



The value of a one-to-one approach

Multi-channel retailers are a unique combination of high-growth operations and high-touch direct marketing. They need to offer a much more personalized shopping experience if they want to build loyalty and retain their best customers, says Junction Solutions' Holly Haines.

Holly Haines is the Product Manager for Junction Solutions' Microsoft Axapta for Multi-Channel Retail product, with over five years of multi-channel ERP software experience. She has worked in all phases of the software development lifecycle, including software design, testing, release management, training and implementation, and understands the day-to-day operations of direct-to-consumer retailers due to her extensive job history in the industry.

ERS. Consumers are becoming increasingly sophisticated in the way they shop. How are multi-channel retailers mining customer data to help personalize the shopping experience? What have been the issues in the past and how are these being addressed?

HH. Multi-channel retailers have a unique challenge: they need to constantly measure marketing effectiveness, in addition to improving customer service and streamlining order fulfillment processes – all while providing control and integration of their various processes, systems and marketing channels. They need to analyze the entire stream from campaigns to order entry through shipping and returns for greater efficiency and high-touch customer service.

One method of improving the personalization experience is to collect data through questionnaires and surveys, allowing merchants to learn a great deal about customer likes and dislikes. There are also many third-party services available where multi-channel retailers can purchase greater demographic information about their customer base, as well as services that, for instance, can track web page 'clicks' to record cus-

tomers when they're browsing. If this data is utilized properly, you can really analyze customer habits to recognize trends, and then offer products to consumers based on this data.

For example, you might be able to look at customers with similar profiles and offer them products based upon what other customers in that group have bought previously. By using questionnaires and surveys, you can also show products that are complementary to the customer's preferences based on the answers they have given.

I think in the past, multi-channel retailers had this data but weren't using it properly. However, because of greater competition in the market, there is a greater requirement to build relationships with customers and have them feel they're being personally addressed during the ordering experience – whether it be on the web, through a call center or in the store, this information can be used to provide a more personalized shopping experience.

ERS. Are consumers wary about handing over this kind of data?

HH. We actually do a lot of work with direct-to-consumer catalog companies, and these companies have been doing this for years. When you purchase from a catalog, you have to give your name and address over, so the catalog companies have had the advantage of having that personalized data in their databases for years now – they know their customers' purchase habits and have their demographic information already, so they can market to them and interact with them more effectively.

It's only been in the last few years that multi-channel retailers have realized how important it is to know who your customers are. In cases

where retailers can't easily identify customers, they are now using things such as loyalty card schemes to allow them to better identify who those customers are and what they can do to help them during the course of their shopping experience.

ERS. Why is this an important strategy for multi-channel retailers looking to maximize customer equity and improve the overall customer-business relationship?

HH. Personalizing the customer shopping experience by analyzing past purchases and demographic data will build customer loyalty. A customer is more likely to order from a merchant who remembers them – and as it's a lot easier to keep existing customers than it is to get new ones, properly collecting and analyzing information on your customers can help serve them more efficiently and strengthen that relationship.

ERS. What role do initiatives such as loyalty card schemes play in developing this relationship and gaining insight into consumer trends?

HH. Loyalty programs are very important for multi-channel retailers that, in the past, had difficulty identifying who their customers were. As I mentioned earlier, direct-to-consumer catalog companies and web retailers have long had access to this information, simply because the products had to be shipped out to the customers and therefore they had to give over their information. Loyalty programs provide multi-channel retailers with the opportunity to gather that same information and reap the associated benefits – however, it's important that this information is used properly. Multi-channel retailers need to ensure that the shopping experience is personalized and that the rewards from the program are personalized to retain loyalty; retailers cannot afford to simply offer a generic reward program that doesn't take into account past purchases or other factors, because as soon as a competitor comes up with a more attractive loyalty program, the customer is going to leave. Personalization is the key to retaining customer loyalty.

ERS. And what kind of customer-facing innovations is this enhanced customer-knowledge leading to?

HH. Personalizing the customer experience will provide a more customer-centric application; by using rules-based matching to target products to an individual, the retailer shows a commitment to improving the customer shopping experience. Collecting information to target products to customers – as well as tracking purchases customers have made from those suggestions – will ultimately improve the overall customer-retailer relationship.

Using ERP systems geared towards the multi-channel marketplace, such as Microsoft Axapta for Multi-Channel Retailers, allows for flexible campaign planning with market segmentation and list management embedded in the system. These features will allow multi-channel retailers to strategically manage mailings, personalize marketing, item pricing, discounts and shipping. After campaign execution, retailers will have deep visibility and analysis to reduce costs, increase profit and improve conversion rates.

ERS. What solutions does Junction offer to help analyze, improve and manage the entire retail stream?

HH. Junction Solutions' industry-specific features – integrated with Microsoft Axapta's proven and flexible ERP applications – provide multi-channel retailers, direct-to-consumer companies and business-to-business catalog companies with a powerful and flexible system. Our solutions address the unique challenges of measuring marketing effectiveness, improving customer service and streamlining order fulfillment, while providing control and integration of processes, systems and channels.

Microsoft Axapta for Multi-Channel Retail allows the user to capture a wealth of information about the customer, facilitating this process by creating personalized up-sell and cross-sell functionality. It has a built-in questionnaire/survey functionality that can be launched through the ERP so that information can be captured and stored (likes, dislikes, trends, etc.). In addition, the database for Microsoft Axapta is extremely flexible and we can add fields as needed – so if one of our users wants to purchase additional demographic data about a customer from a third-party, we can easily import that in to a solution and store that against the customer record. With all that information in place, we can then run queries, analyze purchasing trends and create rules-based scenarios that suggest products for particular customers who match certain criteria.

So for our web product, when the customer logs in we know exactly who they are and can recommend a number of products we think they may be interested in, based on their demographics and previous purchases. Similarly, in our call center application we apply the same rules-based matching logic, but here the order entry representative will be prompted to offer certain products over the phone at the time of the order.

This is certainly something that physical stores could learn from. I've seen tests in grocery stores whereby customers are asked to swipe their loyalty card through a reader attached to their shopping cart so that the retailer is able to identify that customer at the beginning of the shopping experience rather than at the end. Using various other technologies such as wireless and GPS, the retailer is then able to target that customer with cross and up-selling opportunities that appear on a cart-mounted screen as they move around the store.

ERS. And where do you see the sector headed next? What developments are you getting excited about?

HH. The particular development I've just mentioned is a fantastic innovation that could really have a big impact on all multi-channel retailers. Being able to know who your customer is as soon as they make contact is a great advantage, and I hope we'll see a lot more development in and uptake of these 'smart carts'. This would add even further value to loyalty card schemes, and should encourage multi-channel retailers to make optimum use of the data collected through them to really customize the shopping experience to individual consumers. This will really help to offer a more personalized shopping experience. As I said before, a 'one-to-one' marketing approach is critical to retaining loyalty and building a great relationship with your customers. ■