The Power of Clienteling
Case Study

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Company Profile

In order to maintain our obligation of confidentiality, the company herein described is an amalgamation of several of Mi9 Retail's department and specialty store customers. Our representative company is:

• Internationally renowned retail department store or specialty store specializing in an array of fashion, lifestyle and home furnishing categories.

• Annual Revenues: $1.5 Billion

• Estimated IT budget for 2008: $50 Million

• Estimated Number of Associates: 12,000

$1.5 Billion Annual Revenues

$50 Million IT Budget

12,000 Associates

The retailer had an extensive legacy data warehouse but expressed a lack of knowledge as to why their best customers purchased from the brand and how to increase store visit frequency. Customer preference information was unavailable at POS, and what was known was locked away in the memory of associates. Once an associate left, that information was lost forever. The CIO stated that while they had significant amounts of core customer information and detailed transaction history, they did not have an effective means to make that information actionable to store-level associates.

The marketing team had recently completed a next generation e-commerce site and loyalty program, but was now recognizing the importance of synchronizing customer offers and messaging across all channels.

In an effort to reduce costs, associate head count had been reduced and merchants had recently reduced inventory levels in poorer performing stores. This was causing many customers to leave the stores dissatisfied, having not found what they came in to purchase.

The senior management team felt that all of these problems could be addressed by identifying and instituting an array of retail "best practices" in their stores. To support this initiative, the retailer implemented a mobile and POS-based Clienteling and Assisted Selling system to provide their sales associates and managers with necessary store-level tools.

Business Situation

The retailer identified increased competitive pressure from traditional and online channels and was charged with finding ways to increase associate productivity and improve overall comparative store sales.

The retailer stated that some associates were pursuing manual paper-based clienteling activities but thus far, management had not instituted any enterprise-wide customer communication and service improvement program.

There was a shared desire on the part of many store managers to find better ways to monitor their associates' activities and identify coaching opportunities to improve in-store selling skills. Those associates that kept manual client books and who were doing a good job maintaining customer relationships were often the store's best performers. While store operations appreciated that superstar associates were increasing outreach and improving customer service, those responsible for managing risk and PCI compliance were very concerned that customer account numbers and personal information could easily be lost or stolen.

Technical Situation

The retailer's IT department had 90% of their resources assigned to managing a patchwork of legacy POS, merchandising, ERP, supply chain and data warehouse systems. All stores were running a 7 year old Windows-based POS hardware and software system, which had recently been enabled with web access to the e-commerce site. Most stores had manager workstation PCs for reporting and basic business communication purposes. All newer stores had wireless 802.11x infrastructure, but only represented approximately 20% of the total store count. The company was also evaluating the implementation of an Enterprise Application Integration solution for future planned systems.

Corporate management initially approached IT to assess the feasibility of building clienteling functionality into their existing POS system. The CIO engaged a small team to evaluate the requirements but soon abandoned the project because of the technical complexity of building and integrating the required application. Technical resources were already strained as staff had recently been reduced in a cost cutting move. Furthermore, the user group did not have the requisite expertise to articulate their requirements and guide the design of a best-in-class solution.

A joint team of executive and store management, marketing, operations and IT selected Mi9 Retail to provide their Clienteling solution.

Solution

Mi9 Retail initially worked with the retailer on a consulting engagement. A team of two consultants interviewed top and average performing associates and conducted a retail best practices session with these two groups of users. Mi9 Retail's technical project lead concurrently performed an audit of existing systems and logical integration points. Subsequent sessions included review of sales strengths and weaknesses, target benefits and key performance indicators, a departmental system configuration and an integration planning exercise, and finally a review of change management practices with the retailers training team.

After approximately 45 days of planning, setup, configuration, implementation and integration testing, the retailer launched Phase 1 of their Clienteling initiative with all of the features included in Mi9 Retail's out-of-the box solutions. The system was initially made available to a group that represented approximately 15% of the total user base. After approximately 90 days of monitoring and management and subsequent refinements to training, the retailer saw significant business benefit. They began rolling the web solution to all of their remaining stores over a six month period and announced plans to provide wireless access in all stores to support the mobile form factor.

95%

ADOPTION RATE

95% of the associates were consistently using the system and successfully completing their proactive selling tasks.

33%

INCREASE IN REPEAT VISITS

The number of repeat customers increased by 33%.

6%

INCREASE IN TOTAL TRAFFIC

A 6% increase in total traffic was directly attributable to associate outbound communication.

Benefits

The following benefits were achieved **within the first 90 days of the project**:

- After a comprehensive cultural change management and training program, 95% of the associates were consistently using the system and successfully completing their pro-active selling tasks.

- Migration of all users from manual client books to the new system in alignment with PCI directives.

- A 1000%+ increase in the number of outbound e-mails and calls to prospective customers by sales associates.

- A 9% increase in total sales revenue by associate over a period when new customer acquisitions were down 12%.

- Number of repeat customers increased by 33%.

- A 21% increase in average spend per transaction over 3 months with customers that were "clienteled."

- Re-activation of clients increased by 15%.

- A 6% increase in total traffic directly attributable to associate outbound communication.

- An 8% increase in margin.

- Individual conversion rates of up to 90% with associate-driven e-mail product recommendations.

- A double-digit increase in conversion due to inventory visibility and recommendation tools.

- Exit surveys indicated dramatically improved customer satisfaction.

- In addition to key corporate metrics, store management was provided with performance report cards and saw positive impact on tracked items such as :

Appointment Sales – tracking sales related to appointments

Repeat Client Sales – tracking dollars and quantity of repeat clients

E-mail Collected

Registration Rate - capturing new customer information at POS

Task Completion Rate

Intersell in all Departments – Day, WTD, MTD, STD, YTD

Productivity – SPH, WTD, MTD, STD, YTD

Store Events – % to goal

Client Development of Top 100

Mi9 Retail, a premier provider of enterprise retail merchandising, business intelligence, e-commerce, 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.

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