



RETAIL CUSTOMER EXPERIENCE & LOYALTY

How retail organizations are managing
enterprise-wide customer communications

Maritz Loyalty Marketing is now Bond Brand Loyalty.

Loyalty is changing, and we're changing with it.

We've been practicing brand loyalty for years, for some of the world's most beloved brands, and we're signaling this shift with our own new brand. We believe the world can be a more loyal place—a world more rewarding for customers, richer and more resilient for brands, and extremely profitable for the underlying businesses those brands represent.

Find us at bondbrandloyalty.com or join the conversation on Twitter [@createabond](https://twitter.com/createabond)
– we can't wait to work with you.



Introduction

This article explores some of the key challenges retailers face in regards to the enterprise-wide management of data and marketing communications. Specifically, as retailers expand their suite of programs and promotional offerings to customers, their risk increases of issuing communications that are inconsistent, conflicting, ineffective or unwanted.

Retailers who send their customers communications from multiple stakeholders and programs need to establish integrated policies and systems to provide consistent customer brand interactions and meet the diverse needs of their businesses.

This document outlines some of the best current industry practices.

Even though these messages originate from different program owners, customers tend to view their relationships with retailers in a far more holistic way. They experience a brand, not a series of programs or departments. They expect a company to “remember” information they share, and to use it to their benefit, regardless of how – or by whom – it was collected.

The Retailer's Challenge

Retailers are often required to manage data and communications for numerous unconnected marketing and business initiatives that are aimed at the same customers. Each program requires customers to provide some data in order to participate.

EXAMPLES OF RETAILER INITIATIVES THAT MAY CAPTURE AND USE CUSTOMER DATA, INCLUDE:



- ➔ Loyalty programs
- ➔ Proprietary store or co-branded credit cards
- ➔ Ecommerce
- ➔ Direct mail and email sign-ups
- ➔ Gift card registrations
- ➔ Gift registry programs
- ➔ Services (e.g. installation, photography, pharmacy)
- ➔ Promotions and contests
- ➔ Product warranty registrations
- ➔ Social media interactions

Data is often collected for these disparate programs in different formats and housed in separate databases that may not communicate with each other easily. Customers may provide different answers to the same questions at different times because of changing preferences (e.g. a different email address), changing circumstances (e.g. a move) or simple error (e.g. a typo in an email address or phone number). This uncoordinated collection of information can make it difficult – if not impossible – to aggregate and analyze data and provide a holistic, 360° view of the customer.

Multiple programs are often managed by different stakeholders. While these stakeholders may share common goals at times, they may also have different – or even conflicting – objectives and priorities. Marketing may be tasked with customer satisfaction and retention, Operations with labour productivity and Merchandising with this week's category sales targets.

The following chart identifies the key stakeholders and their high-level data and communication requirements.

The Retailer's Challenge *(continued)*

Department	Data and Communication Requirements	Data	Comm.
Marketing	Customer identification, valuation, segmentation, campaign design, preferences, channel communications, analytics and voice of customer	•	•
Merchandising	Procurement, promotional, pricing and layout optimization, category protection, new product development, product delisting and customer communications	•	•
Store Operations	Store-level service optimization and differentiation, sales and margin identification/growth, employee engagement and productivity, loss prevention, customer communication and feedback	•	•
Financial Services (i.e. Credit Card)	Card acquisition, product engagement and utilization, promotional impact, credit-specific metrics, customer communications and voice of customer	•	•
Customer Service	Customer interactions, service utilization, escalations, inbound and out bound communications, and voice of customer	•	•
Public Relations	Public service communication and voice of customer	•	•
Real Estate	Customer data and analytics for new store locations, relocations and closures	•	
Finance	Internal performance metrics by customer segments and traditional financial metrics	•	
External vendors (i.e. CPG)	Customer segmentation and valuation, unit movement, pricing optimization and customer communications	•	•

Program owners often have no visibility into other activities, which could be targeting the same customers at the same time. They may develop communications independently, without common guidance on brand “voice” – the tone, look and feel of consumer messages.

THE OPPORTUNITY COSTS OF THIS LACK OF COORDINATION ARE LOST SYNERGIES, EFFICIENCIES AND MESSAGE EFFECTIVENESS.

Impact on the Customer Experience

CUSTOMERS ARE
ACCUSTOMED TO RECEIVING
COMMUNICATIONS FROM A
WIDE VARIETY OF RETAILER
SOURCES, INCLUDING:



- ➔ Mass Marketing
- ➔ POS
- ➔ Store Circulars
- ➔ Email
- ➔ SMS, Mobile Web and Apps
- ➔ DM
- ➔ Website
- ➔ Credit Card Statements
- ➔ Social Media Channels

But even though these messages originate from different program owners, customers tend to view their relationships with retailers in a far more holistic way. They experience a brand, not a series of programs or departments. They expect a company to “remember” information they share and to use it for their benefit, regardless of how – or by whom – it was collected. So, retailers who fail to manage their data and communications effectively create an imperfect, even jarring, customer experience.

Customers may be required to sign up for each program independently, regardless of the pre-existing relationship with the retailer. They may be asked to supply the same information several times, or choose multiple user names and passwords often with different parameters. They may receive messages with conflicting information or incentives. They may find inconsistencies in branding, tone or level of personalization, suggesting that the retailer has not “listened” to information they have previously provided. Some customers may receive an excessive volume of communication, particularly if they are considered valuable targets by multiple stakeholders. The net effect is a diminishment of brand equity and a reduction in customer satisfaction, which can result in reduced response rates, higher opt-outs and customer disengagement with the brand.

Addressing the Challenge

Delivering a unified customer experience is a complex task, mobilizing human, technical and financial resources. It requires the development of an enterprise-wide data and communications governance policy, supported by the right technology.

CREATE A POLICY:

The more stakeholders and programs a retailer has, the greater the need for a clearly defined policy. This policy provides rules and values that describe each stakeholder's role, responsibilities and rights to data. It defines how, when and by whom customer communications may be sent. Having a well-defined and understood policy allows a retailer to make more effective data and communication decisions, identify and resolve issues, and escalate concerns as required.



Best Practices in Policy Design Process

01 Centralize Ownership

A Data and Communications Council can be established to set priorities, make decisions, and resolving data and communications issues. A steward (or council lead) can be assigned overall ownership and accountability. The steward often resides in the Marketing Department, because that group is usually one of the largest generators and users of customer data and communications.

In organizations with larger Marketing Departments that have multiple vertical leads, it can be practical to assign the stewardship to one of the following: the head of Digital Marketing, Loyalty Marketing or Brand Management. Recently, some organizations have assigned this responsibility to the head of Customer Experience, who often resides in the Marketing Department. The latter can be an optimal choice, as this function should already have full visibility to all customer interactions.

Alternatively, some retailers place the stewardship outside of Marketing, in a department that has no vested interest in the decision-making process. In these cases, the Chief Privacy Office or the Corporate Strategy Office tends to be the top alternative. The challenge with this approach is that these roles are less active in the day-to-day operations of the company, and they may not be as sensitive to the business needs or the impact on the customer experience.

02 Engage All Stakeholders

While it is critical to engage all stakeholders in the policy design, bringing all parties together at the very start to build a policy from the ground up typically leads to delays and slow progress. It is generally more effective to have the steward or council meet with stakeholders individually to gain their perspectives, develop an initial point of view, and solicit stakeholder feedback for further development and refinement. Stakeholders can be involved to refine the solution, to maximize buy-in and ensure that all business needs are met.

03 Understand All Data Sources and Needs

In order to build a strategy that makes the most effective use of company data, it is important to understand all the types and sources of data. Generally speaking, data can be categorized into the following areas:

Best Practices in Policy Design Process *(continued)*

Data Type	Definitions and Examples
Contact Data <i>(Personally Identifiable Information – PII)</i>	<ul style="list-style-type: none"> Collected by the retailer and obtained through the consent given by the customer Self-reported data by customers Mandatory data required from the customer to enroll in a program or promotion, such as name, address, phone number, email, etc.
Marketing Data	<ul style="list-style-type: none"> Collected by the retailer on an ongoing basis and obtained through consent given to the retailer by the customer Self-reported by the customer Obtained through enrolment, surveys, trigger messages, campaigns, etc. Examples include demographics, language preferences, marital status, contact preferences, etc.
External 3rd-Party Data	<ul style="list-style-type: none"> Purchased by the retailer and appended to the customer's record Self-reported by the customer to a third party Obtained at the individual or aggregate level, as required Examples include purchased demographics, category preferences, channel preferences, etc.
Transactional Data	<ul style="list-style-type: none"> Obtained through payment or tender for purchases/returns or loyalty transactions Captured at the department, category, group or sku level Examples include loyalty currency issuance, tender type, date and time of transaction, store location
Derived Data	<ul style="list-style-type: none"> Segmentation, scores, models, etc.

Note: *It's increasingly important to be fully transparent with customers about why retailers are asking for the data they're requesting and to clearly articulate how the data will be used.*

Best Practices in Policy Design Content

Successful policy design content generally includes the following elements:

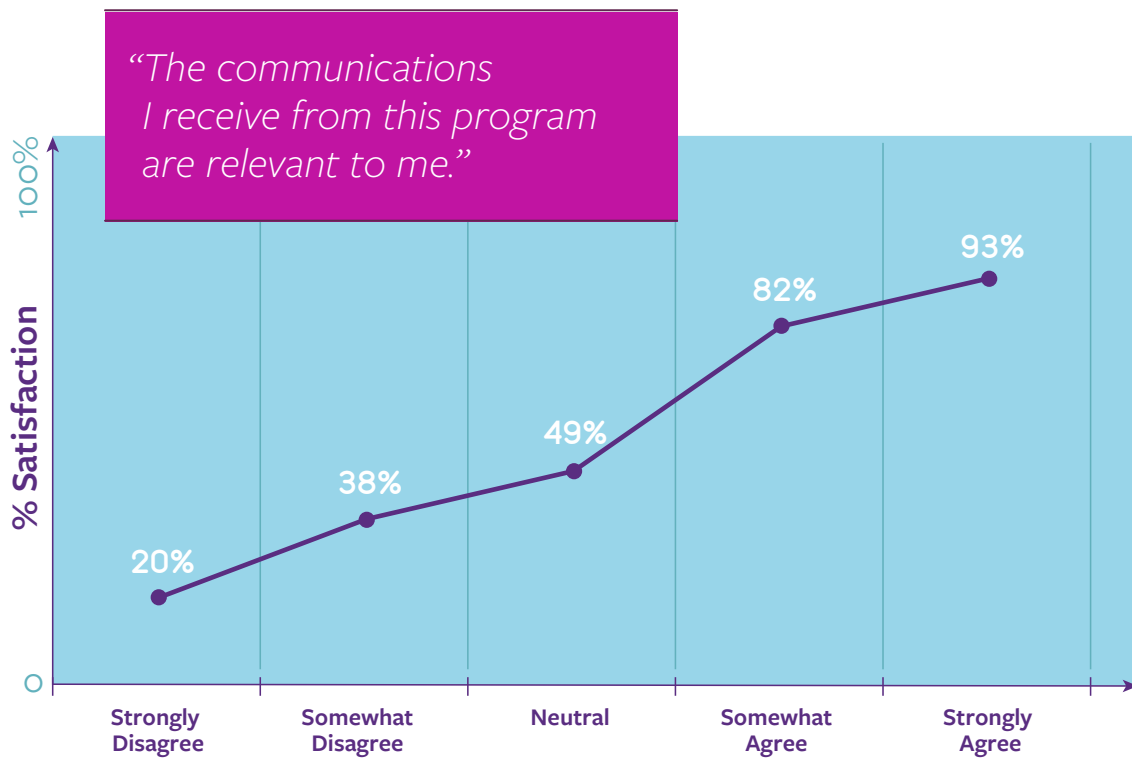
- 01** A clear definition of roles, responsibilities and accountabilities of each stakeholder in relation to data access, usage and customer communications practices.
- 02** Data and communications restrictions and limitations.
- 03** Explicit customer contact strategy, which encompasses rules on engagement for:
 - a.** Prioritization of customer segments
(current and future value to the business)
 - b.** Frequency of contacts with customers
 - c.** Respect of customer preferences and interests
 - d.** Management of messaging types (offer, content vs. service) and limitations
- 04** Adherence to a consistent brand positioning, image and tone.
- 05** Conditions for third party participation (i.e. vendors, licensed departments, strategic partnerships, etc.).
- 06** Prioritization of departments and initiatives based on defined criteria.
- 07** Process for escalation of issues and dispute resolution.
- 08** An early warning system to detect contact policy shortcomings as they relate to customer experience. These metrics generally include slippages in response rates, open rates, click-throughs, increased unsubscribe rates, customer complaints and voice of customer research. It is incumbent upon organizations to have automated mechanisms to track and provide alerts, so that rapid changes can be deployed to rectify problems.
- 09** Clear communication that provides customers with full visibility and transparency to the retailer's intentions. The customer should be afforded the right to understand how data is collected and used, as well as to opt-in and out of programs, promotions and communication channels with reasonable ease and flexibility.

Key Considerations

Some of the key questions an organization should be considering as it enters into developing an enterprise-wide data and communication governance strategy include:

- 01** What is the current state of data collection and communication governance in the organization?
- 02** Who owns this priority? Who should own this priority moving forward?
- 03** Who are the current key data and customer communications users? How is this expected to change in the next 5 years?
- 04** What are the current rules of engagement with the customer and regulations around access to data? What processes are in place to protect the integrity of data and customer communications? Who is held accountable?
- 05** What is the current customer contact strategy? What are the gaps? How is it being managed? What escalation mechanisms are in place?
- 06** What does the customer communication experience look like today?
- 07** What systems are in place to support data management and customer communications? What are the gaps? What needs to be changed?
- 08** What human, technical and financial resources are available to support a data and communications governance plan?
- 09** What level of change management can the company absorb today and in the next 1-5 years?
- 10** What is the corporate commitment to this centralized data and communication governance strategy?

Relevance of communications linked with satisfaction



Conclusion

A coordinated data and communication strategy is imperative to ensure that there is a consistent brand experience as part of a retailer's go-to-market strategy. Alignment on strategies and integration of people, processes and systems are critical ingredients to achieving this desire. The quest to deliver a fully integrated operational data and marketing communication strategy is a journey that is challenged by the complexities and intricacies of retail dynamics. It requires organizational will, patience and commitment, with the right champion at the helm. The champion must have the vision and persistence to build the strategy in a cooperative and unbiased manner with the customer experience at the heart of the design and implementation.

About the Authors

RICHARD SCHENKER

Senior Loyalty Consulting Director, Bond Brand Loyalty

Richard is a highly accomplished and visionary loyalty and CRM professional who has enriched the relationships between some of North America's most iconic brands and their customers for over two decades. He possesses a unique breadth and depth of experience that includes both client side and agency roles, building award-winning customer loyalty and CRM programs, and leading strategic marketing and promotional campaigns. He has a passion for retail and customer management, with a proven track record of harnessing customer and transactional data to deliver enterprise-wide solutions that drive company sales and profitability. Richard has provided strategic loyalty counsel to many North American brands in the following sectors: high-frequency retail, specialty retail, financial services, CPG, and QSR. Before joining Maritz, Richard held a number of senior North American loyalty marketing leadership roles with LoyaltyOne (owner and operator of the Air Miles Reward Program in Canada). Prior to that, he built, launched and managed Canada's largest and most successful standalone loyalty program (Shoppers Optimum) for Shoppers Drug Mart. Previous to that, Richard worked for the Hudson's Bay Company where he managed and marketed its proprietary credit cards, and built and managed the highly successful Bay Card Dollars Reward Program.

STACIA RUBINOVICH

Director, Loyalty Consulting, Bond Brand Loyalty

Stacia brings over 25 years of hands-on, client-side Marketing and CRM experience to Maritz's Loyalty Consulting practice. In Management roles at top-tier organizations – including Kellogg's, Hershey, Pharma Plus and Hudson's Bay Company – she developed strategies and executed plans that delivered unprecedented, profitable growth. Bottom-line responsibility of up to \$150 million has given Stacia a keen understanding of the need to balance share, sales, profit and customer value. With a broad and varied background, she combines a passionate focus on the consumer with the practical approach of a retailer and the strategic discipline of a packaged-goods marketer. Stacia has an MBA from the Richard Ivey School of Business and an Honors BA from the University of Toronto. She joined Maritz Loyalty Marketing in August, 2012.

About Bond Brand Loyalty

Bond Brand Loyalty is a full-service North American Loyalty Marketing agency with offices in Toronto, New York, Minneapolis and St. Louis. Its brand loyalty marketing and technology-enabled lifecycle engagement solutions drive measurable business results for its clients. Leveraging over 120 years of history, experience and expertise from the Maritz family of companies, Bond Brand Loyalty provides its clients with consumer loyalty solutions that consider the holistic consumer experience at every brand touch point and through all stages of the relationship lifecycle. Bond Brand Loyalty is wholly owned by Maritz Holdings Inc. based in St. Louis, Missouri. Bond Brand Loyalty designs, builds and operates brand-aligned, customer-relevant and financially viable consumer loyalty solutions for top global brands.



Toronto

New York

Minneapolis

St. Louis