

A woman with dark hair, wearing a black long-sleeved top and dark sunglasses, is smiling and looking down at a smartphone held in her right hand. She is standing in a jewelry store, with a glass display case containing various pieces of jewelry visible in the foreground. The background is slightly blurred, showing other people and store fixtures.

Loyalty and the Luxury Consumer

5 Ways to Win the Hearts
of Affluent Shoppers
With Integrated
CRM and Clienteling

Mi9
RETAIL

“Time and silence are the most luxurious things today.”

- Tom Ford

The needs, desires and priorities of affluent customers are shifting. No longer limited to “ladies who lunch”, today’s consumers of luxury goods are a diverse mix, including demanding millennials, busy businesspeople and conservative, mature shoppers. These individuals are highly marketed to and have plenty of choices. Their time is of the utmost value to them. Today’s consumers, especially the younger generation, value experiences over material goods: 72% of millennials would rather spend their money on experiences than on products. (JWT Worldwide)

We live in an omni-channel world. Luxury shoppers are increasingly turning online to discover and research new products, and they have seemingly endless options at their fingertips. Gaining consumer loyalty can be especially challenging for luxury retailers who cannot rely on coupons, discounts and promotions like other merchants, which would adversely impact the elite brand image.

How can luxury retailers win the hearts of affluent consumers while staying true to their brands? **The key is to make shopping easier, more engaging and more immersive, with personalized brand experiences at every touchpoint.** In this guide, we explore the five ways that luxury brands can connect with their customers using CRM and Clienteling as the foundation for delivering personalized interactions, experiential rewards, proactive outreach, omni-channel experiences and with a global reach.

"Luxury is in each detail."

- Hubert de Givenchy

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Beyond
segmentation.

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Shopping,
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Awesome around
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PERSONALIZED INTERACTIONS

Beyond segmentation.

With the onslaught of marketing messaging consumers are faced with today, brands must deal with tremendous challenges in obtaining and sustaining consumers' attention. **Delivering relevant value is imperative to cutting through the clutter.** Segmenting lists by behavioral or demographic attributes, or a combination thereof, is a good start. However, truly personalized communications are even better.

The personal information that can be harnessed from an integrated, omni-channel CRM and Clienteling platform enables associates and marketing teams to deliver highly targeted messages and tailored experiences. For example, associates can use preferences data to propose the ideal product in the store. Since 50% of affluent shoppers believe that brick and mortar stores provide better customer service than other channels (eMarketer), it's important that associates are armed with the data and tools to meet this expectation.

A recent Forrester report concluded that 66% of luxury shoppers prefer mobile-equipped sales associates. Aside from completing mPOS transactions, associates who use mobile Clienteling tools can also contribute significantly to building brand loyalty by delivering personalized service, setting appointments and enhancing the client profile with input from face-to-face interactions.



**66% of luxury
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mobile-equipped
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Forrester

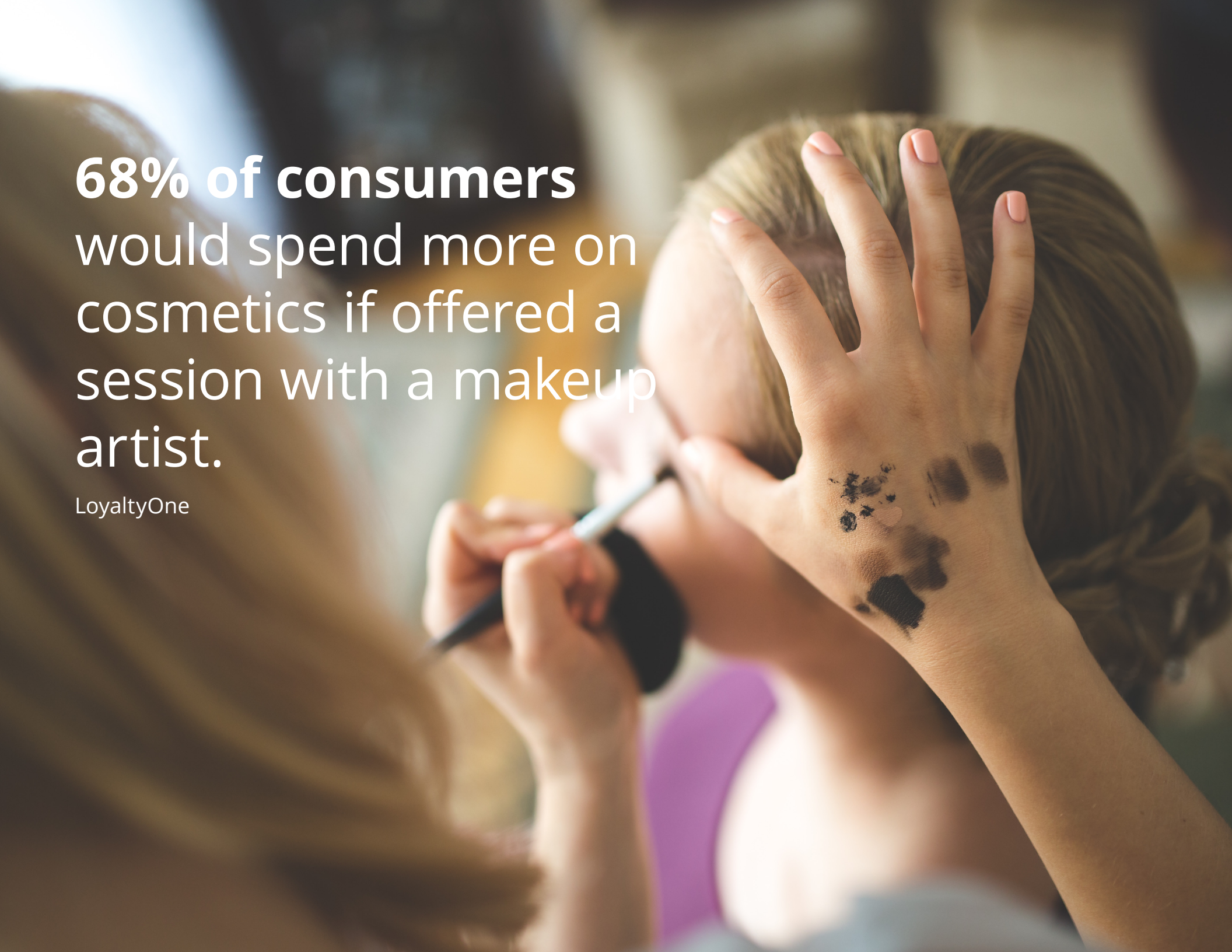
EXPERIENTIAL REWARDS

Shopping, upgraded.

Experience-based rewards have been offered for many years in the travel sector, with examples including access to elite airport lounges, butler service and more, but they are only recently beginning to gain popularity in retail. These experiential offerings are particularly appropriate in the luxury sector where discounts and promotions would be contrary to the brand's high-end image. **Affluent customers don't want to be bothered with points and percentages: rather, they want useful upgrades that make their shopping experience easier, more luxurious and more elite.**

Using CRM as the operational engine, points can still be used on the back-end, in order to calculate the customer's value and assign them to a tier (gold, platinum or diamond, for instance). However, the math behind an experiential loyalty program does not need to be visible to the consumer. What's more, unlike traditional points-based programs in which X dollars equals X points, experiential loyalty programs can assign value to social actions including referrals, Instagram posts, Pinterest pins and more. Some examples of experiential rewards that luxury retailers can offer include meet-and-greets with designers, wine and cheese events or perks such as free alterations and personal concierge services. In one recent study, 68% of consumers said a session with a makeup artist would prompt them to shop more with the cosmetics retailer, so access to specialists on staff is another great experiential reward to consider offering. (LoyaltyOne)

From the brands' perspective, 40% of companies responding to a recent VIPdesk survey stated that customer engagement was the major benefit realized through inclusion of experiential rewards in their loyalty program. Engaged customers have also been found to be more loyal customers, therefore experiential rewards are beneficial to retailers and consumers alike.

A close-up, slightly blurred photograph of a makeup artist applying makeup to a client's face. The artist's hand, which has several cosmetic swatches of various shades of black, brown, and pink on the back, is visible. The client's face is partially visible, and the artist is using a brush to apply makeup. The background is out of focus, showing other people in a salon or studio setting.

68% of consumers
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LoyaltyOne

PROACTIVE OUTREACH

Be the first to know.

Provide your brand advocates with superior service by communicating with them about new collections, special events and other exclusive news. Clienteling equips associates with the tools needed to query based on data such as brand and lifestyle preferences as well as automated alerts that will prompt them to perform proactive outreach between in-store visits. These types of 1:1 outreach communications deliver relevant value to customers and are effective in building customer loyalty since they engage customers in a personal way, developing deeper relationships while making shopping easier. In fact, one recent study found that **data-driven marketing strategies lead to a 47% increase in consumer loyalty.** (Forbes)

It is important for communications to be targeted, not only in the content, but also in the delivery. CRM and Clienteling are important tools for managing client profiles that include communication preferences. Going beyond broad-stroke opt-ins and opt-outs, an effective solution includes separate options for associate outreach versus mass communications, communication channel preferences (e-mail, SMS, phone, direct mail) and even preferred time-of-day. In a recent survey, 49% of respondents said they had or were somewhat/very likely to opt-in to receiving e-mails from a luxury brand. (eMarketer) There has also been an increase recently in the popularity of SMS communications in retail. SMS messaging has a far greater open rate than e-mail, since most adults are never more than a few feet away from their phone. Mobile Clienteling enables associates to contact clients via SMS in a brand-controlled manner, with templates created and approved by corporate headquarters.

Other examples of great reasons to reach out on a personal basis include special occasions, such as birthdays and anniversaries, invitations to relevant store events, holidays, thank yous for recent purchases, etc.

A photograph of two women in an office environment. The woman on the left has short brown hair and wears glasses and a blue denim shirt. The woman on the right has curly brown hair and wears glasses. They are both smiling and looking at a laptop screen in the foreground. In the background, there is a large computer monitor and some office equipment.

Data-driven marketing
strategies lead to
a **47% increase in**
loyalty.

Forbes

OMNI-CHANNEL EXPERIENCES

Holistic branding.

The customer journey is no longer linear. Consumers go online to research in-store purchases and visit stores to touch and feel before buying online. Sometimes, they order online and pick up in store, and other times, they may opt to order in store to have items shipped to their home. In fact, Deloitte estimates that digital influence on shopping decisions is over \$3 Trillion.

Luxury consumers, in particular, are heavy users of digital media. Experian research finds that **luxury consumers are much more likely to use digital media**, especially tablets, gaming consoles, computers and smartphones. Any initiative to impact the luxury customer experience must employ a holistic approach with careful consideration to every customer touchpoint. Seamless experiences across media and channels are essential to customer brand recognition and, in turn, loyalty.

In addition to enhancing and personalizing omni-channel experiences with data from CRM and Clienteling, online behaviors can also be used to enrich the client profile. Good examples of online behaviors that be included to enrich the client profile may include products viewed on e-commerce sites, search terms and social media activity such as Twitter tweets, Instagram posts and Pinterest pins.

A close-up photograph of a person's hands. The right hand is holding a dark credit card, and the left hand is typing on a white laptop keyboard. The person is wearing a blue long-sleeved shirt. The background is blurred, showing a white desk and a smartphone.

Digital influence on
shopping decisions is
over \$3 Trillion.

Deloitte

GLOBAL REACH

Awesome around the world.

Although we live in an increasingly digital world, 95% of all retail sales still happen in brick-and-mortar stores. (AT Kearney) Therefore, associates and in-store experiences still play a significant role in building brand loyalty.

Affluent consumers are more likely to travel, with luxury consumers planning to take an average of three vacations this year, spending approximately \$8,000 on each trip. (Unity Marketing) That means that your loyal customers are likely to interact with your brand in multiple markets. Perhaps, even on multiple continents.

Whether the customer shops at your boutique in Paris, Milan, New York or Tokyo, they should receive the same personalized, attentive service. With centralized CRM and Clienteling on a single international database, associates worldwide are empowered with the data they need to provide informed service. For instance, associates in foreign markets can access the most recent transaction from the customer's home store to propose a coordinating item, suggest new collections based on lifestyle attributes such as the types of sports played and tailor the interaction as if they were longtime friends. This level of personalized service is what luxury customers demand in exchange for their devotion to the brand.

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AT Kearney



Mi9 Retail, the premier provider of enterprise retail merchandising, business intelligence and customer-centric software, empowers the world's most successful retailers to build strong personal relationships with their customers, process high volumes of transactions in real time, and optimize inventory across all channels utilizing a single, accurate source of the truth. Built using cutting-edge technology, the software minimizes costs of ownership and provides the industry's fastest time to value. The company's global headquarters are located in Miami, FL, with operations in North America, Europe and Asia Pacific. For more information, please visit www.mi9retail.com.

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