

The Customer-Retail Intimacy Equation

How do we blend retail intimacy of the past with today's digital world of retail



Foreword

Saira Zia, VP, Global Retail Excellence and Client Success at Tulip

The retail landscape has shifted so drastically in the past five years. Arguably, it's shifted more in this short period than it has in the past two decades. Paula Levy and Bryan Amaral share their perspective on how retail is seeing a return to its roots with intimacy and personalization. They give us an overview of various components that historically were what made retail successful, and how it's changed, or even come full circle today.

While we all know technology is changing the way we do everything in our daily lives; eat, sleep, shop, meditate, the authors open up a point of view into how technology can not only change, but drastically improve, and transform the human relationships retailers build with their customers. The connected consumer seeks the person-to-person connection but in a way that fits into their digital world of retail. I echo their perspective and advice to retailers on using technology to empower their associates and strengthen the holistic view of their customer.

At Tulip, we strive to understand the human connection and let these insights and behaviors drive our technology to add value to the daily interactions of retailers and customers. We learn every day working with thought leaders such as Paula and Bryan and our retail customers.

About Tulip

Tulip is a mobile application provider focused on empowering workers in retail stores. Partnered with Apple, Tulip's mission is to harness the power of the world's most advanced mobile technology to deliver simple-to-use apps for store associates to look up products, manage customer information, check out shoppers, and communicate with clients. Leading retailers like Mulberry, David Yurman, Saks Fifth Avenue, Kate Spade, Coach, Michael Kors and Bonobos use Tulip in their stores to elevate the shopping experience, increase sales and improve customer service.

www.tulip.com

Executive Summary

Since the earliest marketplaces appeared in the ancient world until the retailers of today, all have faced the same timeless questions:

- Who are our customers?
- How do we get customers to buy today?
- How do we get customers to buy more?
- How do we keep customers coming back to buy again and again?

Over time, retailers have found answers in different ways. Seventy five to 100 years ago, they responded with small neighborhood stores that catered to a relatively finite client list. Customers had an intimate relationship with a product-savvy shopkeeper or sales associate who had an in-depth knowledge of each customer's individual needs, buying habits, preferences, family members and even their pet's name. They were masterful at curating products based on expertise, customer knowledge, and building community to become the trusted source of "truth" for their customers.

The best stores kept "clienteling" books filled with personal information, favored items, and purchase history of their top customers, ensuring they were always making relevant recommendations. However, as Main Street migrated to suburbia, and small neighborhood shops gave way to over-inventoried malls and impersonal Big Boxes, exceptional customer service built on one-to-one relationships and customer knowledge was all but abandoned. The rare exception was high-end specialty and luxury retail, where the most conscientious associates kept client books and nurtured relationships with their best customers.

As time went on, technology capabilities improved, and a few forward-thinking retailers with a desire to improve their customer experience experimented with "first generation" clienteling software. These tools allowed stores to collect pertinent customer information and prompt associates to initiate telephone calls, letters or email outreach, primarily to their best customers. However, these investments were relegated almost exclusively to the luxury and specialty

market segments in an attempt to replace their "client books".

The primary goal was to improve communication frequency and to retain their customers even if an associate left. This continued to be the case over the next several years until recently.

Today, with the advent of new technology, retailers face an entirely new set of challenges that mom-and-pop stores never imagined. In a world where, digital marketing, social shopping and ecommerce have become pervasive, the new connected consumer demands an always on-always connected experience where the "shop" never closes. Today's consumers, young and old, are living in a world of infinite choice, supported by an array of digital and mobile devices, voice-activated technology, and the constant social influence of Facebook, Instagram and WeChat, to name just a few. Today's consumer expects more—and while in control, is still generally willing to share their information in return for personalized services and experiences reminiscent of the past.

This trend of mobilization, digitalization and social connectivity have shifted the approach from 1:1 "human-to-human" engagement to socially inspired and influenced commerce. This normative shift is the result of technology transforming the curation, connection and truth equation of retail. Online search, marketplaces, personalization, curation apps, location-based marketing and subscription retailing are the digital equivalent of village markets and regional malls of the past. Digital and physical have merged, transforming stores from being just purveyors of product into destinations of discovery and exciting branded experiences. These new "Phygital" retail environments incorporate a range of technologies, and often spawn brand ambassadors through social sharing and memorable moments of engagement, especially for younger Millennials and GenZ shoppers.



For these digitally savvy consumers, a “channel-less” experience is assumed and flowing in and out of the digital and physical experience must be frictionless, transparent and above all entertaining. Clienteling is an opportunity to deeply understand individual client needs and become part of the broader customer conversation at every point of engagement. It is the opportunity to transform your sales associates of all levels into brand mavens and trusted advisors to your customers.

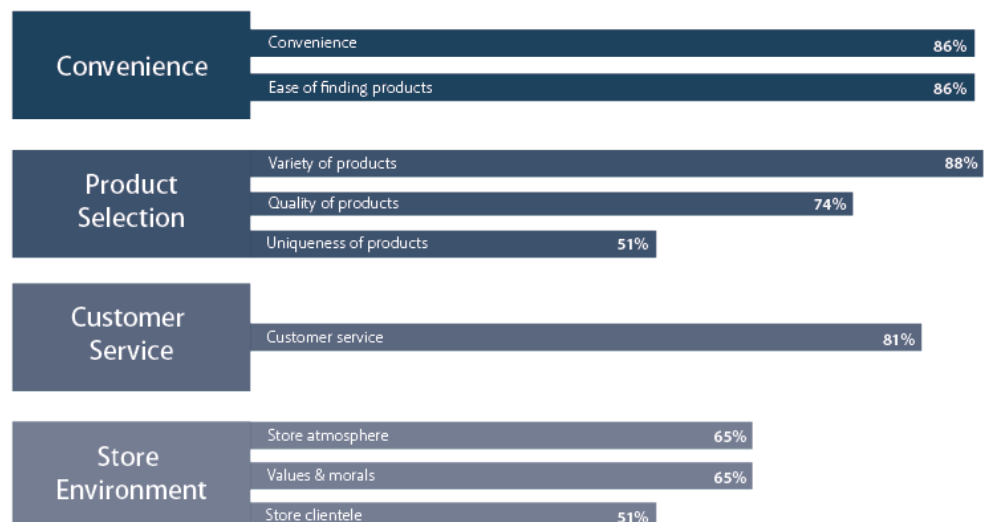
This has led to the search for a new path to engagement... and like the repeating cycles of fashion, a path that essentially leads back to where it all began. In this new age, the retailers that survive and thrive will be the ones who find a way to combine the best of both worlds, leveraging the ever-present benefits of digital and combining that with the human touch of helpful associates reminiscent of the past—Associates that build intimate relationships with their customers, leading to increased loyalty and improved profitability.

Clienteling in the 21st century transcends brick and mortar, and while the store is still important, digital commerce has upended the old “location, location, location” retail axiom. Clienteling not only improves in-store experiences, but enables new high-value engagement before, during and after the sale—anytime and anywhere. It supports the new way of omnichannel shopping from Buy-Online-Pickup-In Store (BOPIS) and Reserve Online, Pickup in Store (ROPIS) to Express Delivery and White Glove Services.

Modern clienteling requires two-way communication in real time, providing consumers with a platform to share what data they are willing to share with retailers, and for responsive retailers to provide old-world trusted 1:1 recommendations and services that meet their needs. The introduction of mobile and interactive technology enables this “always-on and always-connected” communication between the customer and retailer.

When imagining their ultimate in-store experience, customers look at four major criteria

Source: iModerate 2017



A photograph of two men in a modern clothing store. The man on the left, with dark curly hair, is wearing a light blue and white checkered button-down shirt and dark trousers. He is holding a black tablet and looking at it. The man on the right, with short dark hair, is wearing a light blue and white vertically striped button-down shirt and dark trousers. He is looking towards the first man. In the background, there is a rack of dark jackets and a white display table. The entire image has a semi-transparent dark blue overlay.

Introduction



The Transformation of Early Clienteling to Modern Clienteling

It's time for Retailers to learn from the past and start to evolve by creating exceptional digital experiences enabled by their most important internal assets—their sales associates and stores. Most leading research indicates that the store is here to stay and it is known that the younger generations enjoy visiting stores and interacting with products. The magic word is “interact.” The store is transforming into a digitally interactive experience where customers come to be educated, entertained, and engaged.

Retailers must leverage customer insight tools to determine what their customers expect and create the personal and brand experience that keeps customers coming back again and again, spending more per visit, and gaining loyalty based on a trusted and intimate relationship. In essence, retailers need to deliver retail intimacy of the past in today's digital world. In order to accomplish this, the silos of channel engagement must become one with a single view of the customer across the organization.

Let's look at the past, where retailers and customers lived in a local community and relationships were at the center of customer engagement. Retail was social by its very nature, and sharing interests and personal information was a way of life. Customers trusted merchants in their community to protect their privacy and use their information to deliver value through services and experiences.



The early days

The early days of retail are best characterized by limited choice and limited access but a high degree of personal engagement. Before the industrial revolution, consumerism, as we know it today did not exist and purchasing was generally limited to necessities and a few special, often bespoke items. Shopkeepers knew individual customer demand, and curated their stores accordingly. If a desired product sold out, the merchant knew their customers well enough that they would sell an alternative that adequately met their needs or was able to source that product as a special order. In these days, the customer patiently awaited receiving that special order.

Historically, these merchants sold, maintained and repaired their products as part of the overall end-to-end sales and services they offered. For bespoke custom products, the customer and craftsman worked together for the inspiration, design and final product.

Historically, much of the personalization in retail such as monogramming and engraving services were a sign of prosperity and focused on product personalization versus services. The most valuable customers received special pricing or hand delivery in return for their loyalty and word-of-mouth referrals to their friends and family members.

"Shopkeepers knew individual customer demand, and curated their stores accordingly."



Retail starts to evolve



Over time, retail evolved from small concept stores typically privately owned to large retail enterprises. Along with this growth came more stores, longer hours, and larger staff resulting in multiple shifts of sales associates, full-time and part-time. The owners were no longer at the center of store engagement. Instead, retail was managed by the numbers and customer information was localized or was tucked away in the sales associate's private client book of cryptic notes used only by the individual. With this growth came the loss of intimacy.

New retail formats such as Fast Fashion, Discount and eCommerce retailers generally did not emphasize this level of customer engagement. These businesses were focused on refactoring the product and price equation to win the loyalty of consumers. Designers and brands entering retail promoted their unique "point of view" through curated collections. Department stores curated multiple brands under one roof, following trends and purchasing product for a diverse customer base.

Merchants drove curation and store displays to support upselling and cross-selling products, promoting their vision for coordinates and a prescriptive style. Lookbooks were distributed to sales associates for inspiration and to share with customers.

eCommerce expanded product assortment and choice and as online gained momentum, the customer became more educated about products, quality and a broad range of options. Recognizing that times were changing and to combat the lack of customer engagement, stores began doing a better job of collecting customer data, transaction history and emails at Point-of-Sale (POS) and on their eCommerce platform. Armed with new data, corporate marketing tested more aggressive campaigns highlighting new products, store events and special promotions. However, product knowledge became difficult for most sales associates to keep up with based on fast-changing assortments and wider selections to meet ever-expanding customer demands. Customers educated themselves online prior to entering a store with high expectations to receive further education from sales associates, but often left disappointed.

Customer capture begins

While email collection was common, as were points-based loyalty programs, little was being done with the data collected. Very few retailers centralized this data or analyzed customer data to derive insights that could ultimately drive engagement. Eventually, progressive retailers figured out that a shift from a merchant-centric model to a customer-centric management model was necessary. Competition with e-retailers, faster product development, and loss of customer loyalty drove centralized customer data for analysis to enable new engagement strategies, yet the channels continued to operate as independent entities.

Enterprising (usually commissioned) sales associates created their methodology to do a better job servicing their better customers on a one-to-one basis. This included setting reminders or “ticklers” for customer outreach tasks at specific times of the year, or to share lookbooks and new product availability, as well as various other reasons to engage. Today, new tools enable sales associates to search and find specific customer data in real-time. This allows them to focus on specific reasons for outreach for specific customers (new product interest, a specific size to sell, or a special customer lifestyle such as a Coachella participant or a charity event).

Retail transformations

Today, retail customers are pervasively connected across channels; mobile and digital technology is ever-present, and innovation is accelerating at a pace faster than ever before. The ecommerce channel continues to grow exponentially and digital engagement is becoming an integral part of the in-store experience, whether through self-directed shopping apps or interactive technology providing branded experiences. These experiences are usually driven by robust customer data and informed by deep customer insights. Retailers have finally completed the migration to centralized customer data warehouses and can now rely on data collected from multiple sources of engagement across all touchpoints. Social Media influences behavior with product and experience reviews that are shared within social circles or publically. Social posting of purchases and curated looks are pervasive amongst the younger shoppers who value their online persona and personal style.



Personalization has hit the mainstream and personalized services were always meant to make the customers feel special and important—ultimately creating a loyal connection to the brand. Personalization began as traditional mass-marketing moved to segmentation-based email marketing campaigns that were based on product affinities and purchasing behaviors. Later these campaigns included a reference to a recently purchased product or wishlist item, captured from an in-store engagement and through online purchase history. Personalization migrated from monograms and other ways to embellish a product to offering customers the ability to create their own look and products—attracting the younger do-it-yourself (DIY) generation with a desire to express themselves through products that are uniquely theirs.

Today, the most engaging retailers are those that are driving their businesses through a customer-centric lens. They are doing this with a unified approach to customer engagement across all their selling channels, empowering their employees with important data to provide personalized services and curated experiences. These retailers are building trusted relationships with the promise to protect customer data and deliver greater value in an attempt to meet or exceed customer expectations. First-hand knowledge is the purest of all customer data which comes directly from

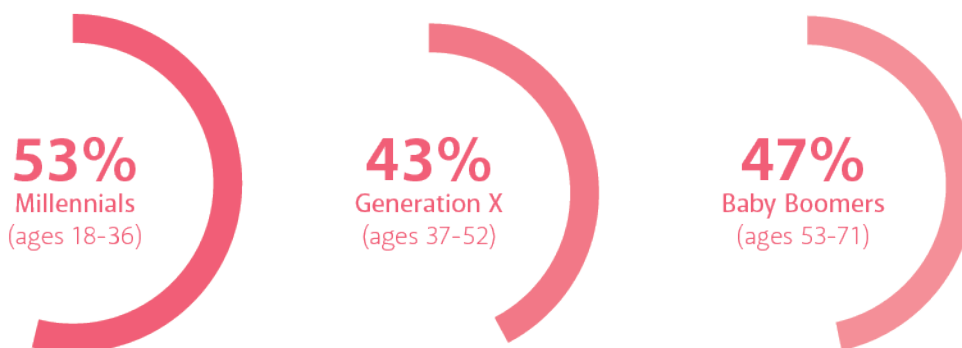
the customer through intimate relationships nurtured by the brand and their sales associate.

Whether in stores or online, clienteling has become the strategic weapon for retailers to gain direct knowledge and intelligence from their customers, feeding all enterprise solutions for CRM, Merchandising, and Business Intelligence. When a customer takes the initiative to visit a store, it's with the expectation of a new and engaging experience that entertains, educates, and delivers a social connection—leading to a feeling of intimacy. With elevated expectations, a technology-supported sales associate has become pivotal in product knowledge, curating products, building intimacy and becoming the trusted source of truth.

It's time to retire the old operational playbook as retail undergoes this historic transformation. Today's retailers need to innovate and manage their business through a customer point of view to thrive—increasing sales, visits, and gaining customer loyalty. Clienteling is no longer a tool just for the luxury and specialty market. As consumers of all categories and generations demand personalized services and experiences in return for their loyalty and business, it is the strategic platform that creates value between brands, sales associates and customers alike.

Percentage of shoppers who strongly or somewhat agree that store associates do NOT have the tools they need to deliver an excellent customer experience

Difference between millennials and baby boomers was calculated using the following: % millennials / % baby boomers or % boomers / % millennials



A photograph of two women in a clothing store. The woman on the left, with long red hair, is crouching and holding a smartphone, pointing at the screen. The woman on the right, with dark hair, is sitting on a bench and looking at the phone. They are surrounded by various shoes on the floor, including white boots, black pumps, and a clear high-heeled shoe. In the background, a mannequin is visible. The image has a dark, moody filter.

4 Pillars of Clienteling

Let's take a look at the four pillars for the state of clienteling today and get a glimpse of what the future looks like. No longer supporting just a single business process of customer data collection, clienteling must support Assisted Selling and product knowledge, deliver on multiple streams of communication, and enable associates to deliver a seamless customer engagement from the first point of contact to checkout. Today's connected consumer expects this experience from every retailer they engage with and the sales associates need to be armed and ready to deliver.





Pillar 1: Customer Information & Insights

In the past, consumers' choices were limited to what was available nearby and retailers, even bad retailers benefited from this scarcity. Now, with ecommerce and enterprise-wide product availability, shopping is being transformed with unlimited availability—and today's always-on and always-connected consumer is in control and has a voice socially and publicly. Data is at the center of the new retail transformation. That data includes basic personally identifiable data as well as preferences, sizes, lifestyle, social circles, purchase history and other relevant information. It is the retailers' responsibility to keep customer data safe, allow the customer to engage on their terms, and deliver on shopper expectations for personalized experiences and relevant communications based on that data. The value of this data extends beyond selling to overall business strategy.

As retail makes the shift from art to a thoughtful blend of art and science, brands need to put more weight on science as they become data-driven, making fact-based business decisions viewed from a customer perspective. The most important retail asset has always been the customer, whether newly attained or retained for a lifetime—keeping a customer happy and positive through experiences and engagement is the winning formula for retailers. By centralizing customer data, sales transactions, social channels, and product data, sales associates are able to upsell, cross-sell and make relevant recommendations to known customers resulting in exciting experiential shopping journeys that yield increased loyalty and profitability.

Publishing demographic and psychographic data to clienteling systems from a data warehouse or CRM database and combining that with collecting customer lifestyle information and preferences are necessary to empower sales associates. When executed well, retailers can deliver on the brand promise and create an intimate and trusted relationship with their customers. As stated earlier, customers will share their personal data based on trust and fulfilling the promise to deliver the personalized services and the extraordinary value they expect. Customer data is more valuable and accurate than data that is purchased from third parties and provides retailers with the confidence to take action on what is known. This personally curated data is the foundation of an intimate relationship with a customer, when used correctly.



Pillar 2: Sales Associate Selling Tools

Clienteling has evolved from simple data collection into a true selling tool, combining customer data with task and communication capabilities. More sophisticated analysis and query tools enabled tasks to be pushed from corporate systems and queued from management to drive best-in-class behaviors. Today's sales associate tools, such as Tulip's Mobile App, are leading the next generation of Clienteling, or what is referred to today as "Modern Clienteling." Modern Clienteling has evolved from simple data collection and task management tools to a digital communication platform that enables the associates to collect, manage and search data in real-time and use that data to provide personalized experiences, share product ideas with their customers, and create a higher level of service—inside and outside the store, before, during and after the purchase.

Today's customer communication extends beyond email with SMS, WMS and social apps such as WeChat. The Sales Associate must meet the customer where they are and how they prefer to communicate—always aware of the relevant context and delivered at the right time and channel. Communications may include personalized product recommendations, exclusive offers and experiences, or other ways that personalized insights can be used to create relevant value to the customer.

During the store visit, a mobile-enabled sales associate can remain with the customer, and instantaneous access to data ensures an intimate shopping journey from entry to checkout.

Tulip's Clienteling app is deployed at Mulberry in the UK and it enables sales associates to schedule appointments, send personalized emails with branded templates and record special dates and notes during the shopping journey. Tasks and reminders for special dates are automated, removing the burden of memory or searching notes to remember who to reach out to. Sales associates can increase their outreach and sales and grow their customer base focused on more than just their best customers.

"It's so exciting that we are bringing something new and genuinely valuable to luxury retail in partnerships with Tulip. It's enhancing our customer's experience and energizing our whole organization."

*- Richard Cunningham,
Mulberry's Former Group
IT Director*



Pillar 3: Product

Today's connected customers are well educated on brand and products and expect their sales associate to be at least as knowledgeable. The advent of digital technology, via mobile and Modern Clienteling, now makes it possible to assess product data, identify customer's purchases, review wish lists, target preferences and track online purchase behavior, and curate products digitally to meet demanding customer expectations. Personalized recommendations generated by assessing a customer's digital closet, enables upselling and cross-selling opportunities in the fitting room or on the shopfloor. Whether in store or online, recommendations are based on wish lists, purchases and shopping activity with full visibility to every customer engagement point.

Sales Associates can now curate personalized lookbooks for a customer based on their shopping history and share these digitally with their customers. Customers can participate in curation of a personalized lookbook with a sales associate and share socially enhancing the shopping journey. Products can be selected from a digital catalog and instantly moved to a purchase transaction for one seamless transaction.

As choice has increased and barriers of limited accessibility have been removed, having the product locally is no longer the main driver for customer acquisition and ongoing loyalty. Customers expect product availability, but experiences and services that amplify the value of the product are what will bring the new connected consumer online and into the stores. Omnichannel services such as BOPIS, ROPIS, Express Delivery (stores become mini-warehouses for local delivery), and Frictionless Checkout are all new coveted customer service initiatives. Retailers have the opportunity to create new digitally enhanced store experiences built around convenience, curation and personalization. These more intimate and value-based experiences are best executed in a "phygital" space and will engage customers and keep them coming back.



Tulip's UK client Mulberry has equipped each sales associate with an iPad or Smartphone equipped with Tulip's software empowering them to instantaneously access the entire product catalog, a full range of product images, and information on unified stock availability. Transactions are completed right from the device allowing the sales associate to stay engaged with the customer.



Pillar 4: Personalized Services

The value placed on skilled trades and craftsmanship continues from the past to today—the expertise of watchmakers, diamond experts, couture designers or custom-made-to-measure clothing is still highly coveted by consumers. Customers that enjoy these luxuries expect extraordinary service, and no detail can be forgotten. It is critical that retailers in these segments have immediate access to information related to a custom product or a repair and alert the customer if an expectation is not going to be met. The new connected consumer is not patient with the younger generations having an 8-second attention span, and time is of value to all generations today. Responsiveness and transparency into processes and providing status updates are most important to today's luxury and bespoke customer.



Technology is impacting the bespoke industry in new ways, providing the opportunity for the general public to enjoy the benefits of customized products. The logical extension of personalized services is the creation of personalized products for the DIY generation. They are highly active in creating their own sneakers, customizing apparel for their personal style, and collaborating with the brand on designs. In a world where uniqueness is coveted, curating their own look is the currency that can be shared online with their social community. Visibility and management of these digitally enhanced workflows by sales associates is critical to meeting and exceeding customer expectations.

Today, personalized services cover a broad category of services and experiences from repairs, exclusive invites, loyalty status perks and more. What translates to personalized services for retail customers is based on an intimate knowledge of the customer and creating value that makes them feel special.



Conclusion

Is Modern Clienteling the secret weapon to customer intimacy? When executed effectively, it has proven results and is certainly one of the transformational strategies that retailers must consider seriously. Empowering sales associates on the front line with product knowledge and availability, customer knowledge and the ability to deliver personalized experiences through branded messaging makes it possible to bring intimacy of the past along with the experiences that customers expect today. Delivering always-on and always-available omnichannel convenience and mapping that to the desired shopping journeys of today's consumers is a necessity for survival.



It's a different world and a new generation of shoppers are seeking a sense of the past but enabled in their digital world. They want their experience to be—immediate, transparent, convenient and personalized based on what they choose to share. Technology is now an integral ingredient in delivering the “human touch” of the past. Accessibility and information quality must be fast and always accurate to support customer workflows, product availability and personalized recommendations. Managing a large customer book with relevant communication requires automation of tasks and outreach so that the sales associate can focus on customer engagement and manage their day effectively.

In a world that is becoming more disconnected and depersonalized, the sales associate role has become ever more important in achieving a desired level of intimacy. This is true not only for their best customers, but for all customer—hoping to drive well-orchestrated personalized experiences and engagement across all channels. The focus on new customer acquisition is just as important to retailers today as retaining their loyal customers. Product, while still a cornerstone in delivering differentiation, cannot stand on its own without the experiences and services that drive the customer experience.

The pace of technology is accelerating and new initiatives around Artificial Intelligence and Machine Learning are predicting future demand and will ensure the right product is on the retailer shelf at the right time to meet customer expectations now and into the future. By leveraging consumer insights and predictive analytics, retailers can now confidently predict future behaviors and design engagement strategies to ensure they are always the destination of choice and ahead of their competition.

Modern Clienteling is new, fresh and exciting. It is so much more than data collection and task management and we predict that it will continue to expand and morph into an all-encompassing toolset for the stores and sales associates. Tulip has already mastered enhancing customer engagement through checkout in a single seamless transaction with the customer and providing full digital product catalogs at the sales associate fingertips. As our digital devices manage our personal lives, Modern Clienteling will be the digital platform to manage a sales associate's life—always on—always connected and fully loaded with all the data and tools they need to survive and thrive in the new world of retail.

Retailers need a clear, concise and unified strategy for customer engagement and growth. This customer-centric strategy should include a well thought-out approach to integrating product, sales and services to achieve revenue growth. Stores and sales associates are front and center in executing this strategy. However, they are not alone—the most successful organizations will make every decision from a customer perspective and will align every aspect of their business around meeting and exceeding those expectations.



About the Authors

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Paula is an accomplished retail strategist and customer-focused entrepreneur assisting global retailers and brands on business transformation through a Customer Lens in a unified approach. Paula's expertise is in Luxury Brands, Specialty Retail, and Jewelry working with her senior team in CRM, Consumer Insights & Analytics, Marketing Automation, Loyalty, Digital, Personalization, Clienteling, Change Management and Adoption. Paula leverages her extensive research on GenZ and the younger connected consumers to develop go-to-market plans and customer engagement strategies.

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Clientricity

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Saira has 15 years of retail experience focused on global luxury e-commerce, managing digital marketing, retail operations, buying, merchandising and content creation. She has a proven track record and passion, for driving business through innovative strategies and collaboration. Currently, Saira is the VP, Global Retail Excellence and Client Success at Tulip working with global retailers to enhance their retail experience.