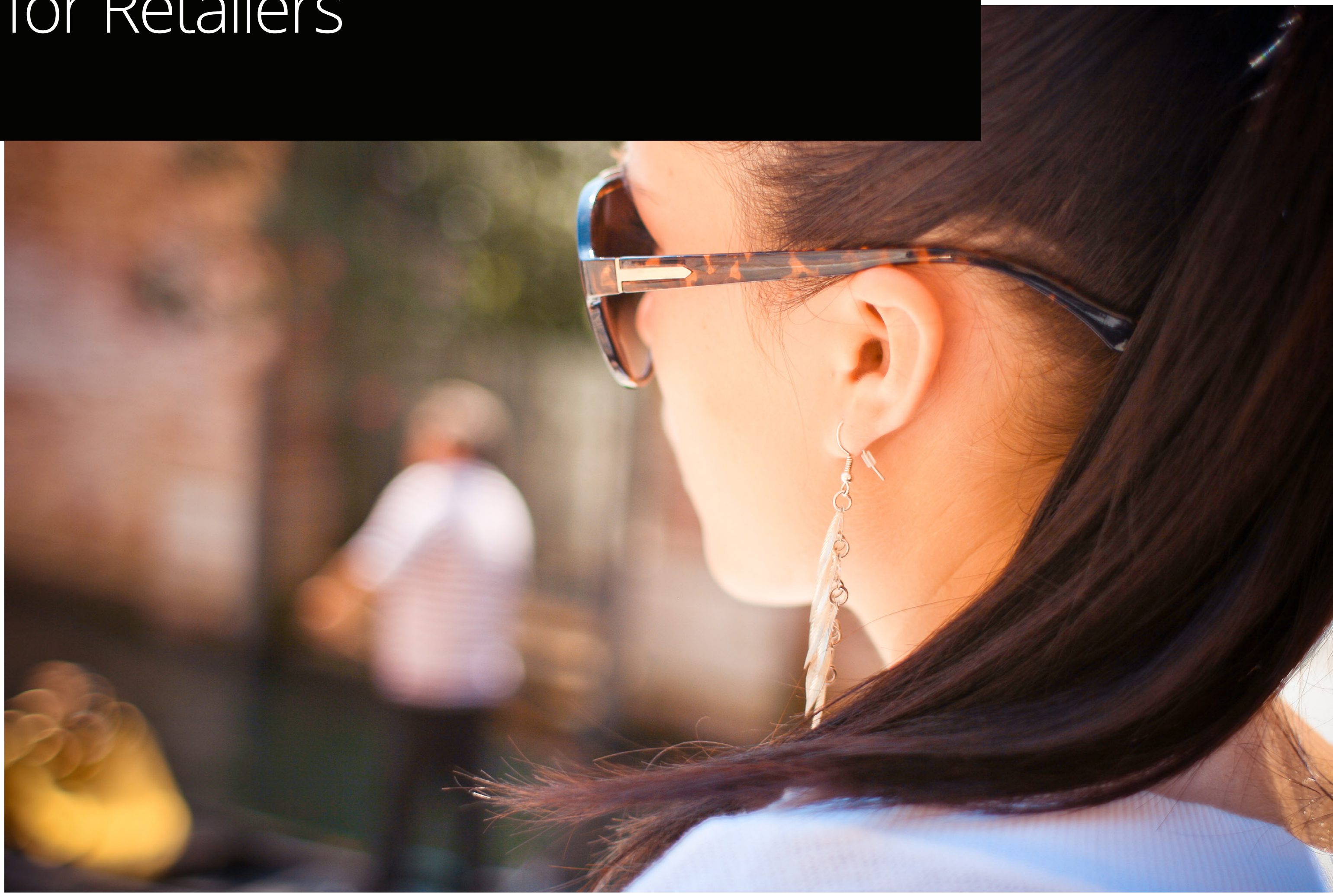
White Paper

How Clienteling Delivers Rapid ROI for Retailers



How Clienteling

Delivers Rapid ROI for Retailers

The primary goals of clienteling are to establish long-term relationships with key customers, and to empower associates to make the most of each and every interaction.

By doing so, the associate is able to influence behavior related to customer frequency, average transaction value, margin, associate productivity, conversion, and more.

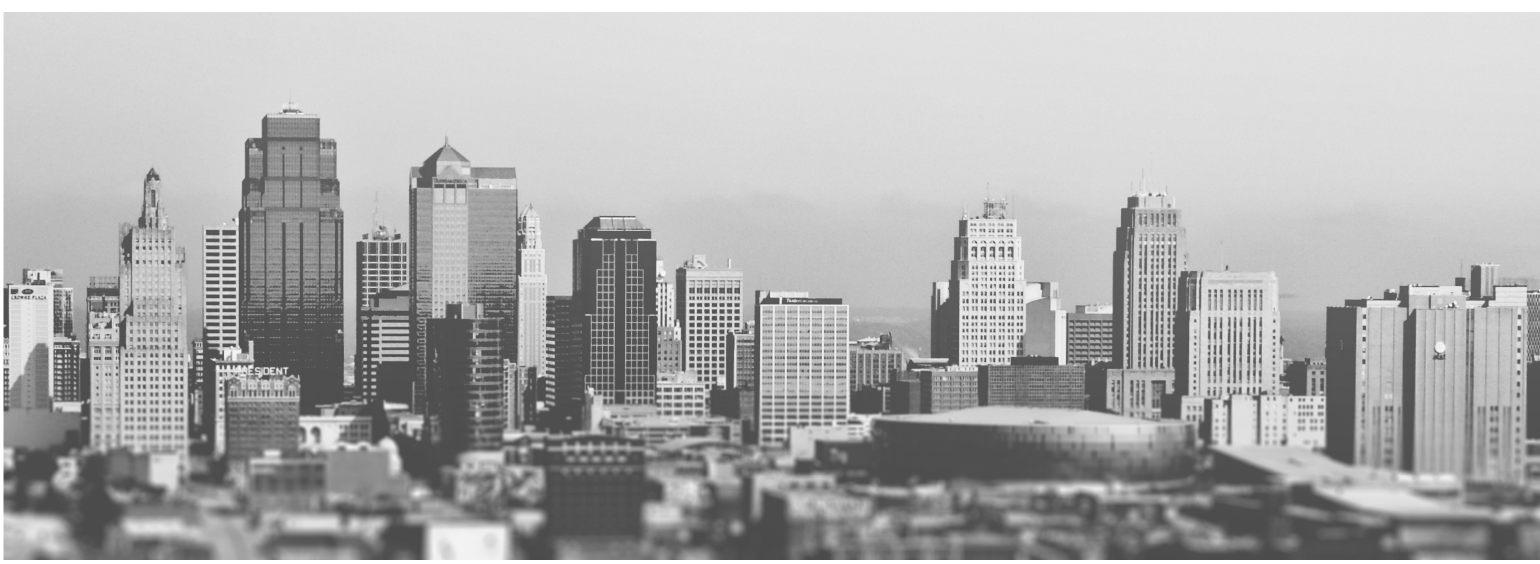
Effective business processes can move the customer through the entire customer lifecycle of customer / client / ambassador, while providing tools to address the needs of each step in the lifecycle.

This is best achieved by enabling associates to manage their own business, much as an entrepreneur might. This is accomplished through the use of tools and enterprise information that support specific corporate goals and strategy, and which are available when and where the associate needs them.

Mosaic Clienteling was designed to enable retailers to establish long-lasting learning relationships with their customers. While it is true that sales history provides insight into a customer's tendencies, this insight is nowhere as complete as that gained by an associate working directly with a customer.

Through each interaction, the associate is able to enhance a customer's profile with information that cannot be easily captured in other ways. This information can then be used in future interactions, to be yet more personalized and as a result more effective.

Capabilities such as notes, wish lists, alerts, and purchase history provide the ability for an associate to enhance a profile in ways that purchase history and e-commerce activity alone cannot.



The Three Ultimate Goals of Clienteling

Implementation of a clienteling solution must align with overall corporate strategy and goals.

How the solution is configured, and what features are front and center must be based on the targeted business processes and best practices. Often these business practices can be grouped into accomplishing one of three things:

1. Increase Traffic

Many of the best practices are designed to increase traffic in the store, and subsequent recency and frequency measures. These initiatives are focused primarily on active outreach by the store associate(s) with the best relationship with the customer.

The outreach designed to increase store traffic include a variety of purposes such as store events, offers/promotions, new products, replenishment, etc. All of these are designed to provide highly individualized value for the customer receiving the communication. These initiatives are supported by apps such as follow-up, prospects, brand alerts, queries, and templates.

2. Increase Conversion

Once the customer is in the store, either through an outreach attempt or walk-in traffic, the associate must be armed with tools to facilitate a sale. This is best accomplished by providing an omni-channel view of a customer, and through tools designed to provide product related information. By providing access to a customer's profile, an associate may look up important notes, open offers, past purchases, wish lists, and more.

By having access to product-related information, the associate can look up alternative sizes and colors, identify where products might be available, and by working directly with the customer to identify other products that may provide up-sell and cross-sell opportunities. Apps that support these capabilities include the customer profile (wish lists, notes, preferences, offers, etc.), client book, search, and look book.

3. Increase Transaction Size

Increasing transaction size is accomplished through the effective outreach with personalized value propositions. By focusing outreach on items other than sales, the average transaction size increases dramatically. Personalized communications increase the odds of a customer buying, and enhance the relationship over time.

Communicating to customers about new products, cross-sell opportunities, points-based thresholds, and new affiliated brands allows the associate to focus on effective outreach about something other than sales and promotions. Apps that support increases in transaction size include the client book, customer profile, look book, brand alerts, prospects/offers, and wish list.

While most clienteling deployments vary in some ways, the fundamentals of increasing traffic, conversions and transaction size are the same. Retailers must establish their strategy and goals, define the best practices and business processes that support these goals, configure a solution to enforce these business, and educate and empower their associates to execute.

Case Study History

The customer profiled in this case study is **one of the largest luxury department store chains in the United States**. Their original store, which was opened nearly a century ago in New York City provided a unique specialty store that would become synonymous with fashionable, gracious living.

The retailer's mandate is to offer the finest quality men's and women's fashions as well as an extraordinary program of customer service. They now own and operate **over 100 full line outlet locations across the United States** as well as license agreements for six international locations.

While the retailer has had a form of clienteling for many years, first with a system created by a software vendor Cornell Mayo in the late 1990s, and then with the Retaligent Clarience application deployed in 2006, they wished to implement a new clienteling solution focused on omni-channel and mobile strategy. The new clienteling initiative was to combine the best of the existing strategies, with a new single view of the customer on a mobile platform.

Project Goals

The primary goal of the clienteling solution is to provide tools and data to in-store associates to manage their top customers. Understanding the 80/20 rule of retail, where 80% of sales are derived from 20% of the customers, the retailer's focus is to influence the buying behavior of these top tier customers through highly personalized relationships provided by each associate in the retail environment. While this is the primary focus, the toolset needed to also be designed with an eye toward the average walk-in customer, since influencing each and every sale can have dramatic impact on the bottom line.

The primary goals for the project were as follows:

• Establish lasting relationships with the most important clients;
• Empower associates to become entrepreneurs and manage their own business;
• Provide tools to address three phases of the customer lifecycle (customer/client/ambassador);
• Improve associate productivity through targeted and personalized outreach to customers;
• Improve conversion through tools to facilitate product knowledge and availability;
• Increase the average transaction size for affiliated customers;
• To increase customer frequency for affiliated customers.

To meet these goals, the Raymark team worked with the retailer to understand the features and deployment options which would best meet their specific needs. This was done through a Best Practices and Business Process Review, with the end result being a list of omni-channel initiatives, and the supporting business process to execute these initiatives.

The primary business processes focused on three phases of a sale:

Before the Sale
Active outreach to customers about unique personalized value propositions, the ability to identify customers most likely to respond to specific communications, as well as appointment preparation.

During the Sale
Provide access to customer information (purchases, likes, promotions, offers, loyalty points, etc.), product information (alternatives, availability, knowledge, upsell opportunities), and service information (repairs status, alterations status, etc.). In addition, to provide tools to enhance the profile with valuable information gathered during an interaction such as notes, preferences, wish lists, relationships, etc.)

After the Sale
Provide tools to perform accurate follow-up, execute relationship building outreach (thank you, birthday), and to schedule the "next" interaction.

Results

The Mosaic Clienteling solution was **deployed to over 3000 associates** with a wide range of features, each designed to address one or more business processes in the retail organization. The clienteling strategies employed by this retailer are detailed throughout the remainder of this document.

Clienteling Overview

Mosaic Clienteling is based on new technology that enables Raymark to deliver a beautiful cross-platform experience, however the concepts incorporated in the application are based on decades of developing solutions for store associates with a primary goal of fostering long-term learning relationships between individual associates and customers. **Mosaic Clienteling provides the tools needed to empower associates to effectively manage their business as sales professionals.**

The Mosaic platform was designed to be data agnostic (be able to consume data from a variety of data sources), OS agnostic (run on a PC as well as a variety of mobile devices), and be configurable and extensible (custom experience by retail brand).

Many studies have been performed that demonstrate the value of relationships in retail sales. In one study performed by Retail Wise Consulting, it was demonstrated that **the average customer who shops 2 or more times with a retail brand spends twice as much if they work with the same associate as opposed to different associates**.

The 80/20 Rule

For most retailers another tenet is also true – 80% of sales are derived from 20% (often less than 20%) of customers. This 80/20 rule demonstrates the value of a dedicated focus on the top tier customer, as a 5% gain in sales from these customers represents a much greater benefit than a 10% gain with all other customers combined. And it is far easier to influence the loyal customer than the customer who is not yet loyal to the brand.

For these reasons, a typical clienteling initiative in retail is designed to provide a targeted focus on the top tier of customers with the end goal of enhancing the relationship with this customer at both the brand, and the individual associate level. While the typical sale is not to be ignored (and in fact can be impacted dramatically with the right tools), the main emphasis of a clienteling initiative is on influencing the interaction with a select group of clients.

From a solution standpoint, this is addressed through a concept referred to as affiliation. An affiliation is most often a voluntary relationship set by the store associate whereby the associate elects to put a customer in their client book. Associates are essentially mandated to build their book of qualified customers from which to work. The shortcoming of this approach, however, is that some associates may not be aware of the potential value of a given customer, and some of the potential high-value customers might slip through the cracks. As a result, the solution must also take into account these unaffiliated customers for targeted and personalized service as well. The Mosaic solution was designed to address all of these needs.

The Customer Lifecycle

In fact, the business process and supporting software must address three phases of a customer lifecycle:

1. The first time shopper (customer)
2. Repeat sale (client)
3. Loyal customer (ambassador)

The average retailer considering a clienteling solution is looking to formalize specific business processes in an effort to accomplish a combination of overall business goals such as:

- Increase Sales
- Increase Margin
- Increase Visits
- Increase Average Transaction
- Increase Associate Productivity
- Increase Conversion

A clienteling deployment, therefore, is designed for each retailer in order to match the business process to the formalized goals of the organization and to align with the corporate strategy from the top down. By understanding the impact of relationships, and specifically relationships with the top tier of customers, a retailer is best equipped to design and support store best practices through a formalized business process, and is still better equipped to do so through a software solution.

CLIENTELING APPS

CUSTOMER PROFILE

The customer profile represents both the summary and detailed information related to a customer, as well as the tools that specifically relate to a customer. The customer profile is available through a majority of the apps, but provides a number of features related to existing customer data, or enhancing the customer information through each interaction with the customer. The customer profile consists of two forms of navigation (top five, navigation bar), and access to a wide range of customer information and tools to enhance the profile through omni-channel customer data capture.

Top Five

The top five feature is designed to provide quick access to customer information related to the five most important items an associate may wish to know when working with a client. These customizable items may consist of:

Loyalty Account Status
If the customer is a member of a loyalty program, this area of the profile displays the tier, spend, points, and other important information related to their account. It also provides a more detailed view of the account information by quick navigation to the details page.

Bonus Reward Value
The bonus reward view is related to any valid points that have been accrued, but not yet redeemed.

Current Offers
The current offers feature is designed to notify an associate if the customer has received any personalized marketing offers or promotions. The navigation provides a view of all offers provided, as well as a details page consisting of the content and applicable offer/promo code and/or barcode.

Last Transaction
The last transaction summary provides a quick view of the date and value of the last transaction. The quick navigation provides a detailed view of the specific transaction.

Category Summary
The category summary displays the three most popular product categories purchased by the customer. The quick navigation provides a detailed analysis of customer spend by category and channel.

Affiliation

The affiliations feature provides a quick view of those other associates who may have a relationship, as well as a mechanism to add a customer to an associate's client book.

Contact Information

Contact information provides a view of the customer's contact information including multiple addresses, phone numbers, e-mails, and SMS approved mobile numbers. In addition, the contact information feature also provides an indicator of customers' contact preferences, as well as any contact method for which the customer has opted out.

Purchase History

The purchase history section, pictured above, provides a series of tabbed pages, each with a different view of past transactions.

The primary view is a photo gallery view of all items purchased. This gallery view allows the associate to visually identify the past purchases, and to filter this view by category, by brand, as well as to view items purchased with the logged-in associate.

The second view is the transactions view, which displays a grid of past purchases by transaction summary. Selecting a transaction provides a pop-up view of the items within that transaction. The same filters apply to this view as described in the gallery view.

The third view is the item view, which displays a grid of all items purchased by the customer with all associated detail – including UPC, style, brand, color, size, price, etc. The filters described in the gallery view apply to this tab as well.

The final view is a summary of spend by category across all channels. This view is not controlled by the filters, but rather provides detailed spend this year and last year by category and channel.

Follow-Up

The follow-up module was designed to display all follow-up opportunities with a customer. This is closely tied to the follow-up app, described below, and consists of follow-up opportunities created by the associate, as well as follow-up opportunities created by marketing or automatic workflows related items such as alterations, holds, sends, birthday reminders, replenishments, and other automated reminders.

Notes

The notes feature enables an associate to make detailed notes related to a customer, and to view prior notes to identify any items of importance. This notes field can also be queried through the query app (described below), enabling the associate to find all customers that have notes related to a specific topic.

Preferences

The preferences module enables associates to record and view information about the customer's product, shopping and personal preferences, and consists of two tabs: preferences and brand alerts. The first tab enables retailers to create custom survey questions to collect personal information about the customer.

The second tab allows the associate to request an alert for any product that is received in the store related to a specific brand and/or category of merchandise. For example, a shoe associate might create a brand alert for all incoming Prada Shoes so as to be alerted to their arrival with the opportunity to then view the merchandise to perform an outreach to the customer if the incoming shoes match a customer's preferences. These alerts will appear in the follow-up app as described below.

Wish List

The wish list feature enables the associate to add items to a customer's wish list by either scanning an item into the list, or by searching for an item. Through integration with e-commerce, this list can also be populated by the customers themselves and managed on the public website. Workflows can be configured to alert associates of items on a wish list that fall under promotions, discounts or other product related events. The wish list also supports relationship selling, by encouraging reaching out to a customer's spouse based on date related events (such as birthday or anniversary).

Relationships

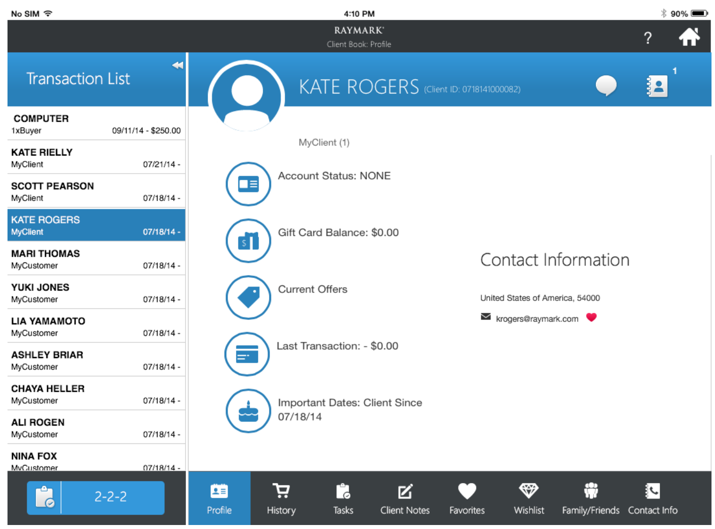
The relationships feature enables an associate to identify relationships between a customer and other customer profiles. These relationships can be defined as spouse/partner, family member, associate, etc. These relationships support a few key business processes: 1) by providing the ability to link a send transaction directly to a relationship profile at POS and 2) to provide opportunities to perform outreach to those with relationships for key events.

Contact Info

The contact info module extends the contact information summary on the main profile page. It is through this contact info module that the associate can add or edit address, phone, e-mail and SMS information, as well as set appropriate customer permissions and contact preference. Contact info supports multiple addresses and address types, multiple e-mails, and multiple phone numbers, as well as the ability to select a mobile device for use of communicating via SMS.

Outreach

The outreach module enables the associate to reach out to their customers through the solution itself. It provides the features to send an e-mail, make a phone call (with cell-enabled device), send a text (with text-enabled device), or to print a letter to be mailed. In addition to the capabilities to perform these tasks, the outreach module also provides for the selection of pre-built templates, or for free-form writing of e-mail, SMS or letters with the ability to attach a file, insert an image, as well as to insert "mail-merge tokens" whereby the customer and associate names are auto-populated in a pre-defined template.



LAST 60

Creating follow-ups for customers, as well as identifying and affiliating customers can take time that an associate may not have while working on the floor on a busy day. The last 60 app was designed to address this issue, and to assist the associate in managing their day. Last 60 provides a real-time view of the associate's last 60 transactions (can include newly created profiles, sales, returns and other special transactions), and the related customers.

The last 60 app allows the associate to review each of the customers with whom they have worked, and to perform one of two primary functions: 1) add to Client Book by affiliating with the client, and 2) add a follow-up or series of follow-ups with each qualifying customer.

The Last 60 app also provides a workflow feature whereby a 2-2-2 series of tasks may be created (2-days, 2-weeks, 2-months) for a selected group of customers in the last 60 list. Because the last 60 app provides access to the full customer profile, the associate might also wish to enhance the customer's profile with such items as brand alerts, wish list items, or notes.

CLIENT BOOK

The concept of the client book is a critical component to the business processes the Mosaic solution was designed to support. As described in the overview, the primary focus of the clienteling application is to direct the attention of each associate to their respective best customers. These best customers represent those with whom the associate has a strong relationship or wishes to develop such a relationship. The client book groups the associates affiliated customers into an easy to use list format, which provides access to the customer profile to allow the associate to either manage a profile or perform an outreach to a customer.

The concept of a client (vs. a customer) is leveraged by much more than just the client book app however, as this relationship is also used in determining who follow-up opportunities should be sent to, as well as in the query app (described below), where the associate may query against their affiliated clients, or those customers with past transaction (customers). In essence, the client notation acts as a security feature to limit which customers an associate might query, as well as to provide a finite list of associates who can and should reach out to a customer through an outreach follow-up opportunity, thus limiting over-communication.

FOLLOW-UP

Perhaps more important than any other business process, the need to communicate with customers is at the heart of clienteling. This communication typically comes in the form of 1) service follow-up (alterations, holds, repairs, etc.), 2) sales follow-up (replenishment, new product, 2-2-2, etc.), and 3) relationship follow-up (birthday, anniversary, thank you, etc.). The follow-up app was designed to support a common interface to handle each of these follow-up types.

Follow-up items can be added to an associate's follow-up list by two methods:

Associate-Generated

Associates can add follow-up opportunities by adding a reminder to a customer's profile. In addition, through the last 60 app, an associate can schedule a series of subsequent follow-ups, one in 2 days, the next in 2-weeks, and the final in 2-months.

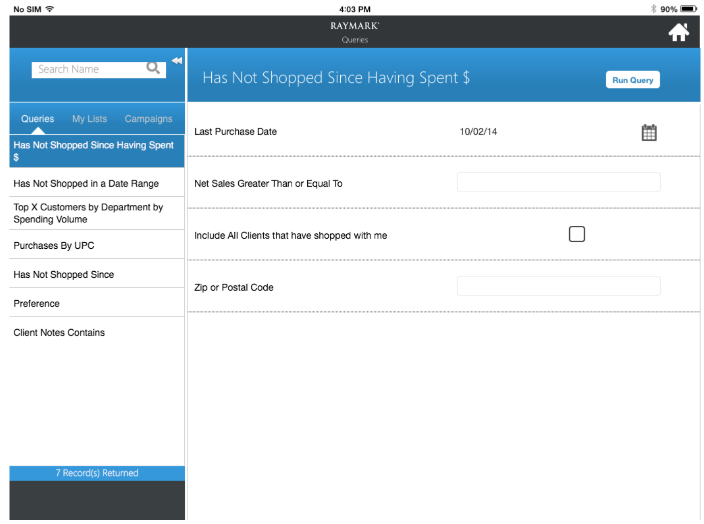
Automated Based on Triggering Event

Automatic follow-up reminders can appear in an associate's follow-up list based on specific triggering events. These automated follow-up items may come in the form of relationship follow-ups (i.e. birthday, thank you, etc.), or a sales-related follow-up (brand alert, replenishment, etc.).

As a follow-up is performed with a customer, it is marked as complete, and is removed from the list. The associate may also elect to ignore a specific follow-up which does not mark the follow-up as complete, but does remove it from the associate's list.

QUERIES

A key component to an effective clienteling strategy is the empowerment of their store associates to become entrepreneurial in their approach to their own business. Perhaps more than any other app, the queries app is designed to provide a powerful tool to the associate to identify customers that meet a wide range of sales opportunities. The queries app has three key elements:



Queries

The Mosaic solution comes with a set of pre-defined queries from which the associate may choose in order to query against their list of customers. The default result set consists of clients (those customers with whom they have affiliated themselves), however the associate may broaden their search to include customers (those whom they have a transaction). The queries are designed to address very specific business-related circumstances, such as those customers who purchased Brand X, those who purchased Brand X but not Brand Y. Those who have not shopped in X timeframe, those with notes contain the following text, etc. Once an associate runs a query they are presented with a list of qualifying customers. From this point, the associate may elect to create a campaign to reach out to all or some of these customers and/or to save the result set as a list for future use.

Lists

Once a query result is displayed to the associate, they have the option of saving the results as a list to be used for future campaigns. This list remains static, and therefore enables the associate to communicate with the exact same set of customers for future purposes.

Campaigns

Campaigns are at the heart of the query app, in that the end-goal is typically to communicate with customers about a value proposition. For example, an associate may wish to query their customers for all those who have purchased a specific brand in preparation for a trunk show, or purchased a specific style to notify customers of new arrivals, or have not visited the store in a defined period of time. Ultimately, the purpose is to perform a highly targeted outreach with the intention of bringing the customer into the store. These targeted outreach campaigns have been shown to have incredibly high conversion rates. When the user creates a campaign, Mosaic breaks the list of customers into four separate campaign lists based on the customer's preferred contact method (call, e-mail, letter, SMS). This enables the associate to efficiently execute a number of communications related to a particular contact type. In addition, the e-mail capabilities enable the associate to execute a bulk e-mail, where all recipients in a campaign are sent the same e-mail (modified with mail merge fields including name of the customer and associate) in a single action.

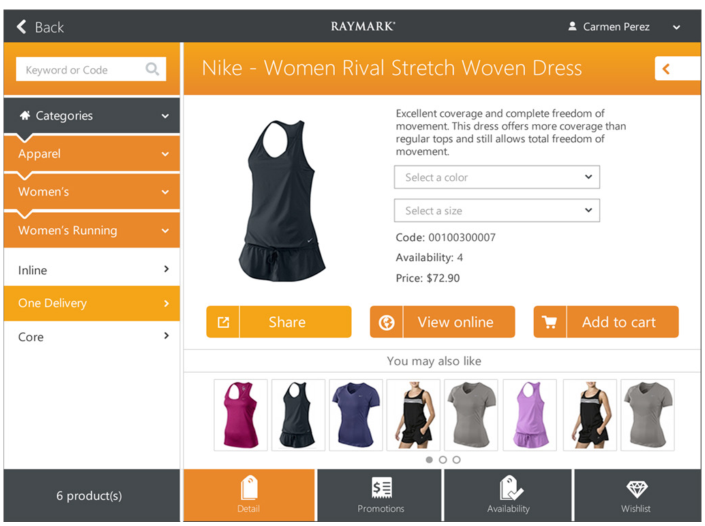
SEARCH

The search app provides the associate with the ability to access any customer profile while working with an existing customer while in the store. The associate can search for a customer through a variety of identification methods such as address, phone, e-mail, account number, or client ID. A customer, or list of customers will appear in the search results list and provide the associate with access to the corresponding customer profile(s). The search app's primary purpose is to support many of the activities that might take place while a customer is in the store. By allowing access to a customer profile while working with a customer, the associate is able to review a customer's purchase history, add notes, brand alerts, wish list items, and more... all while working with the customer in a shared interactive experience.

PROSPECTS

The prospects app was designed to separate those follow-up opportunities based on the relationship with the associate with those pushed to the associate from marketing. While essentially the same as a follow-up, the prospect list represents a list of customers who have received a marketing communication or offer. The prospect app displays those items seen at the customer level in the current offers feature in the top five of the customer profile.

As an associate communicates with a customer through the prospects app, the prospect opportunity is marked as complete and is removed from the list. In addition, the associate can elect to ignore a prospect opportunity and mark the opportunity to be removed from the list.



LOOK BOOK

The look book app provides the associate with access to product information for the purpose of providing information to the stores for product knowledge and training, as well as the ability to check the availability across channels for a given product or alternative products. The look book app is often used when working directly with a customer, and enables an associate to search for a requested product, see what other sizes or colors in which it might be available, and to check availability of the product in other stores. This app provides a very useful tool to ensure conversion once a customer is in the store, and a visual shared experience with the customer.

The look book app is also very useful for associates to learn about product collections, products soon to arrive, as well as products carried in some stores, but perhaps not their own.

TEMPLATES

The templates app provides the ability for corporate users to create templates to be used by the stores for outreach including e-mail/letter, SMS, as well as telescripts. The templates tool can also be used by managers to create templates to be used by their associates. In addition, the templates app can be used by the associate to personalize existing templates and store these templates for personal use.

The templates app provides a friendly user interface whereby the individual can create templates, add images, add mail merge tokens for customer and associate names, and perform typical word processing functions such as formatting and spell check.

REPORTS

The reports app is designed to provide different users with the access they need to reports based on their particular role. For example, the managers have access to associate-related reports, while the associates have access to associate- and customer-level reports. The reports app allows an associate to view the report on the device they are using, or to e-mail the report to themselves for future access.

REASSIGN

The reassign app is a management tool used to reassign customers from one associate's book to another. This is most often done when an associate leaves employment, and assures no top customer goes untreated. The manager is able to select a given associate to view all customers in that associate's clients. They can then select another associate to reassign some or all customers to the other associate. The receiving associate receives a follow-up and is given the option of adding that customer to their book (clients), or retaining them as a customer.

VIP

Certain high profile customers, such as celebrities and other public figures, may require an additional level of security. The VIP app provides management with the ability to mark a customer profile as a VIP, and to assign an associate VIP permissions for that profile. Once a profile is marked as VIP, certain elements of the profile are hidden from all associates who do not have a VIP relationship in all apps. Data such as contact information and transaction history is hidden to protect the customer from unnecessary communications.

For 25 years, Raymark has been empowering retail with leading-edge enterprise software solutions that help the world's most prestigious international retailers optimize stock turns, build customer loyalty, and increase sales. Raymark develops and markets the ultimate suite of flexible and interconnected applications deployed in a centralized environment and offers professional turnkey solutions including implementation, training and customer support. **www.raymark.com**

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