shoppers in our holiday research who plan to use social media to buy products has almost doubled since last year, so retailers that build social media data into their strategies should benefit.

But it is vital to identify patterns and triggers of demand: if an influential celebrity compliments your product, will you have time to boost stock levels in preparation? And do your social channels allow your customers to buy direct? Again, these are key decisions that are made easier by the patterns that emerge when you look through the lens of the customer.



From art to science

Retailers that are accustomed to making decisions more instinctively will need to learn to rely on their data. Success is becoming more of a science than an art: retailers' human experience and judgment will still be valuable, but it will be much better informed by data science.

After all, the drivers of customer behavior are now so much more sophisticated than they were. Price is no longer the be all and end all, for example. In a market dominated by online players with huge power, where discounting is available to customers year-round, cutting prices in the holiday season will increasingly become a misguided attempt to drive profits.

The retail sector faces a challenging market. But with consumers' optimism rising, retailers must be proactive in order to reap the benefits. At the heart of it, they need the tools that will help them to spot the patterns in their most profitable customers' data and identify how to respond. Making the transition from shopkeeper to "customer-keeper" requires them to acquire the capabilities necessary to collect, combine and analyze data from both internal and external sources—whether in-house or through specialist partners.

Forensic data analysis and prescriptive analytics will go a long way to helping retailers meet customers' needs as they evolve—this holiday season, into 2019, and beyond.

FOLLOW US



@AccentureRetail



Accenture Retail

ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations.

Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 459,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

Visit us at www.accenture.com.

Copyright © 2018 Accenture.
All rights reserved.

*Accenture, its logo, and
High Performance Delivered
are trademarks of Accenture.*