

# CRM: Helping Retailers Stay Afloat In a Sea of Customer Data

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In a mobile, digital era when shoppers' choices are increasing even as their attention spans are shrinking, creating and maintaining strong customer relationships and building loyalty are being challenged as never before. And with the wealth of data being generated daily across channels and touchpoints, converting that firehouse into actionable insights is a critical capability.

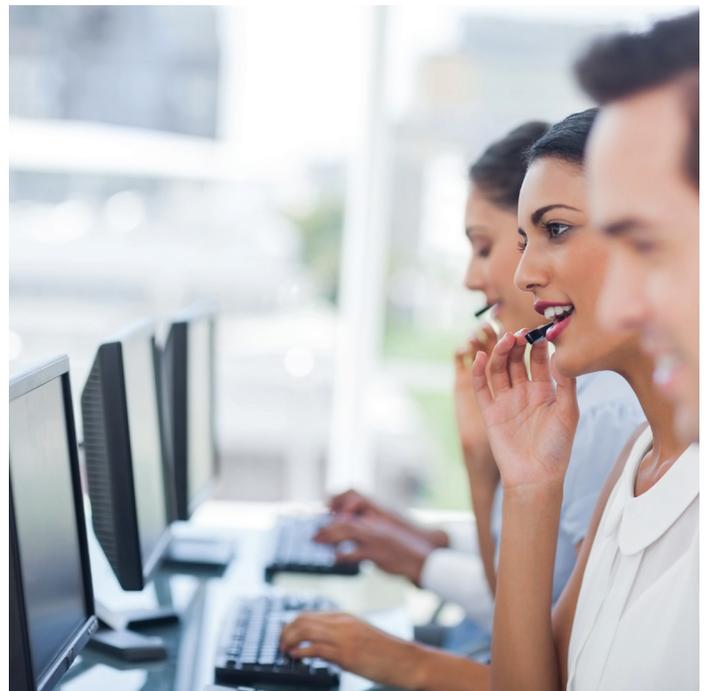
To help retailers better manage and strengthen those often-fragile relationships, customer data analytics can deliver highly personalized experiences based on things like preferences, demographics and shopping history.

This is where today's customer relationship management (CRM) system comes in. It's become an indispensable platform for helping retailers gain key customer insights that keep shoppers coming back and drive business growth.

Mike Hartman, Senior Director of Product Strategy for Listrak, said retailers must continue to add more sophistication to their marketing efforts based on richer customer insights, leading to increased investment in CRM systems.

"Numerous reports show that retail CMOs are looking to add or increase spend on customer analytics and systems that can unify signals from today's digital shopper and leverage those signals to drive engagement and growth," Hartman said.

He said retailers should focus on their most loyal, high-spend customers and look to create more of them



by identifying and targeting look-alikes.

"Using CRM, they can add new layers of personalization and advance customers through the journey to a high-value destination," Hartman said. "The key to boosting your CRM efforts is through automation. You can truly drive incremental revenue by building segments and triggered campaigns."

Angie Stocklin, Chief Operating Officer and co-founder of eyewear company One Click, said strengthening

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and managing customer relationships have allowed the company to take a more customer-centric approach to the business. She added it has enabled One Click to focus less on marketing and advertising to acquire and keep customers.

“It may seem like semantics, but the switch has been important to our company and what our team focuses on each day at the office,” said Stocklin.

## The Benefits of CRM

Hartman said the “data-insight-action” combination that a modern CRM brings is extremely powerful for retailers, helping drive more relevant, personalized customer interactions that lead to meaningful experiences that resonate. It also helps them to more precisely classify and segment their customers.

“Retailers are using CRM to better understand their best and worst customers,” said Hartman. “They’re also seeing which products and categories those customers are buying, sometimes for the first time.”

In another important area, a CRM can help retailers identify when promotions are working or just cutting into margins. They can also gain greater visibility into migration patterns that produce high-value customers. Other patterns can emerge around customer churn and path-to-first-purchase, helping to inform their welcome and reengagement strategies.

Stocklin said One Click works hard to acquire new customers and retain existing ones.

“We have been successful in monitoring customer purchases in order to send out customized messages



and product offerings through our email marketing team,” said Stocklin.

Stocklin said the company’s “customer happiness team” manages relationships on a more personal level by sending out handwritten thank-you notes and birthday cards and referencing previous orders during customer interactions.

“Having access to previous orders and returns allows them to offer up suggestions for new items and increase ticket size, and offer up a better experience for our customers,” said Stocklin.

## Technology Helps Create an Optimal Customer Experience

Neiman Marcus recently began testing an innovative “fashion memory mirror” in a Fort Worth, TX store, a 70-inch screen that allows shoppers to create an eight-second video showing a full circle view of an outfit.

If the customer tries on multiple items, she can create a library on the mirror and decide at the end of the session which ones look best. The company also launched a similar concept with a sunglass try-on mirror through a partnership with Luxottica. Neiman Marcus also launched a digital memory makeover mirror which records those sessions.

“Our associates now have an amazing CRM record with the customers detailing what products she tried and what samples she took home with her,” said Scott Emmons, Head of the Innovation Lab for Neiman Marcus. “It’s a tool that helps both sides.”

Stocklin said One Click taps a wealth of customer information to help create optimized experiences. For instance, the merchandising team analyzes returns and damage complaints to determine which products to discontinue and which to add to their inventory.

“Our technology team monitors site use and conversion rates, as well as website testing information to make changes to our user interface,” said Stocklin.

Having access to previous orders and returns allows the customer happiness team to offer up suggestions for new items and allows them to increase ticket size, as well as offer up a better experience to customers.

“Our marketing team looks at how customers are finding us to better predict where to spend their time and money and to determine which promotions are

best for each channel,” said Stocklin. “We also automate retargeting advertisements and an abandoned cart email series to try and capture [lost sales].”

## What Types of Data Are Available to Retailers?

Hartman said retailers are looking to tap into a unified customer view built from all of the behavioral data including marketing management, website browsing, loyalty programs and online and offline sales.

“Once customer data is unified, retailers can truly see how their customers behave,” Hartman said. “Without all this data unified into a single, identity-linked customer profile, you may think someone is disengaged when they are just using another device or email address.”

He said insights built on predictive analytics like future lifetime value are some of the most valuable for identifying potential high-value customers.

“Applying this model early in their lifecycle enables retailers to personalize the customer experience with subtle and not-so-subtle nudges towards joining the ranks of your best customers,” said Hartman.

The types of questions retailers should be asking about customer data depends on the level of digital marketing maturity and sophistication with customer analytics, Hartman said.

“Some retailers may be asking, ‘Who are my best customers?’ while others may be asking, ‘Where does the greatest revenue opportunity exist with my current customers?’ ” he said. “By using predictive models like propensity to buy or churn alongside predicted customer lifetime value, retailers can understand and target these segments appropriately.”

For example, Rue La La embarked on a segmentation project with the goal of reactivating dormant custom-

ers. The company wanted to reengage them through targeting with relevant display ads.

Executing the campaign required matching customer profiles between CRM and retargeting vendors, a difficult task for marketers to do across data ecosystems, especially making the data actionable.

Vendors use proprietary terms to identify customers, making it difficult to impossible for them to communicate with one another. While Rue La La’s CRM system knew which customers should be targeted in the campaign, its challenge was how best to share the data with the retargeting partner serving up ads.

Rue La La enabled its marketing team and retargeting partner to activate customer insights. Data matching across CRM and retargeting occurred within milliseconds. This was a significant improvement over the standard industry practice of resetting a cookie value on the customer’s next visit to the website.

The company saw a high match rate and was able to regularly update data in real time. Building unified customer profiles in the cloud allowed Rue La La to optimize targeting criteria in real time and focus its ad spend on individual dormant customers, rather than wasting retargeting impressions on every website visitor. It was also able to create an

intelligent data foundation, opening up possibilities for information exchanges across its marketing and analytics partners.

This enabled Rue La La’s remarketing vendor to access data from its CRM. As a result, Rue La La achieved a 10% lift in retargeting conversion vs. a control group for a key customer segment.

Rue La La was also able to leverage cross-channel data assets in real time. Changing the way data is connected and integrated across its digital ecosystem, it became more agile, flexible and precise with its targeting strategy. As a result it gained greater control of cus-



customer data, became more efficient with its media spend and reduced wasted impressions.

Stocklin said One Click's homegrown CRM is able to pull in raw order information and add it to other data sources to run reports.

"For instance, if our marketing team wants to run a test to see if they can increase the repeat purchase rate on a certain set of customers, we can isolate them from the general population and compare them to a similar group to see if the test had a significant impact."

## Identifying Your Best and Most Loyal Customers

Hartman said having customer revenue decile analysis and loyal customer cohort data at your fingertips allows retailers to dig into what they're buying or browsing, how they're engaged across channels and where they were acquired.

"Additionally, with a unified customer profile, retailers can not only understand which of their customers are engaging in multiple channels, but how valuable and loyal they are," said Hartman. Stocklin said One Click's CRM allows it to easily create lists of customers with the highest lifetime value or that have purchased the most in a particular year.

"At times we have used these lists to send out special thank-you gifts or have our customer happiness team

send out personalized cards or letters," said Stocklin.

## The Mistakes and Challenges Retailers Face with CRM

Hartman said one mistake retailers make with CRM is investing in insights and analytics without a seamless linkage to driving action and engagement. Some customer analytics platforms will deliver dashboards and reports to highlight interesting patterns or insight that are disconnected from a campaign that drives sales.

"Some platforms claim to trigger messages but those messages ultimately land in a spam folder more often than not," said Hartman.

He said retailers should look for a partner that understands retail, can execute on strategic campaigns and has a proven track of delivering significant incremental results.

Stocklin said since One Click doesn't use a traditional CRM, its biggest challenge is centralizing all of its customer data and making it accessible to everyone across the various teams when they need it.

"For example, our customer happiness team still has to manually transfer email and chat information to a centralized place where we keep customer notes and information, so all our agents have access to the updated information the next time they speak to the customer," said Stocklin.

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