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Driving Customer Engagement And Loyalty With Social Clienteling

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Retail success in today's business climate demands dynamic, real-time *action* and *reaction*. Companies need to move as fast as their customers are moving – in a connected cross-channel environment that delivers a consistent experience from the home to the store and beyond. Mobile devices and social media have given birth to portable product research, price comparisons and peer reviews. To succeed in the new era of social retailing, smart merchants are adopting **social clienteling** strategies, designed to engage with customers in real time in order to capture and retain the best customers, increase basket size and shopping frequency, and improve overall loyalty.

The days of retailers driving customer behavior are quickly slipping away. Consumers are in the driver's seat and are clear-minded about the goals for their personal retail experience: they want value out of the products they buy (quality, price and convenience), they want their purchases to be relevant to their particular needs, and they want to make purchases in the most *time-efficient* process.

The Social Divide: Customers and Retailers

On-the-go with mobile devices and social media, today's consumers have real-time product information, reviews and store locations at their fingertips. Retailers need to be present and engaged with customers wherever they are, and deliver a consistent message across all channels. So when a shopper turns off the PC, heads out the door with a smartphone, then drives downtown to visit a store, they are engaging with the same brand message throughout their journey.

> "Retailers that fail to introduce processes and technology to capitalize on cross-channel shopping across key customer touch points will fall behind their competitors."
> - **Ed Thompson**, Gartner

If retailers don't achieve cross-channel consistency, they may be faced with immediate and serious risk of losing current and future customers. Social media and mobile technology will be the culprits behind this demise. By 2015 as many as 75% of consumers, up from 25% in 2010, will tell their friends about bad experiences using social media, according to Ed Thompson from Gartner in the report *Key Issues for Customer Experience Management, 2011*. Retailers simply cannot afford this type of bad press.

"Retailers that fail to introduce processes and technology to capitalize on cross-channel shopping across key customer touch points will fall behind their competitors," Gartner asserted in its *Key Issues for Retail 2011* report.

But not only does the brand message need to be consistent across channels, engagement with individual customers must be personalized and customized for their needs. By collecting customer communications from social media, as well as data, such as purchase history, wish lists, etc., from all other channels, retailers can create a social profile for each customer that can be used to develop one-to-one marketing strategies. Once this perfect storm of customer experience strategies is achieved, then retailers can bank on **increased wallet share** and **improved loyalty** for the long term.

> Traditional clienteling is static... social clienteling is a dynamic view of the customer that is shaped by in-store as well as real-time online, mobile, and social media interactions.
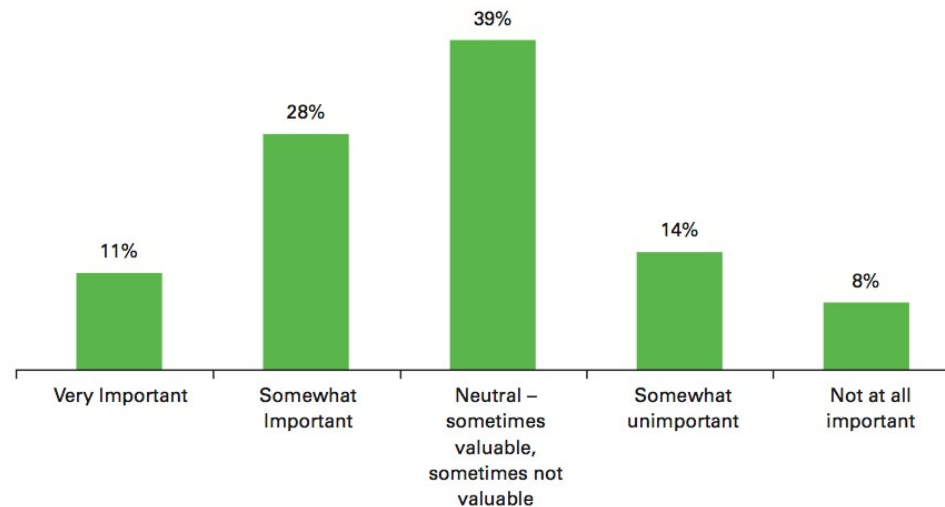
Customer data enters the retailer's sphere in a seemingly infinite number of combinations – from Google searches, Facebook posts, web site research, online and in-store transactions, call center communications, and store associate interactions. The trick is to capture all the data, create a 360-degree view of each shopper – their *social profile* – then engage that shopper via her channels of choice.

This new era of social clienteling differs from traditional clienteling in significant ways. Traditional clienteling is static – retail store associates may capture some profile and preference information directly from the customer in-store and save it primarily for reference; social clienteling is a dynamic view of the customer that is shaped by in-store as well as real-time online, mobile, and social media interactions.

Q: how important are recommended products in the overall shopping experience?

Very Important	Somewhat Important	Neutral – sometimes valuable, sometimes not valuable	Somewhat unimportant	Not at all important
11%	28%	39%	14%	8%

"Consumer Insights Into Multi-Channel Interactions: Practical Tools For Profitable Selling," the e-tailing group, 2011

Engaging with consumers at their channel of choice is a key element in the quest for overall cross-channel success. Consumers are increasingly responding to personalized merchandising opportunities and product recommendations. In fact, 39% of consumers say these tactics motivate them to purchase a product often to once in a while, according to the e-tailing group in its 2011 study titled "Consumer Insights Into Multi-Channel Interactions: Practical Tools For Profitable Selling."

"It's encouraging to see that retailers are completely aware that the customer is driving the bus here," added Steve Rowen of RSR Research. "From a consumer perspective, the more free and actionable the flow of product and brand information, the better." Rowen noted that as many as 75% of retailers agree that social media helps round out the retail consumer experience; and 72% say the customer is forcing them to have a social media presence in the first place.

To bring social clienteling to life, retailers need to facilitate service and solutions in the most convenient way – the way consumers are accessing more of their information today – through the cloud. For both retailers and consumers, the cloud brings agility and speed; retailers also receive the added benefit of a low-cost alternative to traditional, location-based solutions that are difficult to upgrade in this fast changing environment.

This eBook will walk retailers through the process of initiating and enabling a social clienteling strategy, by highlighting 4 key areas:

I. **Social Clienteling Defined**

II. **Leveraging The Cloud To Enable Social Clienteling**

III. **Social Clienteling Meets Store Operations**

IV. **The Steps To Enabling Social Clienteling**

I. Social Clienteling Defined

The social channel has become a vital component of shoppers' daily communication and engagement activities. Retailers need to embrace this growing trend and engage with shoppers through all meaningful channels. In fact, consumers are asking for exactly that type of interaction with their retail brands.

Social clienteling facilitates real-time visibility into shoppers' cross-channel and social media activity, enabling retailers to create a 360-degree view of each customer's *social profile* through cloud-based data collection, storage and analysis. The social profile includes all transaction history across channels, customer contact details, their preferences and can include a number of data sources such as online browsing behavior, Facebook profile information, social media conversations and brand mentions, and marketing communications sent and responses received.

While traditional clienteling served retailers well in the past, it can be disjointed and siloed, not to mention unresponsive. Retailers may collect information in the store, through catalog communications, via the call center or online, but those interactions are not coordinated to create a complete view of the customer. Social clienteling is customer-centric and intelligent, and by using the cloud it facilitates real-time, low cost analysis and action.

Social Clienteling versus Traditional Clienteling

	Traditional Clienteling	Social Clienteling
Information Access	POS, Black Book	Any device
Guest Engagement	In-Store	Cross-Channel
Guest Profile Data	Limited	Complete Social Profile
Associate Engagement	Pull/Search	Push/Feeds
User Experience	Click	Touch

II. Leveraging The Cloud To Enable Social Clienteling

Let's face it. Consumers are using their mobile phones on an increasing basis to conduct communications and transact. As of June 2010, wireless penetration in the U.S. had reached 93%, according to CTIA. At the same time the U.S. also ranked first globally in number of smartphones activated and number of mobile applications downloaded.

Mobile essentially creates a portable cloud for both consumers and retailers. Acknowledging the explosive growth of the use of mobile devices, smart retailers are meeting consumers within their portable cloud to collect and analyze all brand-related activities and social communications.

Within the cloud, retailers are able to create an optimum work environment that accesses third-party solutions on-demand, helping to maintain efficient business processes with a minimum financial investment.

Working with an experienced enterprise cloud computing provider and established third-party partners, retailers can build fully networked enterprises that facilitate communication among store personnel, between the store and the shoppers and as a coordinated effort across all business processes.

Fully networked enterprises – those that use collaborative technologies intensively to connect the internal efforts of employees and to extend the organization's reach to customers, partners, and suppliers – "are not only more likely to be market leaders or to be gaining market share but also use management practices that lead to margins higher than those of companies using the Web in more limited ways," reported the McKinsey Global Institute in the Quarterly report titled *The Rise of the Networked Enterprise: Web 2.0 Finds Its Payday.* This premise is supported by real results. Among respondents who report using Web 2.0 technologies, 79% have achieved at least a 5% improvement in a range of business benefit metrics.

> 53% of Facebook users have reached a retailer's web site from its Facebook page, and 35% of online shoppers said they would be likely to make a purchase through Facebook.

Once fully networked, retail organizations can begin the work of engaging with customers socially, participating in conversations with consumers, and facilitating conversations between customers. "…Retailers are waking up to an important new business challenge: how to serve as a facilitator of social interactions around their brand…Ultimately it reflects a move away from 'retailer as expert' to 'retailer as facilitator' for consumers to reach the experts they deem important, whether family, friends or just 'other people who bought this product,'" noted RSR's Nikki Baird and Steve Rowen in the report *After the Storm: Connecting With The New Online Consumer.*

Retailers are on their way. A significant number of retail organizations are now "providing more ways for consumers to connect with each other through our brand," according to RSR Research, up to 29% in 2010 from 8% in 2009. "This result is directly tied to the top business challenge: keeping up with evolving consumer behavior," according to Baird and Rowen.

One significant way for consumers to connect through the brand is on Facebook. Retailers that create a Facebook presence are reaping the benefits. More than 20% of online buyers found Facebook pages "influential" or "extremely influential," regardless of the channel where the transaction is completed, according to Compete in its study titled: "Spring 2011 Online Shopper Intelligence: Impact of Social Media on Retailing."

Level of Influence of Retailers' Facebook Pages on the Purchase Decisions of US Online Buyers, Spring 2011
% of respondents

Level	%
1 (1=influential)	6.2%
2	16.7%
3	32.9%
4	21.7%
5 (5=not at all influential)	22.5%
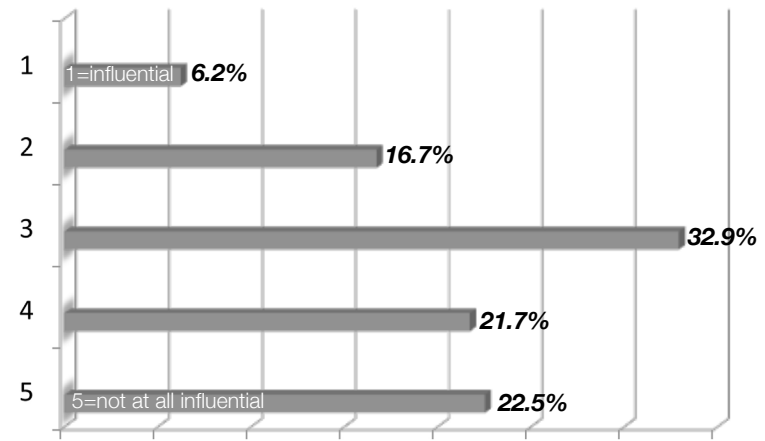
Note: n=1,627 who visit retailer and/or consumer products company Facebook pages
Source: Compete, "Spring 2011 Online Shopper Intelligence: Impact of Social Media on Retailing," June 23, 2011
www.eMarketer.com

III. Social Clienteling Meets Store Operations

The store is no longer a standalone fixture. Its success is impacted by the Internet, mobile and social channels, and vice versa. All applications, in and out of the store, must be social, mobile and open – able to integrate with legacy and complementary applications with minimal effort. This turns a retail business into a Social Enterprise that translates into increased sales, wallet share and loyalty.

While eCommerce sales are growing, most purchases continue to be completed within the four walls. In Q1 2010, eCommerce accounted for only 4% of total U.S. sales, according to a Research and Markets study, at just over $32 billion. That being said, an increasing number of shoppers are researching online or via mobile devices prior to making purchases in-store.

Delight Your Customers through a Social Enterprise

While $155 billion worth of consumer goods were bought online in 2009, a far larger portion of offline sales were influenced by online research, according to the Forrester report "U.S. Online Retail Forecast, 2009 to 2014," which estimates that $917 billion worth of 2009 retail sales were "Web-influenced." Online and Web-influenced offline sales combined accounted for 42% of total retail sales and that percentage will grow to 53% by 2014, when the Web will be influencing $1.4 billion worth of in-store sales.

But that prediction could be over-reaching if retailers neglect the cross-channel customer experience. In 2009, according to Forrester, only 61% of consumers who crossed over from online to in-store were satisfied with their buying experience, compared to 82% for those who completed their purchases online.

Further, according to a recent *Consumer Reports'* survey, 65% of U.S. customers are "tremendously annoyed" by rude salespeople and 64% of respondents said that they had left a store in the previous 12 months because of poor service.

In order for retailers to do a better job appealing to all consumers in their physical stores, they need to apply the concepts of social clienteling and create an overall Social Enterprise across all channels of their businesses. What that means inside the store is the need to implement advanced in-store technologies that integrate store operations with online, mobile, catalog and contact center operations. Many retail CIOs already are responding to this need

CIOs Surveyed on Tablet Usage
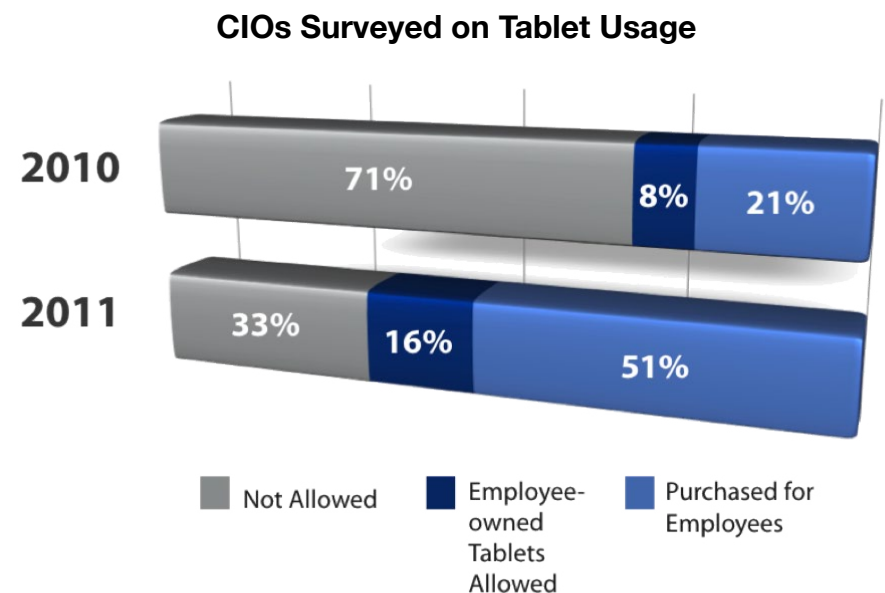
Morgan Stanley, "Tablet Demand and Disruption", February 14, 2011.

by completely changing their view on arming employees with tablets. As many as 51% of CIOs in all industries have purchased tablets for their employees in 2011, compared to 71% who didn't allow tablet use in 2010, according to a 2011 Morgan Stanley report titled: "Tablet Demand and Disruption."

> With an integrated Social Enterprise, store managers can find out what products sold by SKU per day, calculate real-time out-of-stock and in-stock positions, and complete an accounting of store personnel at any time of day.

Tapping into the integration capabilities cloud-based platforms, retailers can bring social clienteling and best-in-class store operations into the store – from pricing and promotions to shipping, back orders, loyalty, returns and POS. Additionally, to be most effective these processes must be deliverable via mobile technology, so retail managers and store associates can have their finger on the pulse of store operations anytime and anywhere.

With an integrated Social Enterprise, store managers can find out what products sold by SKU per day, calculate real-time out-of-stock and in-stock positions, and complete an accounting of store personnel at any time of day. In the past, store managers may have received some of this information by email, some in the POS terminal and other information on the office PC. Now managers can run the entire operation from a central office manager work station on a mobile device. All this information can be consolidated with loyalty, purchase and social communication information to create more efficient store operations and a complete social profile of each customer.

Other tools also can help facilitate the in-store Social Enterprise, such as an internal collaboration system that allows store managers to communicate with peers in different parts of the country in real time, for example to determine whether a promotion is working or a display is successful.

IV. Steps To Enabling Social Clienteling

A new concept for many retail organizations, social clienteling can be the key that opens the doors to a fully integrated Social Enterprise. Retailers can begin this journey with the following three steps:

1. Develop a Cross-Channel Social Profile for Every Customer.

This can be achieved using a profile formula, accessible throughout the retail organization that creates individual profiles based on customers':

- Demographics

- Brand and Item Preferences

- Purchase History

- Browsing History

- Wish Lists

- Service Requests

- Campaign Participation

- Social Network Dialog

Develop a Social Customer Profile

Delighting customers is knowing who they are and what they "like."

To be most effective, this profile should be updated in real time as the customer interacts with the retail organization. Customers also should be aware of and have access to their own personal profiles via their smartphones.

2. Empower In-Store and Call Center Employees

To be effective, the social profiles must be consistent and updated in real time throughout the retail organization. That means providing store managers, store associates and call center staff the ability to access and update the social profiles and the operations data that will support each customer.

Further, employees must have real-time access to customer information at the point of customer interaction, not just at the POS. By implementing a private, internal social network solution, store associates, call center employees and managers can collaborate across stores and channels in real-time to serve the immediate needs of the customer and also share best practices from store to store and region to region.

3. *Listen, Engage* and *Act* by Connecting the Retail Organization to Relevant Public Social Networks

Shoppers are listening to and engaging with peers and other shoppers on social networks, and they are making purchase decisions based on those relationships. Retailers need to join that conversation and establish relationships with their customer base.

It is not enough to simply collect data on the items customers are buying and how often they are shopping; retail organizations must develop relationships that encompass the whole customer – including her preferences, likes and dislikes. With this information in hand, retailers can serve their customers and develop long-term loyalty.

To that end, smart retailers already have developed fan pages and opt-in applications on Facebook. Further, on the heels of the first JCPenney industry-leading enterprise, retail organizations are bringing shopping to the shoppers by opening Facebook storefronts.

Once engaged with customers within social networks, the next step for retailers is tracking customer dialog and marketing to customers within the social channel. By implementing a social media monitoring and engagement solution, retail organizations can **listen** to what people are saying about their company and brand; **react** to negative comments and feedback before they become viral; **uncover the key influencers** who can make or break your brand in the social realm; **benchmark the competition**; and **initiate customer service outreach**.

Retail brands can provide special offers to Facebook fans, publish event details, introduce new products and solicit feedback on specific items.

Shopper fans also should be able to create wish lists within their social profile. And, while visiting a social store, customers should be able to share their profile information with friends and peers. By providing a venue for all the activities and functions consumers want to perform within social channels, the retail brand becomes a vital part of the customers' regular routines, cementing their relationship with that brand.

Specialty Retailer Cements Customer Relationships With Social Clienteling

Without a complete view of the customer, one specialty retailer was paralyzed in its marketing efforts. "We knew we needed to create and maintain a learning relationship with our customers," noted the Director of Marketing of the multi-channel specialty retailer.

The retailer sought to create a dialog with customers and initiate a new marketing plan that would bring together all its selling channels: retail stores, the catalog and online. "We wanted to identify our top customers and make them feel special but we lacked a complete view of our customer base," the Marketing Director noted.

By combining a cloud-based integrated social enterprise platform, the retailer was able to accomplish three specific goals:

- create cross-channel visibility to customer profiles and transactions by integrating in-store POS and online data

- utilize in-store social clienteling in order to provide meaningful service while facilitating cross-sell and up-sell opportunities

- use integrated dashboards and reports to reveal best-performing promotions and campaigns

Salesforce.com's cloud platform provided all the attributes to help this retailer achieve success. In a nutshell, the retailer is now able to listen to and maintain a dialog with customers, share real-time information with customers and other company employees, and provide optimum service to the best customers.

Conclusion

To compete effectively in today's social, mobile retail environment, retail organizations must develop a learning relationship with customers utilizing the concepts of social clienteling. Social clienteling strategies help retailers create a dynamic view of the customer that is shaped by in-store as well as real-time online and social media interactions. Social clienteling is active, compared to traditional clienteling which is static.

The most efficient and cost-effective way to implement social clienteling is through a cloud-based platform. Combining the efforts of an experienced enterprise cloud computing provider with established third-party partners, retailers can build fully networked enterprises that will meet the needs of the retail organization and its customers in real time.

For social clienteling to work, retailers must convert their companies into Social Enterprises, which carry the brand promise across all channels, from the home to the mobile phone and into the store.

To get started with social clienteling, retail organizations can follow three steps: create a social profile for each customer; empower employees to facilitate social clienteling throughout the enterprise; and listen, engage and market to consumers within social media and through their mobile devices.

About

About salesforce.com

Salesforce.com is the enterprise cloud computing company that is transforming customers into social enterprises. Social enterprises know who their customers are and what they like by building customer social profiles; increase productivity and collaboration with employee social networks; and engage with their customers over customer social networks. As of April 30, 2011, salesforce.com manages customer information for 97,700 customers, including Avon, Boots, Fast Retailing and Starbucks.

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