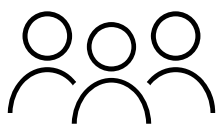


# How **Analytics** can Improve the Omni-Channel Customer Experience



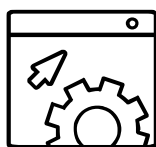
In today's omni-channel world, where a global marketplace is in the palm of every customer's hand 24 hours a day, retailers can no longer rely on products and price alone to compete. Customer experience has become a key revenue driver in the retail industry, as with many other industries, and retailers who make customer experience a priority are reaping the benefits. To improve the customer experience, there must be a concerted effort across the entire retail organization and a strong understanding of what customers need and want. Achieving this common goal takes people, processes and technology, as described in Table 1.

*Table 1 Improving the Customer Experience Takes People, Processes and Technology*



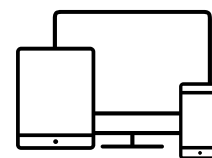
## PEOPLE

People at every level, and in every function of the organization must believe in the value of the customer experience and must understand their contribution to it, even if they are not directly customer-facing.



## PROCESS

Collaborative processes can facilitate continuous customer experience improvement, uniting various functions of the organization with a common goal: to delight the customer.

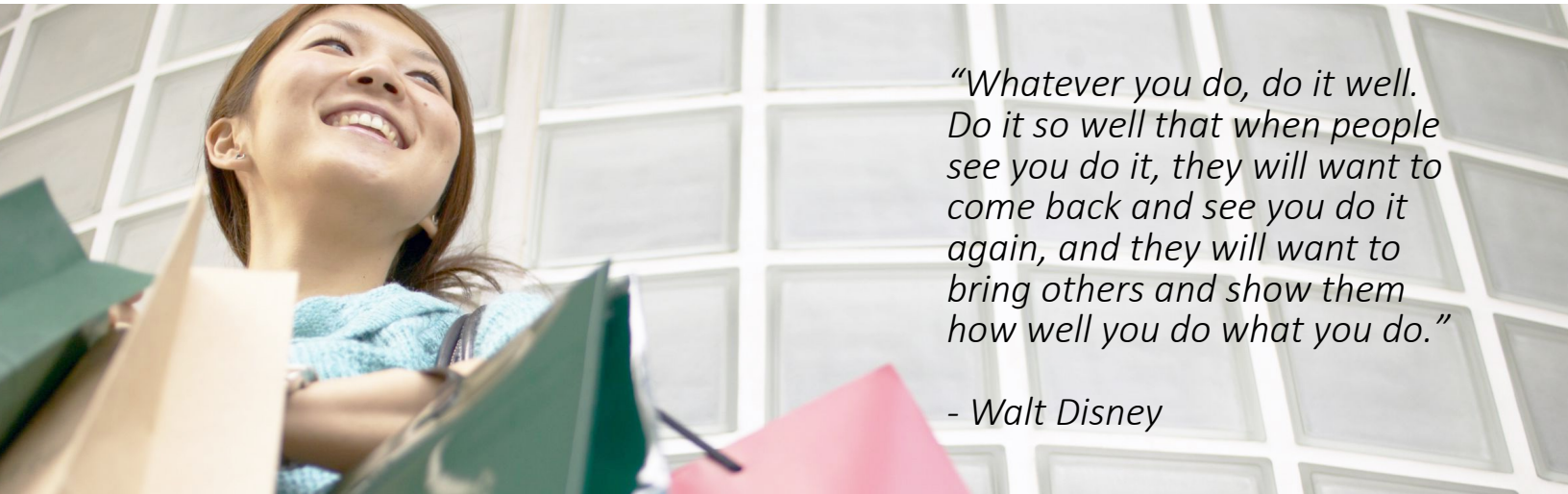


## TECHNOLOGY

Technology provides tools and data to inform and equip people within the retail organization, as well as customers through self-service tools like the company website, apps, and kiosks.



# What is the customer experience and why does it matter?



## ■ What is the customer experience?

### Physical and Digital

Although it is often touted as an important competitive advantage for brick-and-mortar stores over online retailers, customer experience is about more than physical experiences. Today's customer journey almost always involves both digital and physical interactions, and an omni-channel approach to the customer experience is vitally important. The retail customer experience, often abbreviated as CX, is about more than theatrics: it's a product of the intersection between the customer journey and the product journey. Gone are the days of being product-centric, or even customer-centric. To create great experiences, retailers need to address product-related factors such as purchasing, allocation, and manufacturing as well as carefully orchestrate the customer journey with attentive customer service, thoughtful marketing campaigns and relationship-building tools.

### Before, During and After the Sale

The customer experience often begins long before an intent to purchase ever arises, and doesn't end when the customer walks out of the store (hopefully, with a purchase in hand). From website performance and usability to the purchase and even returns processes, every interaction a customer has with a brand contributes to their experience. What can retailers do to improve the customer experience before, during and after the sale? See Table 2 for a few examples.

Table 2 Improving the Customer Experience Before, During and After the Sale

## BEFORE

- 1 Review website/app performance and usability
- 2 Provide self-service options for customer service and product research
- 3 Be easily accessible for customer questions
- 4 Make stores easy to seek, find, select, and ultimately buy whether customers are browsing or shopping with intent to purchase a specific item

## DURING

- 1 Equip associates with product and customer data to personalize the in-store shopping experience
- 2 Review the online checkout experience, removing obstacles where possible
- 3 Provide various fulfillment options, so that regardless of immediate availability, a customer's desire to purchase can be fulfilled with in-store pickup, delivery, or reserving stock at another store

## AFTER

- 1 Make the returns process as easy as possible, including offering in-store returns of online purchases
- 2 Use purchase data to personalize and tailor future marketing communications, web and in-store experiences
- 3 Use e-receipts as a marketing tool, adding incentives such as personalized promotions

### Why does customer experience matter?

It's simple: the customer experience matters because customers matter. Customers matter because they are in control and ultimately decide whether your business thrives or fails. Great customer experiences are not a "nice-to-have": they are a key driver of revenue. A recent study showed that a 20% increase in customer satisfaction not only contributed to a 15% lift in overall revenues, but also resulted in a reduction in the cost of serving customers by as much as 20%.

- McKinsey and Company

*"Good customer experience drives customer loyalty. In other words, companies that deliver a better customer experience tend to **retain more of their customers**, get **more incremental purchases** from their customers, and **attract more new customers** through positive word of mouth."*

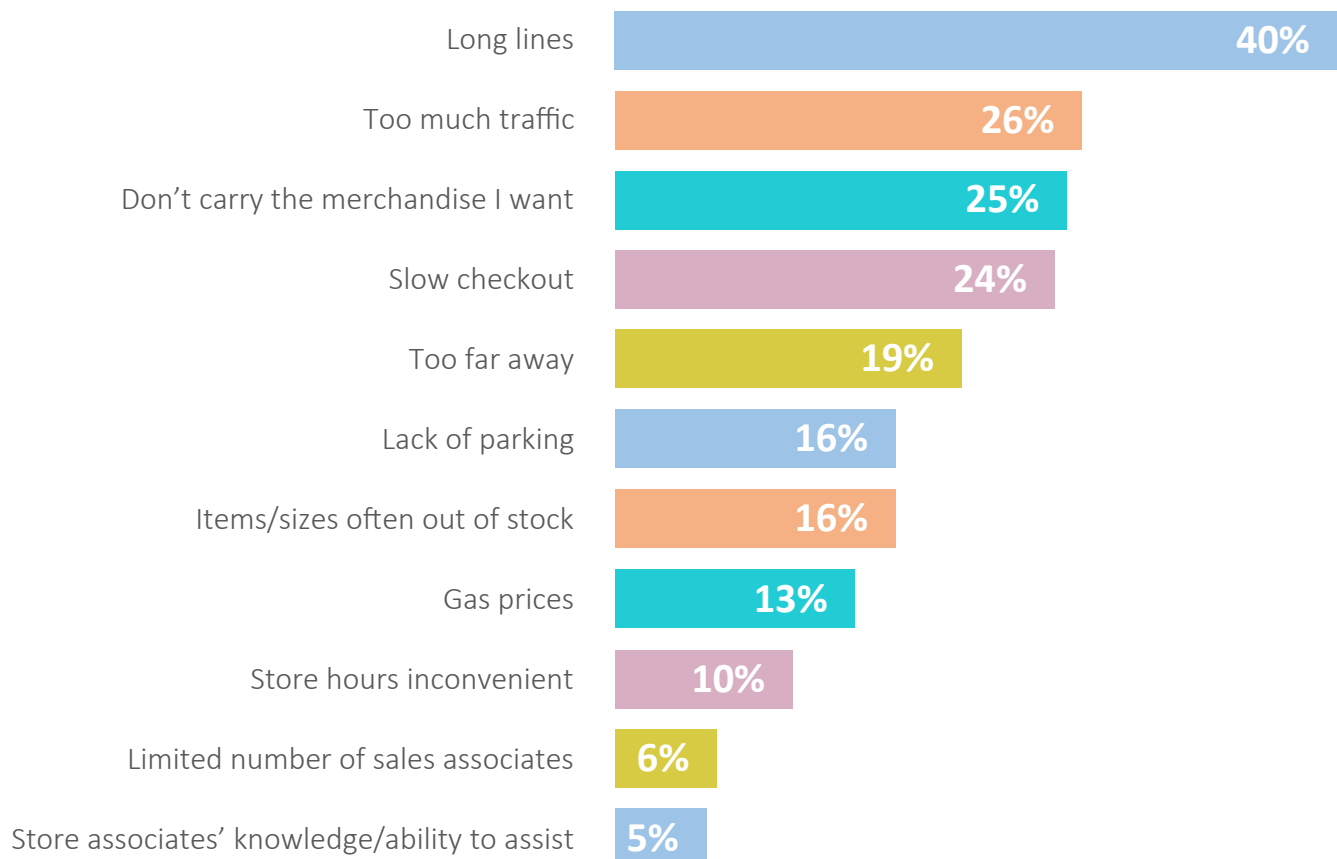
- Forrester

# What do **customers** really want?

While customers might be attracted by elaborate store displays, new products, and promotions, the essence of a great customer experience comes down to ease of shopping. Are the products the customer wants findable? Can the customer get their questions answered easily and efficiently? Is the checkout process quick and simple? Today's customers are busier than ever. The digital age serves up everything faster than ever, and customers expect no less from their online and in store shopping experiences.

Customers want brand experiences that work with their lifestyles. Features such as free shipping, in-store pickup, and stock lookups are now common, and customers have come to expect the convenience that they provide. Long lines at checkouts are customer experience killers, and are now easily avoidable with tools like MPOS as well as store traffic analytics that can be used to schedule staff when they're needed most. As detailed in Table 3 (Deloitte), long lines are the number 1 inhibitor to in-store shopping, and thus represent lots of lost revenues for retailers.

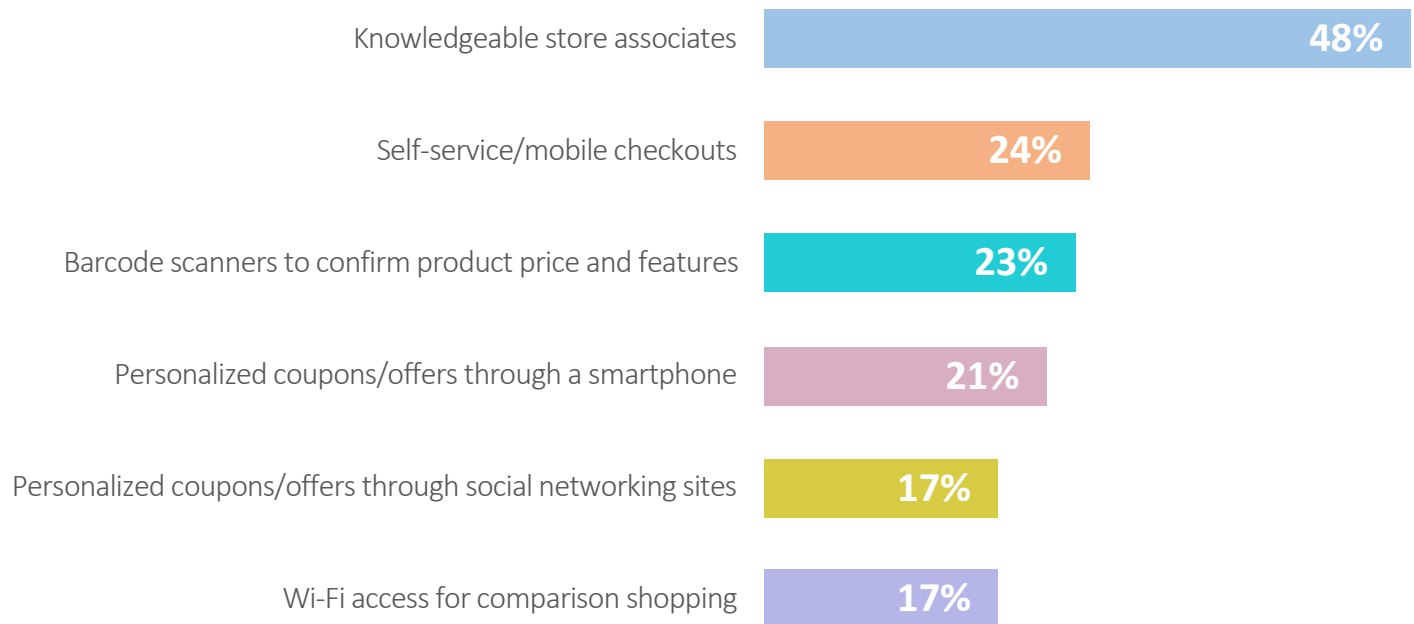
*Table 3 Biggest In-Store Shopping Inhibitors*





Conversely, the number one factor Deloitte found to increase the likelihood to purchase is knowledgeable store associates (Table 4). Informed associates equipped with the answers to customers' questions not only ensure customer satisfaction, but also moves them forward in the buying process.

*Table 4 In-Store Features that may Increase the Likelihood to Purchase*



# What are the **metrics** that matter?

How, then, can retail analytics support great customer experiences? As management guru Peter Drucker is famously quoted as saying, “you can't manage what you can't measure”. Measurement is key to continuous improvement. Equipping the right people with the right data empowers them to make informed decisions that benefit the customer, and ultimately, the organization as a whole. The key metrics that matter most to your organization are unique and will depend on your goals and objectives. With integrated omni-channel systems, there are hundreds of metrics that can be measured and analyzed.

*“You can't manage what you can't measure.”*

*- Peter Drucker*

Understanding and improving the customer experience is about more than CRM. Because great customer experiences happen at the intersection of the customer journey and the product journey, it's just as important to view product and merchandising metrics through a customer experience lens as it is to look at metrics that are directly customer-related. In Table 5, we list some of the common customer and merchandise metrics that retailers can use to evaluate their success in the various areas that contribute to the customer experience.

*Table 5 Customer and Merchandise Metrics*

## CUSTOMER METRICS

- Acquisition channel/POB
- Attrition
- Average order size
- Brand affinity
- Call category
- Call frequency
- Campaign response
- Cart abandonment
- Coupon conversion percentage
- Customer acquisition cost (CAC)
- Customer gross margin / profitability
- Customer store share
- Demographics: age, gender, retailer-specific preferences, etc.
- Discount vs. full-price tendencies
- Duration of visit

## MERCHANDISE METRICS

- Average margin
- Average order size
- Average time on shelf
- Cancellation rate
- Category/price-point analysis
- Competitive pricing
- Conversion rate
- Conversion of foot traffic to sales
- Cost of goods sold (COGS)
- Discount performance
- Fill rate
- Final gross margin
- Gross revenue per associate
- Gross profit per associate

## CUSTOMER METRICS

E-mail opens, bounces, clicks, forwards, unsubscribes  
Frequency  
Interaction with consumer-facing applications: kiosks, mobile apps, social media – time spent, activity, pageviews  
Issue resolution rate  
Latency  
Lifetime value  
Loyalty program participation: membership, balance, redemptions  
Mean basket  
Optimal communication channel  
Opt-in/out channels and communication preferences  
Outreach sales  
Pageviews  
Payment type  
Preferred channel/POB  
Preferred salesperson  
Pre-fulfillment cancellation rate  
Product adjacencies / cross-shopping  
Products sampled or recommended  
Propensity to buy  
Recency  
RFM (Recency, Frequency, Money)  
Returns: rate, products, frequency, reason code  
Seasonality  
Shoppers-to-staff ratio  
Shopping time of day, day of week  
Social media presence: reach/Klout, likes, mentions, frequency  
Source  
Top customer ambassadors (social media mentions, reach)  
Top revenue-generating customers  
Visit to buy ratio  
Wish list/registry activity

## MERCHANDISE METRICS

Hourly, daily, weekly, monthly, quarterly, and annual sales  
Incremental sales  
Initial gross margin  
Inventory integrity  
Inventory levels  
Inventory markdowns  
Inventory turns  
Overstocked goods  
Performance against plan  
Profitability of different brands, product lines, etc.  
Promotion performance  
Return rate  
Return reasons  
Sales per associate  
Sales per square foot  
Sell thru percentage  
Shrinkage loss  
Square inch analysis  
Stock to sales ratio  
Time-of-day patterns  
Trends  
Top revenue-generating products  
Total asset sales ratio  
Vendor performance analysis  
Weeks on hand



# What are actionable analytics?

As you can see in Table 5, there are numerous customer and merchandise factors that contribute to the overall customer experience. Not all of these metrics will matter to every business, and it's important to focus on the few that will have the most measurable impact. Equipping the right people with the right data, at the right time, is a key factor in creating great retail experiences. Visibility into the factors that influence the customer experience is essential to provide insights for continuous improvement and growth.

*"Advanced analytics is the technology most retailers (88%) believe will change their organizations over the next five years."*

*- Gartner*

Static reports are important for measuring things after they happen, but in today's fast-paced marketplace, retailers need enhanced tools to be proactive in crafting great customer experiences. That's where Actionable Analytics are essential: these tools deliver predictive insights far enough in advance to allow the user to act upon them when their actions will have the greatest impact.

Actionable Analytics also streamline the user experience, facilitating interactive participation from the user. This enables them to drive business change by drilling through to perform immediate actions, removing typical barriers to action like disconnected systems and siloed data. This means that a user could, for example, identify a slow-moving product and immediately pull up a list of customers who are likely to purchase this product based on their previous purchases or website pageviews. A few more clicks, and an e-mail could be generated to encourage customers to buy: bringing together the right products and the right customers, resulting in increased sales. Equipping the right people with the right tools and data also encourages a culture of collaboration: a common understanding that the customer experience is everyone's business is a winning recipe for retail success.

## Conclusion

Actionable Analytics are a key element in improving the customer experience because these tools enable retailers to act more quickly and efficiently than ever before. It's no longer enough to be reactive: retailers need streamlined tools and predictive insights to anticipate customer needs. Whether you're visually segmenting customer big data, determining drivers for your companies, or analyzing the social trends of your consumers and customers, the actionable analytics of Mi9 Intelligence allow you to extract key customer information and execute critical tasks in a heartbeat. Actionable Analytics, in the hands of the right people, and supported with collaborative processes designed with the customer at heart, are important ingredients for great retail experiences.

# Mi9 Intelligence

With a focus on data discovery and actionable analytics, Mi9 Intelligence maximizes the value of data and provides sophisticated visualization through its pre-built dashboards and KPI reports designed for specific roles in your retail organization, including: executives, merchandising, store operations, marketing, loss prevention, IT, e-Commerce, and more.

Not a toolset, this solution provides in-depth analysis and reporting in macrocosm or microcosm at every level of the business - across company, merchandise and customers, providing retailers with the key insights needed to create great shopping experiences. From monitoring performance against plan to scrutinizing POS transaction detail, Mi9 Intelligence is designed to provide retailers with guided intelligence, incorporating suggested best practices to drive improvements, enabling implementation of new strategies and effectively managing the business.

Mi9 Intelligence is a streamlined solution that combines advanced data management, business intelligence and financial controls built to drive actionable analysis at every level of the enterprise, arming organizations with the necessary data, reports and visualizations to optimize business performance. With faster access to higher quality information, Mi9 Intelligence delivers answers to the business questions retailers need now and empowers retailers to make better-informed decisions, which makes it possible to:

- Track, minimize, and take action against under stocks, over stocks and out of stocks
- Provide extremely accurate margin calculations
- Increase sales, margins and inventory turns
- Evaluate the effectiveness of marketing spend
- Optimize employee performance
- Understand customer segments and their performance





## GLOBAL HEADQUARTERS

Miami, USA

12000 Biscayne Boulevard, Suite 600 | Miami, FL 33181

Tel. 786.577.3200 | [www.Mi9Retail.com](http://www.Mi9Retail.com)