9 Steps to "Really" Knowing Your Customer

Consumer Insights; Retailer Reflections

Housekeeping

Webinar Dial-In: 1 (914) 339-0033

Access Code: 503-803-326

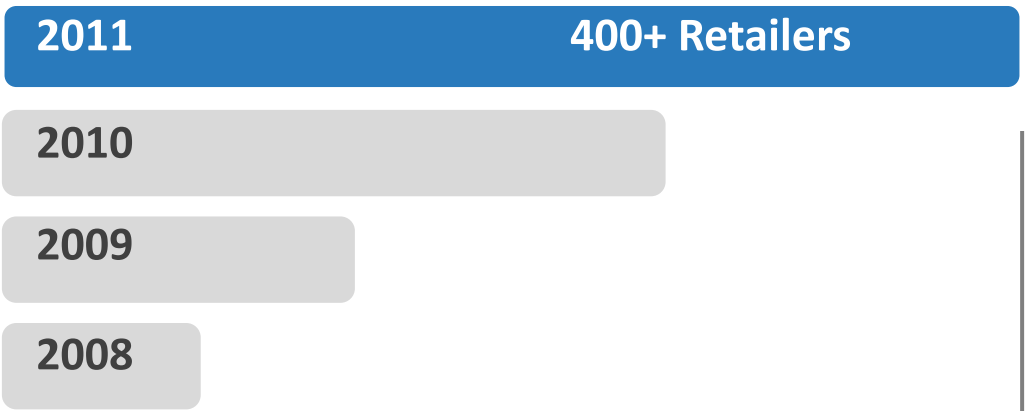
- **Questions?** Please type your questions in the chat box and we will answer them at the end of the webinar.
- **Webinar Replay:** A recording of the webinar will be available online at www.mybuys.com starting Monday, August 6th.
- **The White Paper:** An advanced copy of the corresponding white paper will be emailed to each attendee on Friday, August 10th.

Today's Speakers

Lauren Freedman
President, **the e-tailing group**

Chip Overstreet
SVP, Marketing, Corporate & Business Development, **MyBuys**

About MyBuys



Toys"R"Us
SKECHERS
MLB.com
Party City
DICK'S SPORTING GOODS
GNC LIVE WELL.
COST PLUS WORLD MARKET
Unique, authentic and always affordable.
The Container Store
A|X ARMANI EXCHANGE
STEVE MADDEN

2009, 2010 & 2011
Personalization
Leader
IR 500

Inc. 500

#16 Fastest
Growing
Marketing &
Advertising
Company

Why "Know Your Customer" Research Now?

Consumer privacy has become an even hotter topic recently.

In an industry that uses consumer information to help shoppers make better purchases and provide them with better experiences, **it is important to find out and understand how the *consumer* really feels.**

The Voice of Cross-Channel Merchandising

Straight talk from "in-the-trenches" online merchandising experts

- 16 years e-commerce **consulting**
- **Fortune 500 client projects** ranging from strategic planning, customer experience with an emphasis on merchandising to technology marketing and lead generation
- **Proprietary research studies** on mystery shopping, merchandising, mobile and consumer behavior
- **Author,** It's Just Shopping
- **50+** years traditional retail and catalog experience

Agenda

Part I: The Consumer Perspective:

- MyBuys/e-tailing group 5th Annual Consumer Insights Survey
  - Sharing
  - Social and Mobile Dynamics

Part II: The Merchant Speaks:

- 9 Steps to Really Knowing Your Customer

MyBuys/e-tailing group 5th Annual Consumer Insights Survey

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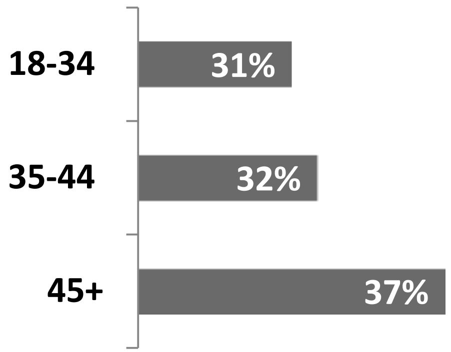
MYBUYS

Methodology & Demographics

- In April 2012 an online survey was fielded to 1,024 consumers; 51% male/49% female
- Respondents were qualified as having shopped online 4 or more times during the past year and typically spending $250 or more annually (1 in 2 spend $750 or more annually)
- 78% own a smartphone

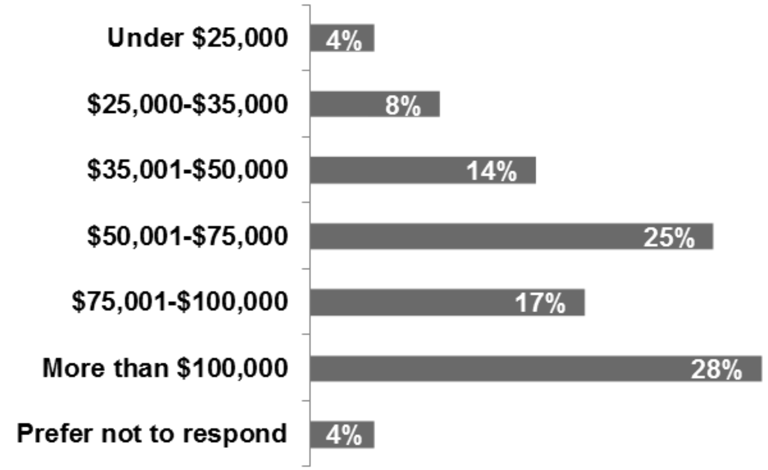
Demographics

What is your age?



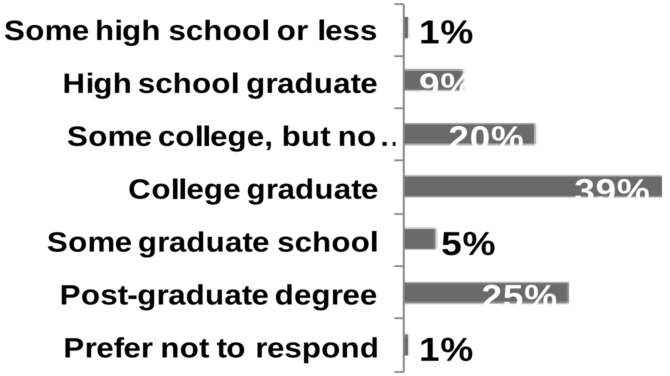
Q4

Which of the following best represents your combined annual household income before taxes?



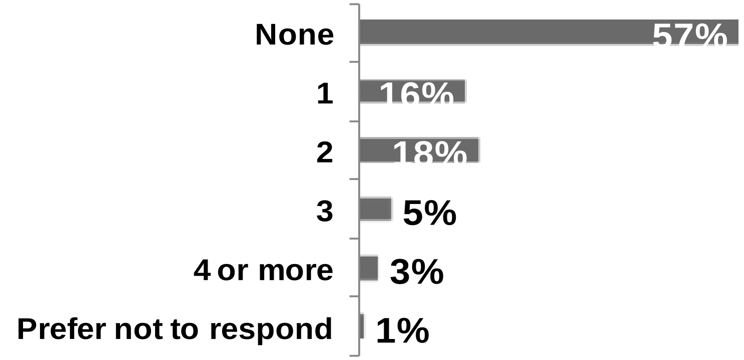
Q34

What is the highest level of education that you have completed to date?



Q35

How many children age 18 years or younger do you have living at home with you?



Q36

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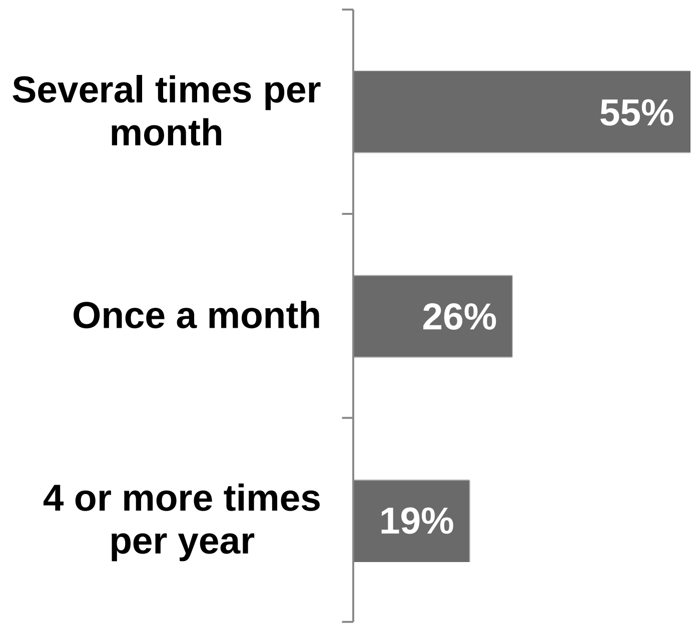
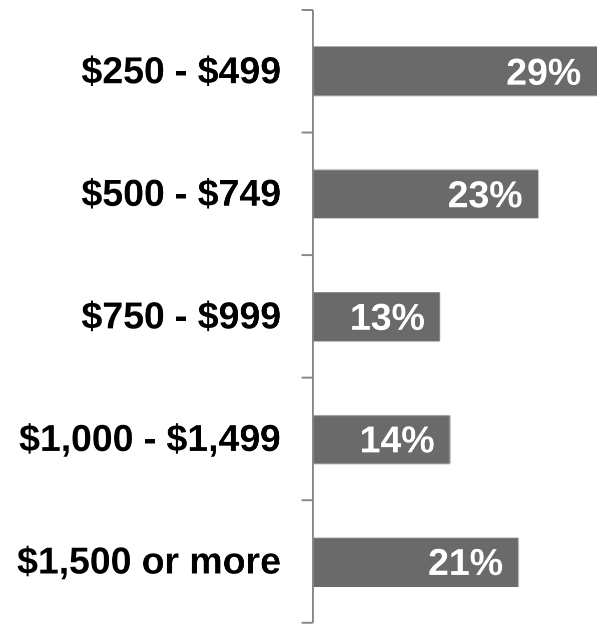
MYBUYS

Shoppers are active where 1 in 2 spend $750 or more annually

How often did you shop online during the past year?



How much do you typically spend online annually?



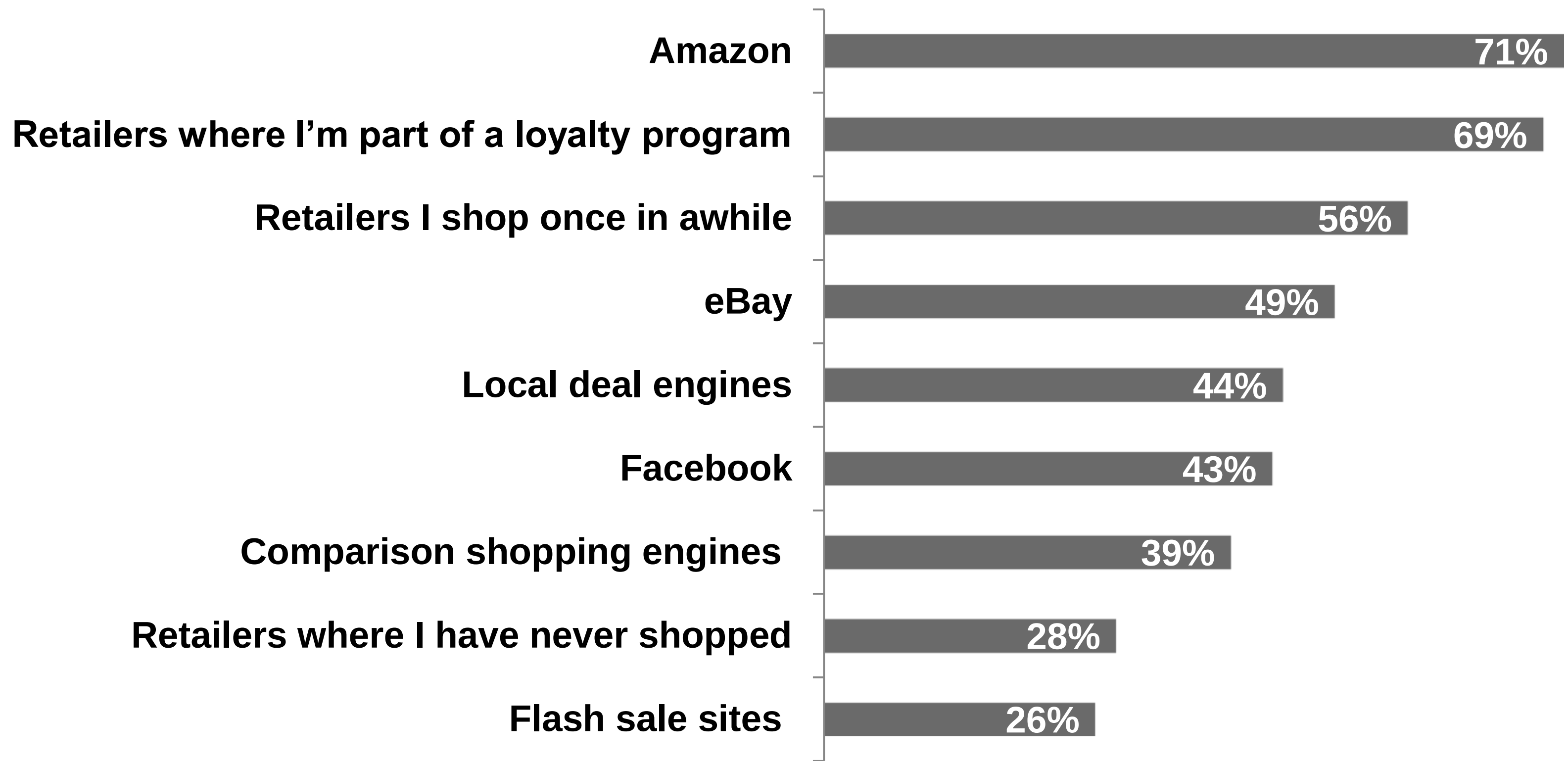
Q1

A. Consumer Comfort with Sharing: Topline

- Familiarity with existing onsite merchandising and personalization and via email has set the stage for extending efforts
- Consumers are comfortable sharing with retailers with whom they are already connected
- 1 in 2 consumers are willing to share information in hopes of getting a better shopping experience
- Offers, brands and products bought will be readily shared with retailers

Consumers are most comfortable sharing with Amazon and retailers with whom they are already connected

In general, how would you describe your comfort level regarding sharing shopping preferences with each of the following kinds of companies?
(Top-2 Very/Somewhat Comfortable)

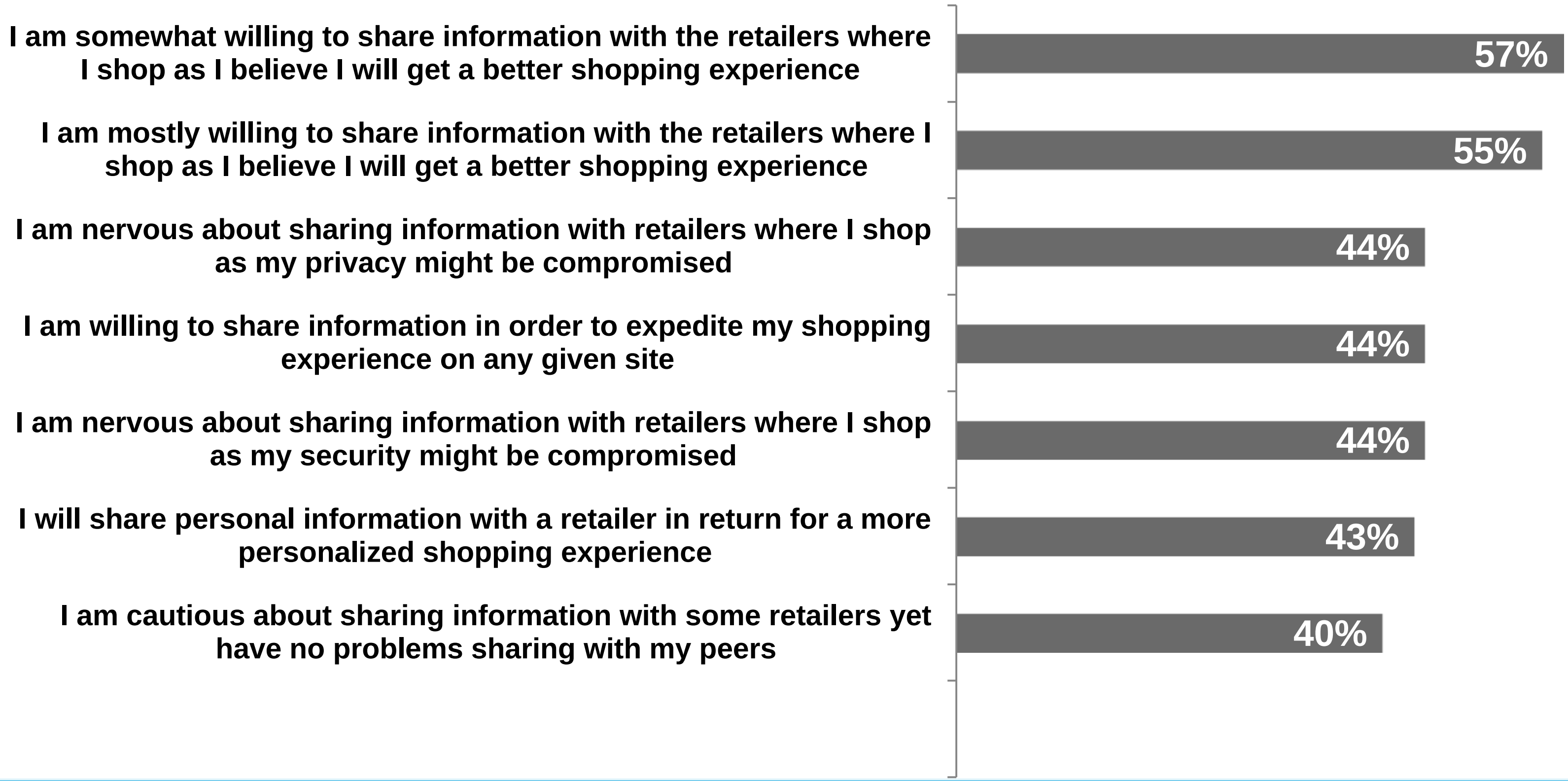


Q6

1 in 2 consumers are willing to share information in hopes of getting a better shopping experience

Privacy and security concerns still a factor

Please rate your level of agreement with each of the following statements regarding sharing shopping preferences (favorite brands, categories, products) with retailers you frequent.
(Top-2 Completely/Somewhat Agree)



Q7

Shoppers are happy to share shopping preferences with retailers where offers, brands and purchases see highest acceptance

Thinking about the following kinds of shopping preferences you might share with a retailer, how would you describe your willingness to share such information?

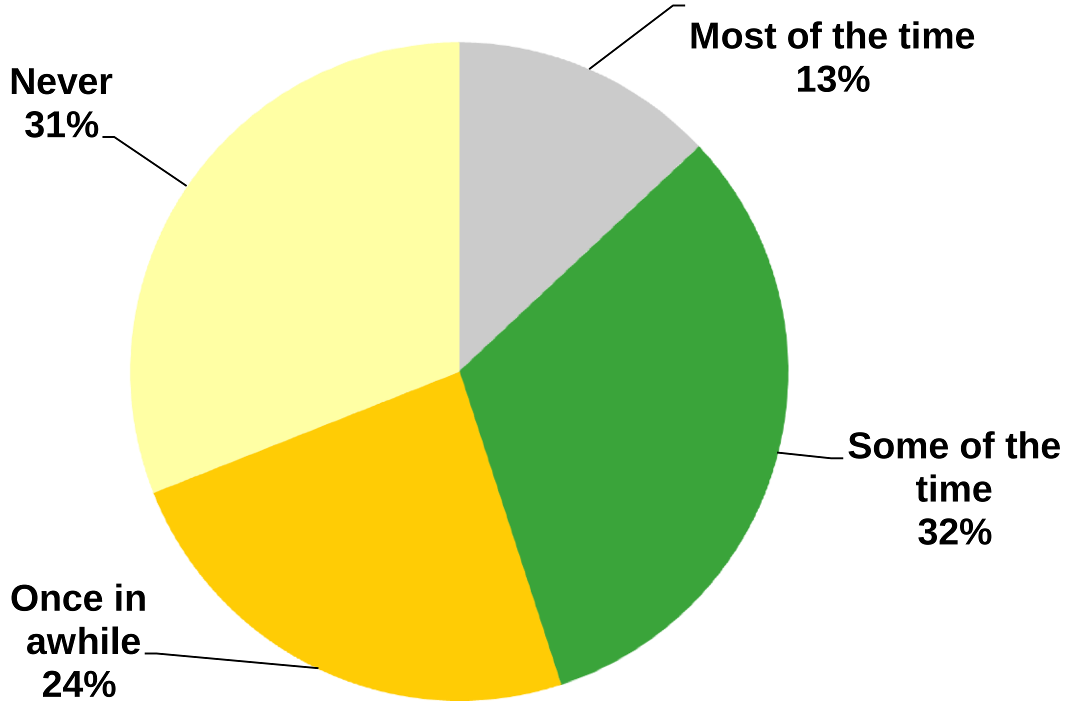
(Top-2 Completely/Somewhat Agree)

Q8

Consumers are reluctant to let merchants share their shopping preferences with other retailers

1 in 2 consumers (55%) will never or only once in awhile enable such sharing

Many retailers offer consumers the ability to share shopping preferences with other retailers and advertisers? How often do you allow merchants to share that information?

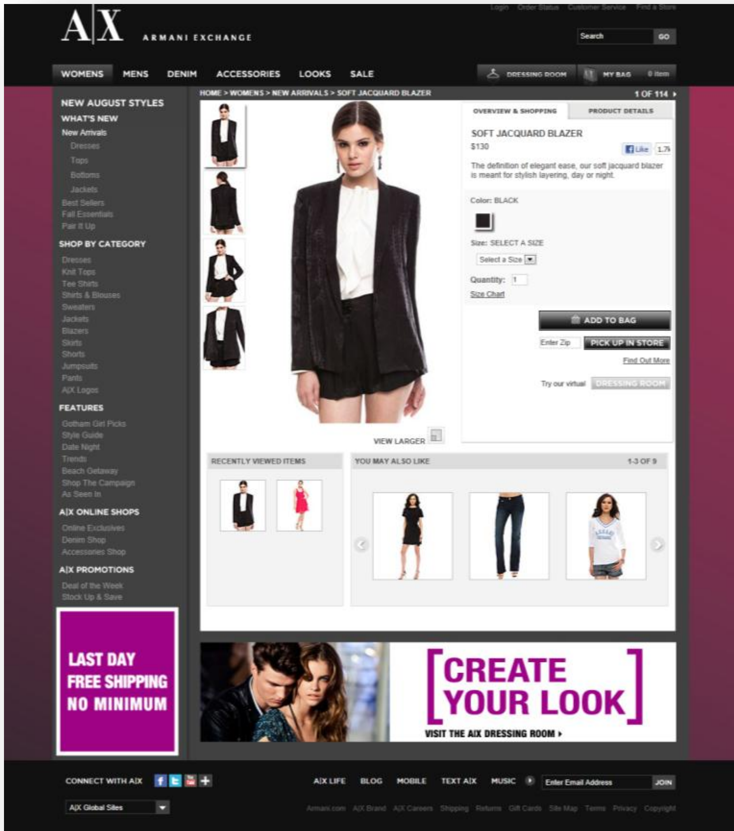


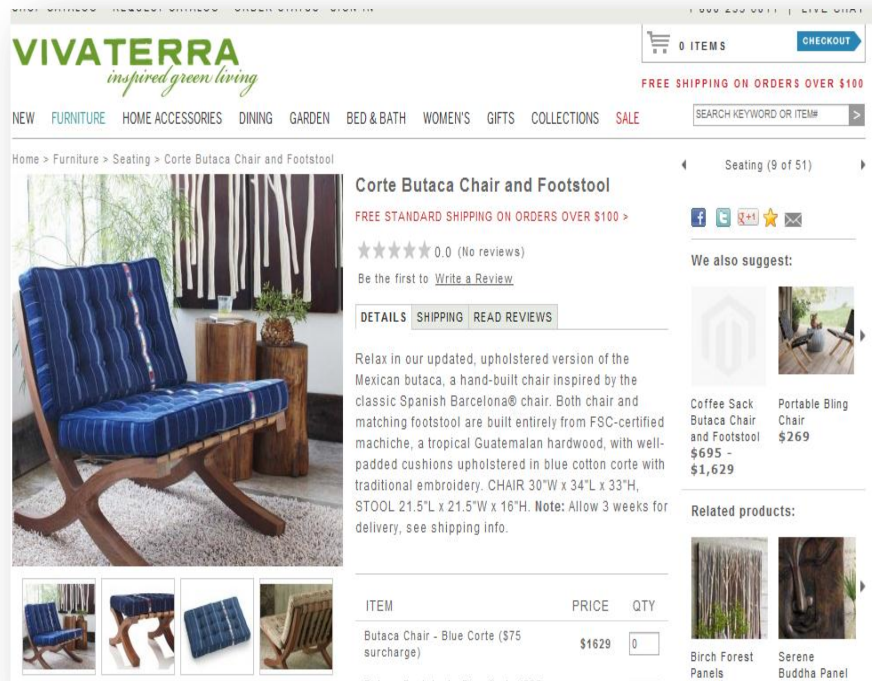
Q9

Half of consumers report receiving tailored merchandising based on past browsing and purchases onsite and via email

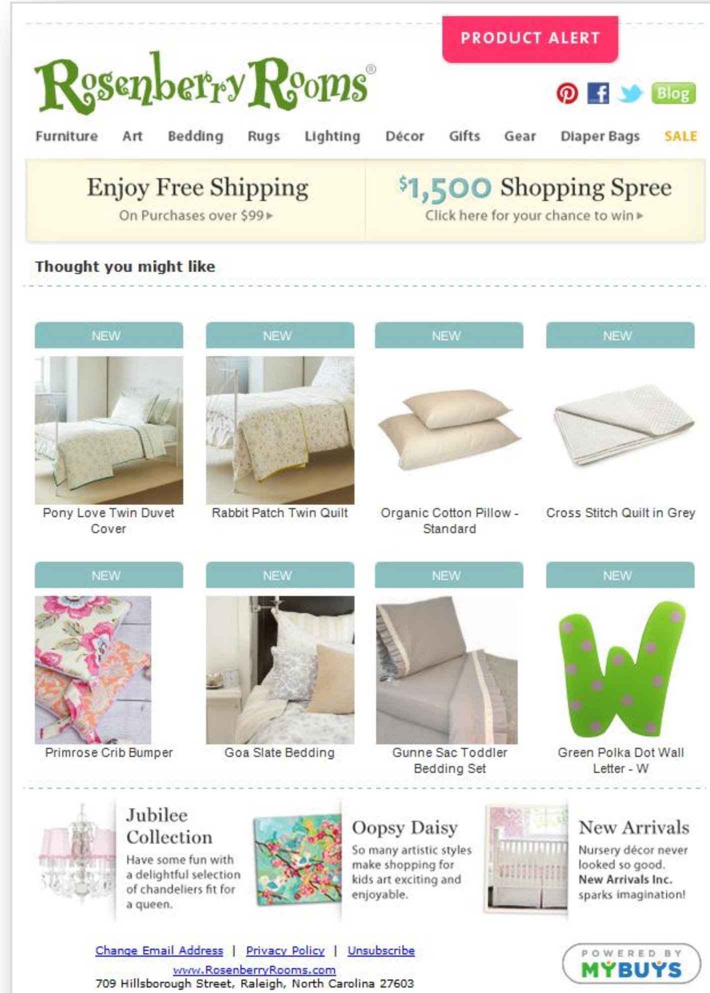
Q10

Onsite recommendations are standard



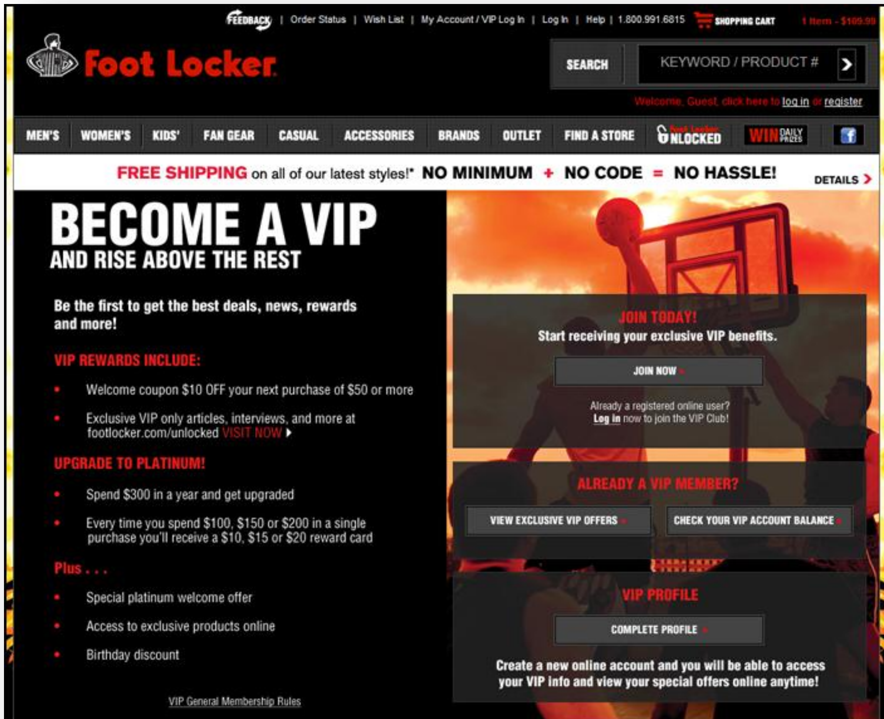


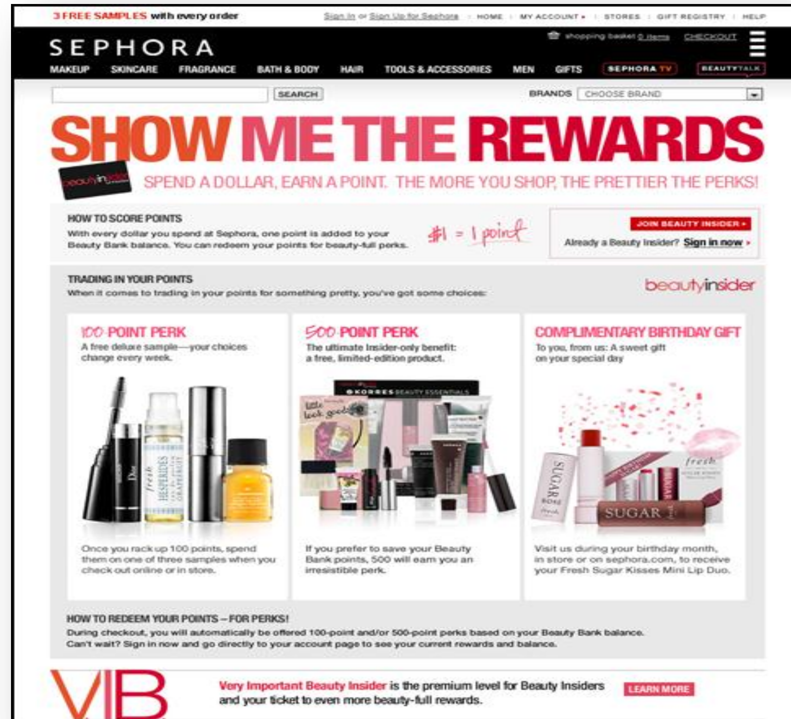
Email Alerts are Ideal



Loyalty Programs Provide Unique Insights

67% EG100 retailers have loyalty programs in place versus 57% in 2010





e-tailing group 2011 Mystery Shopping Study

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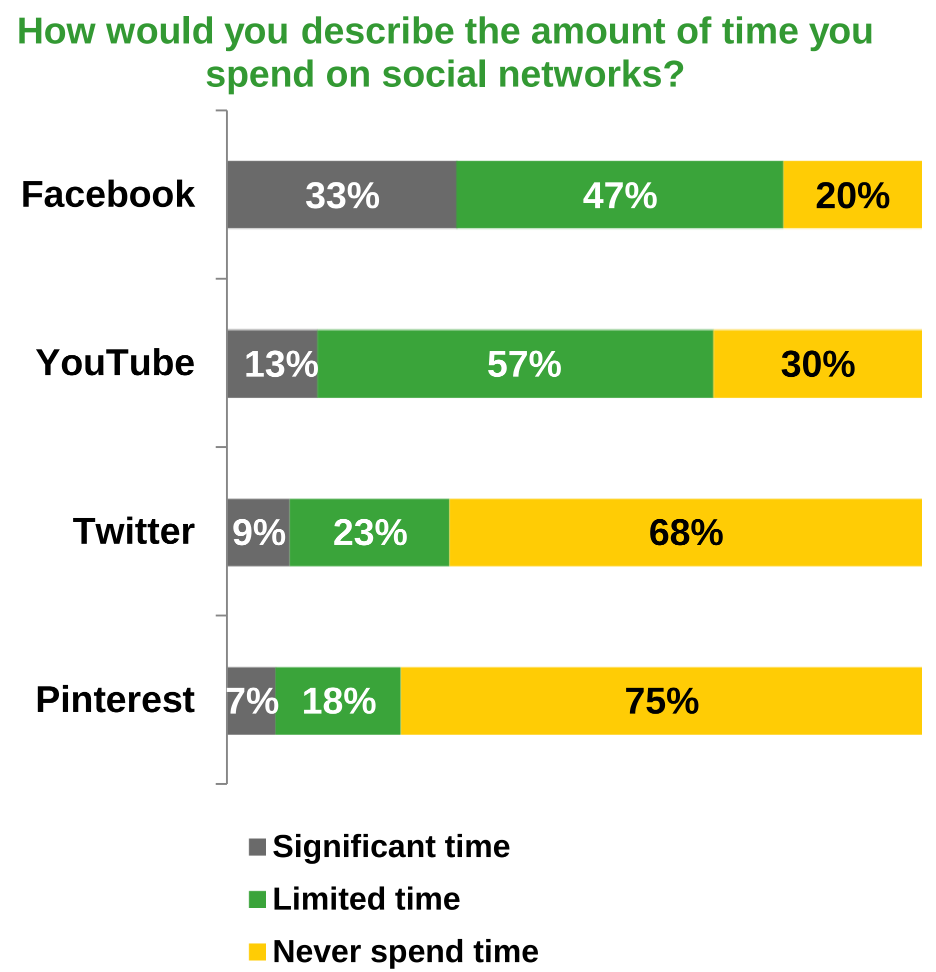
B. Social & Mobile Dynamics: Topline

- Only 1 in 3 consumers are comfortable sharing for an upgraded personal experience
- Concern about sharing personal information and shopping preferences via social networks is in play
- Consumers are becoming familiar with social log-in tools; though content with status quo they may appreciate convenience benefits
- Proliferation of devices means greater sensitivity regarding sharing shopper preferences

1 in 3 spends significant time on Facebook

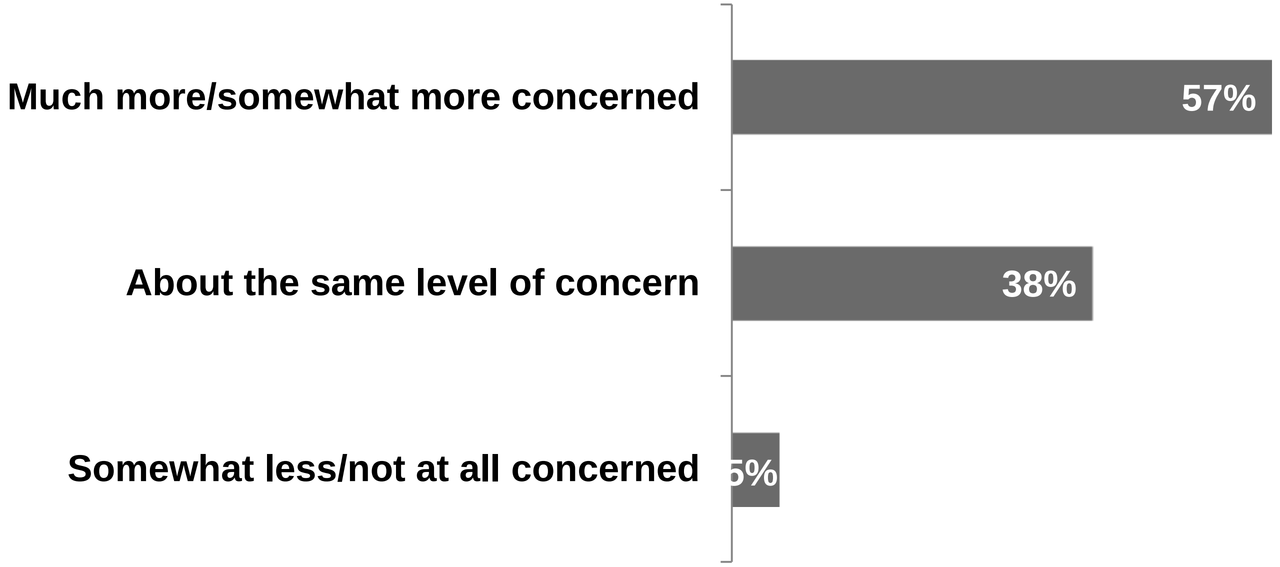


Q21

6 out of 10 consumers express concern about sharing personal information via social networks

As opportunities abound to participate in social networks, how would you rate your level of concern in sharing personal information via such means?

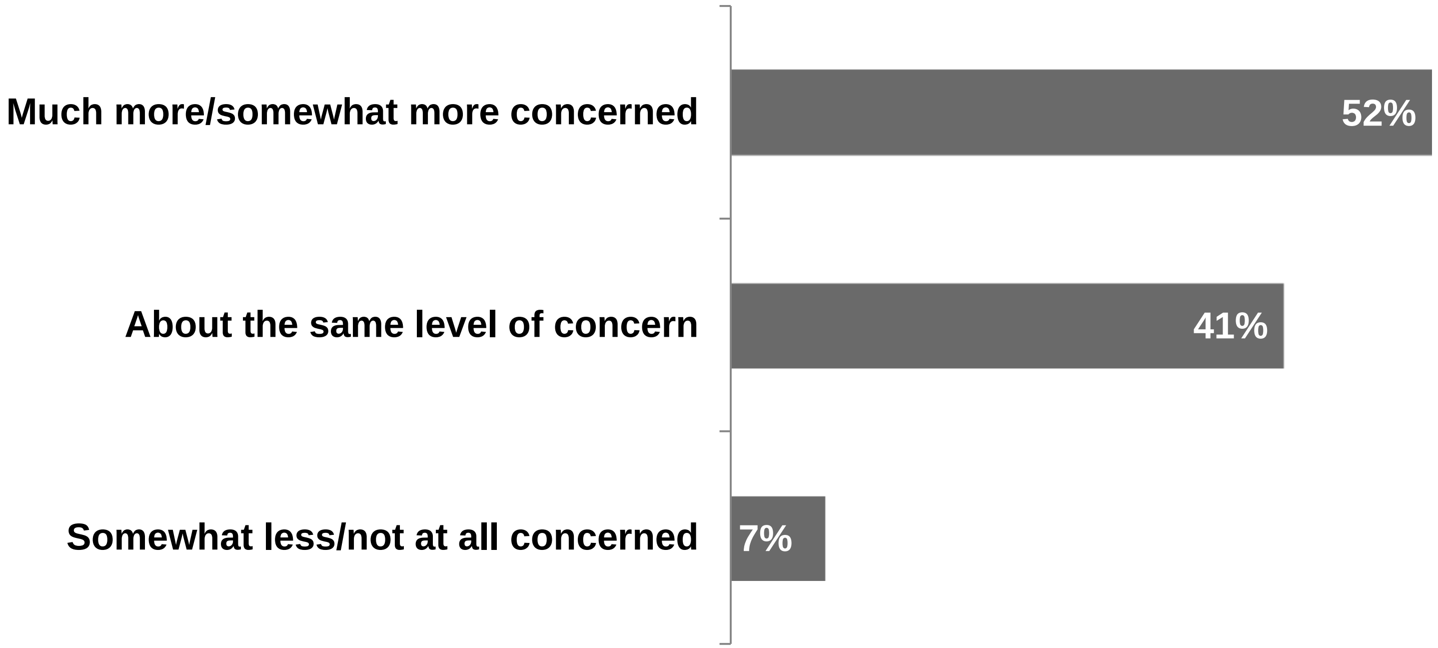
(Top-2 Much More/Somewhat More Concerned)



Q22

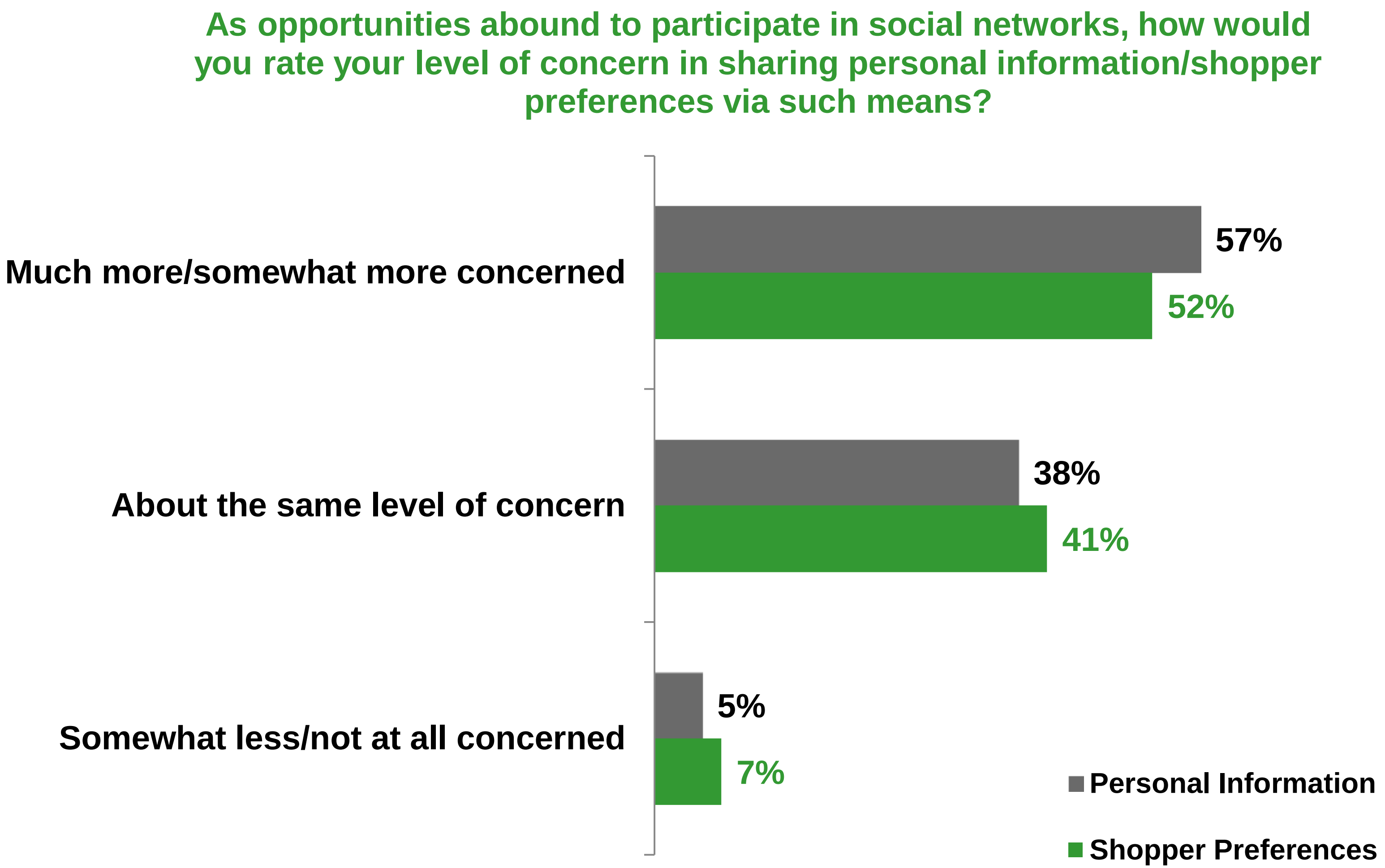
1 in 2 consumers are more concerned about sharing shopper preferences via social networks

As opportunities abound to participate in social networks, how would you rate your level of concern in sharing shopper preferences via such means?
(Top-2 Much More/Somewhat More Concerned)



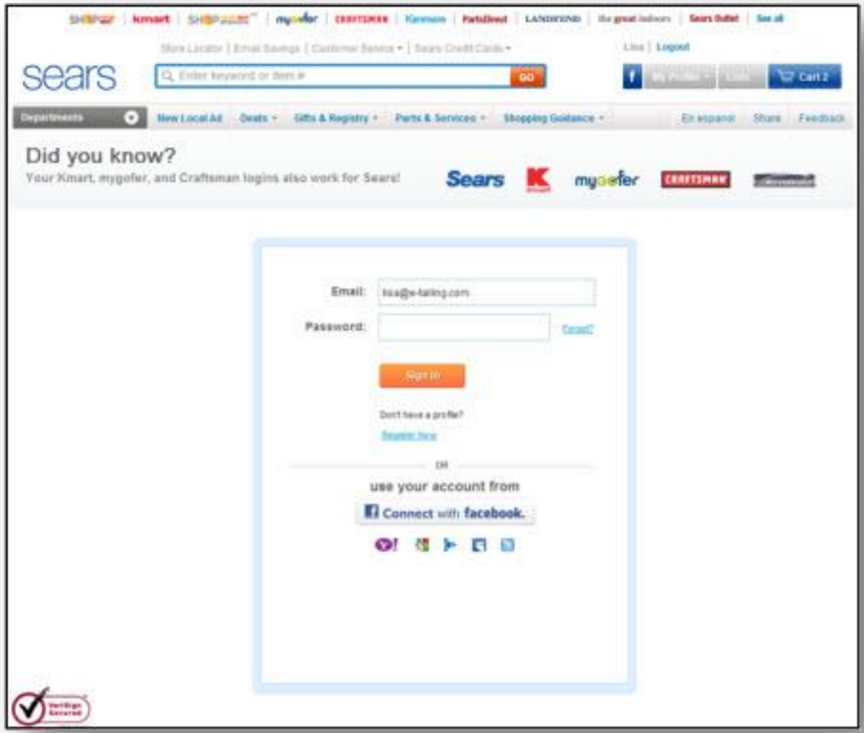
Q23

Shoppers express similar levels of hesitancy regarding sharing personal information/shopper preferences where 1 in 2 show concern

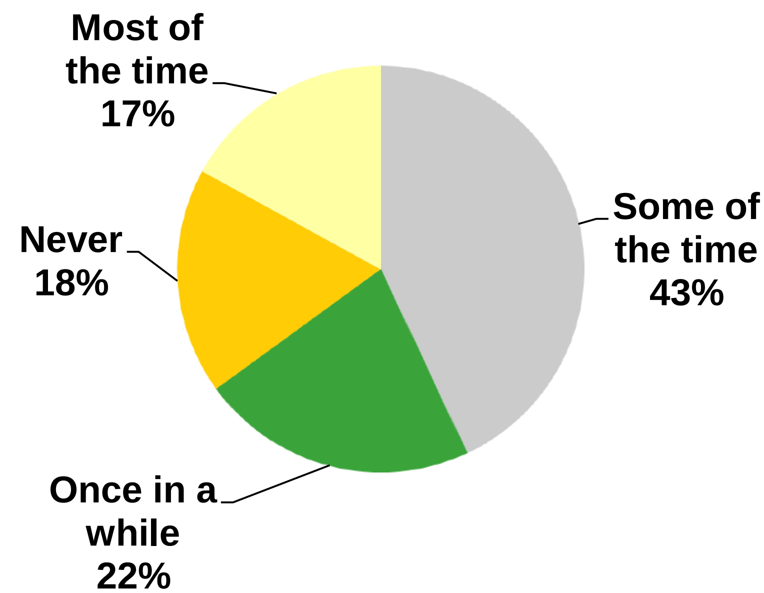


Q22,Q23

Consumers are becoming accustomed to seeing social log-ins on shopping sites as 60% report seeing them at least some of the time

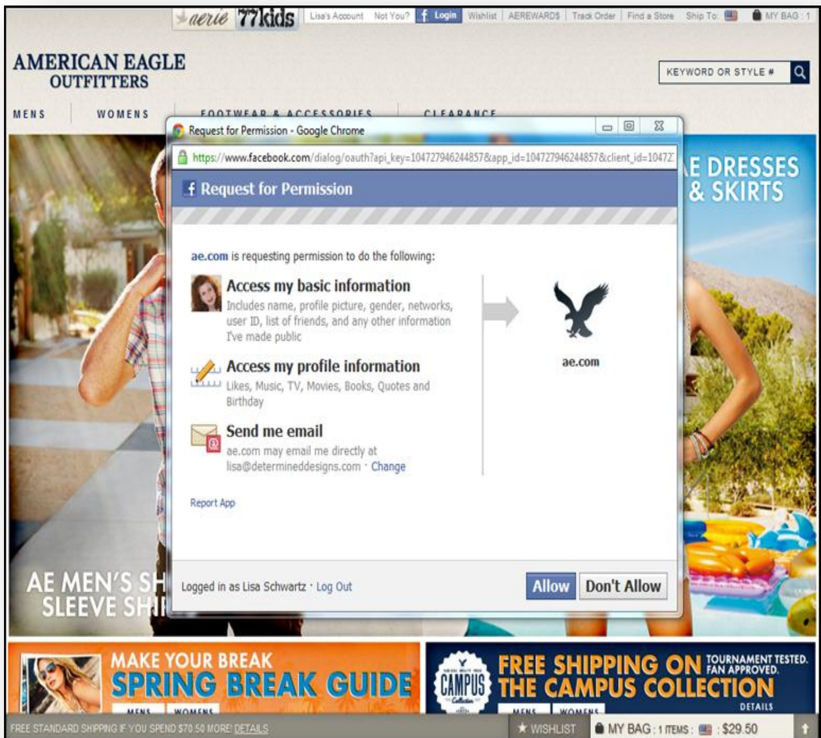


How frequently have you seen this type of login on shopping sites you frequent?

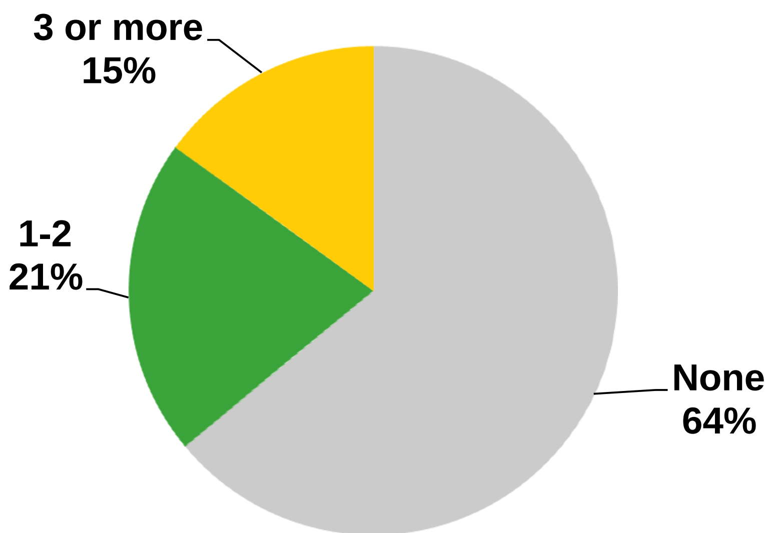


Q24

Sign in via social login is limited as only 1 in 3 (36%) have done so at least once

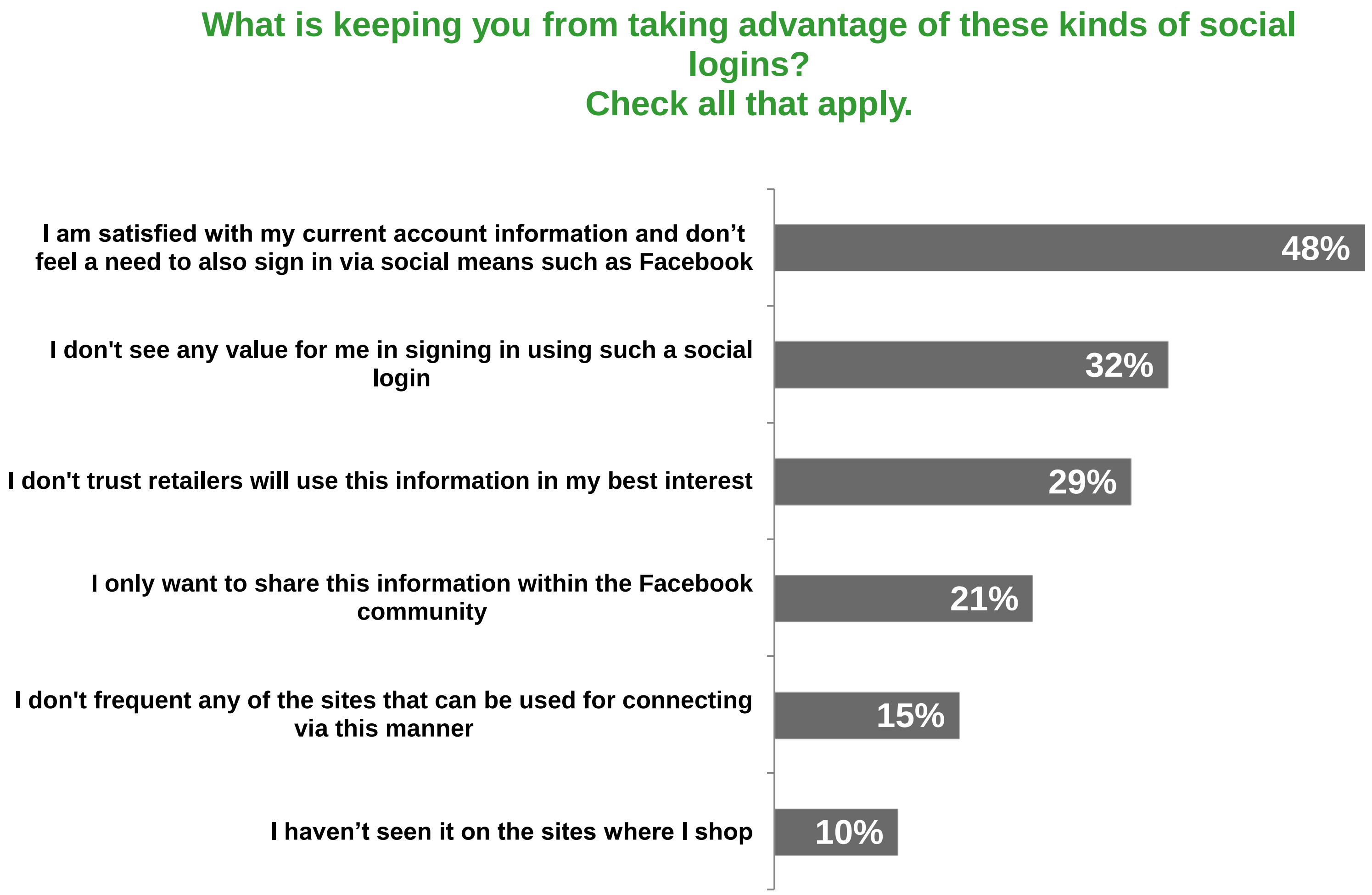


At how many retailers have you signed in via a social log-in over the past 3 months?



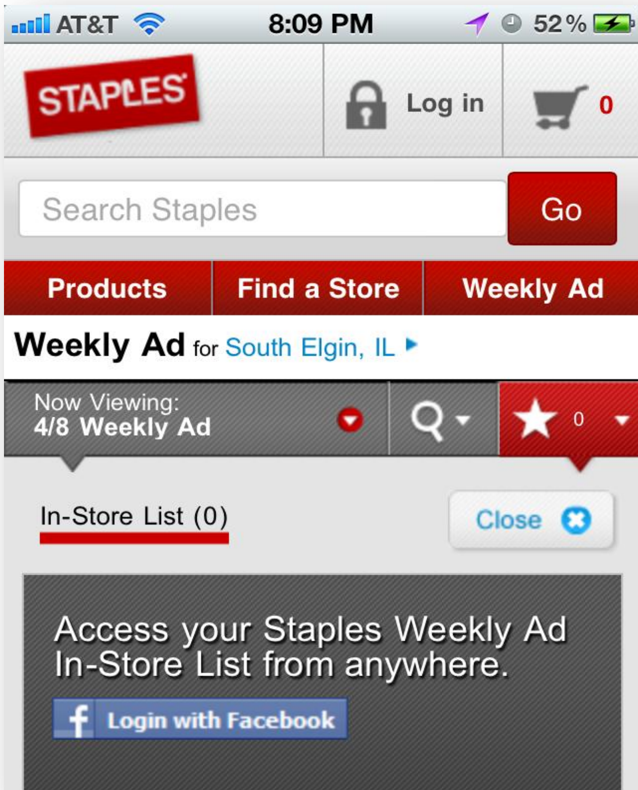
Q25

Most shoppers are content with status quo sign-in scenarios rather than pursing social options

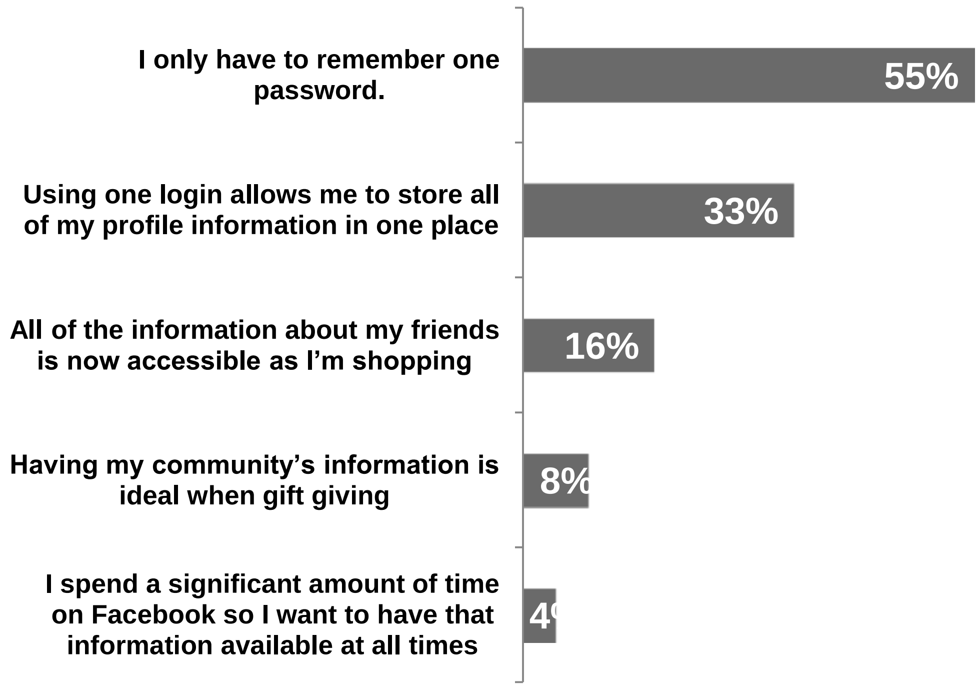


Q26

The convenience of 1 password is perceived to be the #1 benefit to social login

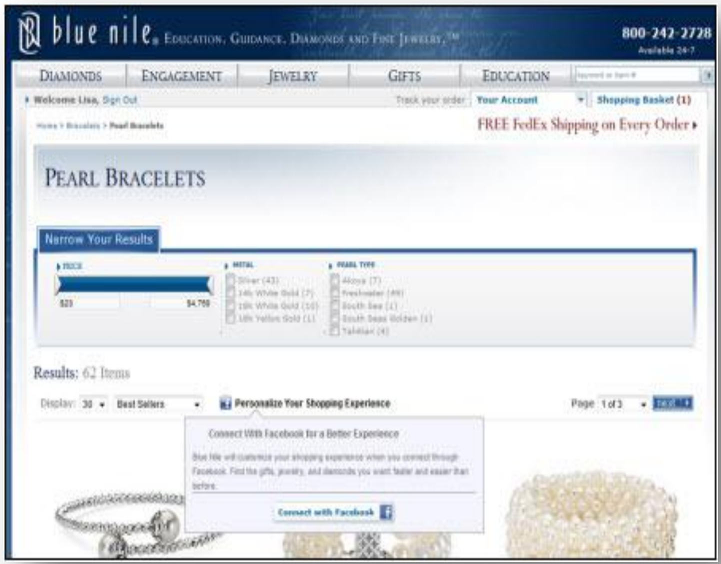


What do you perceive as the benefits to using social login? Check all that apply.



Q27

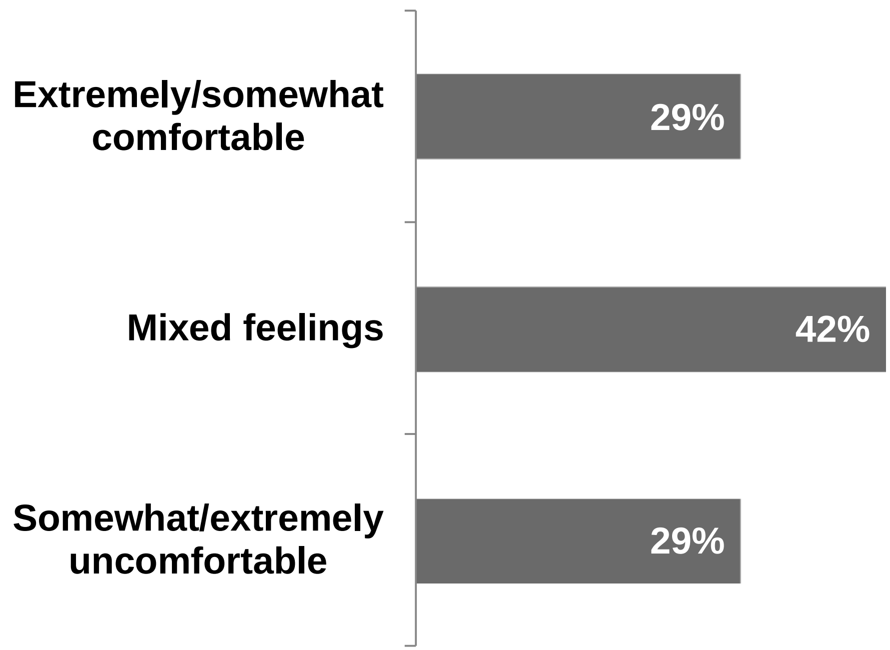
Only 1 in 3 consumers are comfortable with sharing for an upgraded social tie-in experience



"Connect with Facebook for a better experience"

When you see a site such as Blue Nile that suggests personalizing the experience including their messaging, how is your comfort zone and subsequent interest in sharing information this way?

(Top-2 Extremely/Somewhat Comfortable)



Q28

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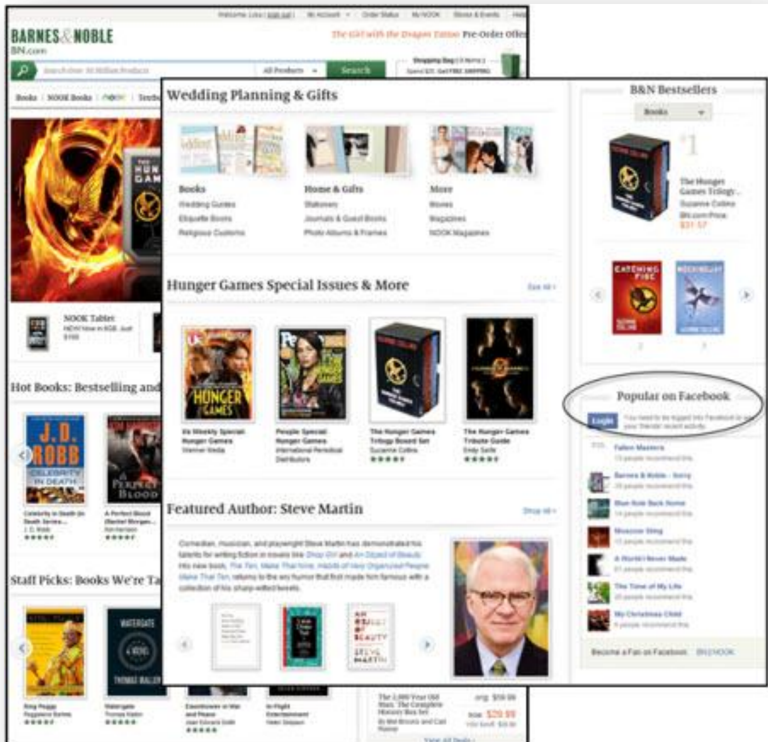
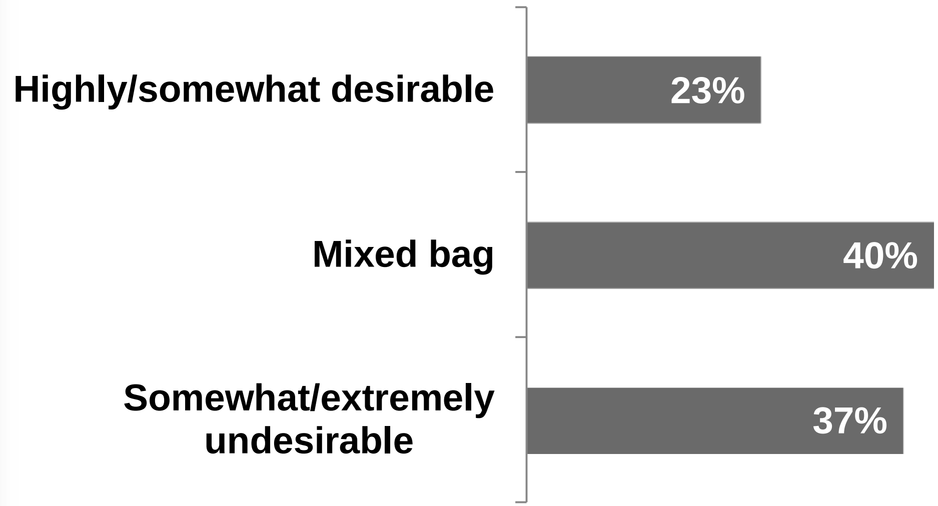
Seeing what's popular with friends on retailer sites is desirable among 1 in 5 shoppers

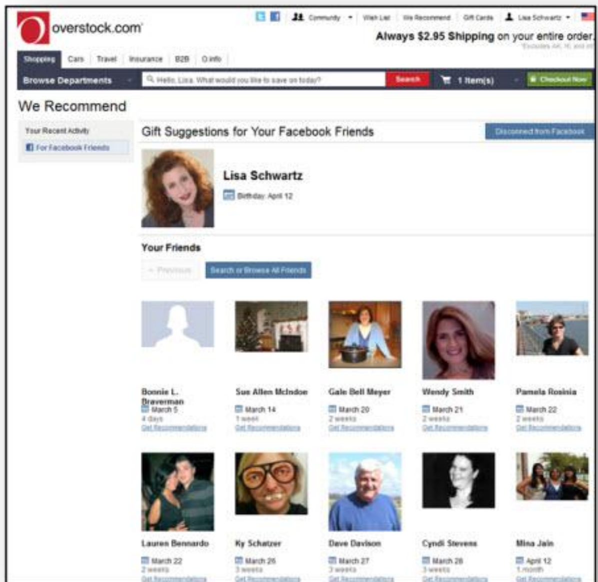


How desirable would it be for you to login to see what's popular with your Facebook friends?
(Top-2 Highly/Somewhat Desirable)



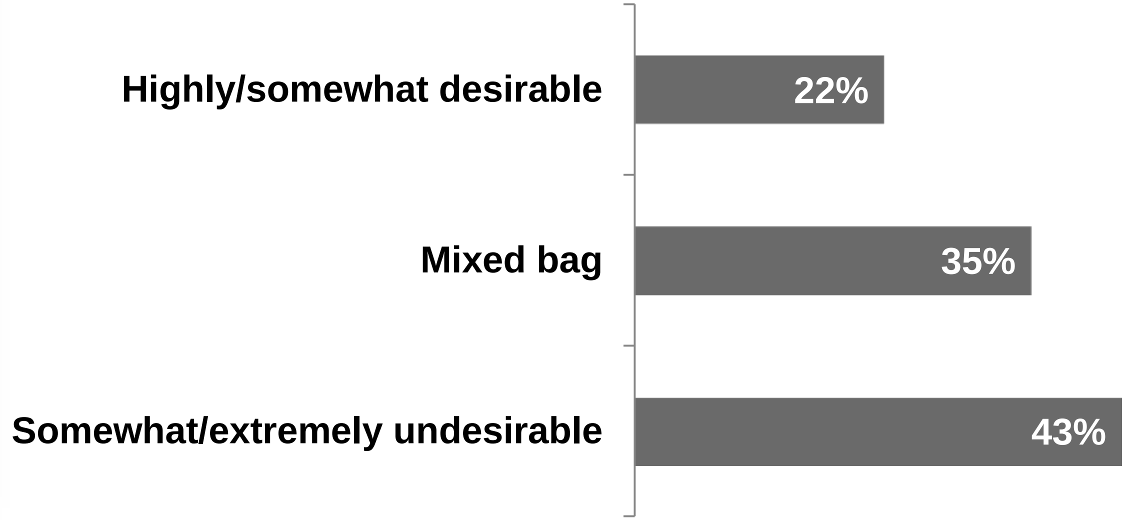
Q29

1 in 5 consumers enjoy seeing pictures of their friends when shopping



How do you feel about seeing pictures of your friends when shopping at Overstock or other retailers in order to facilitate shopping?

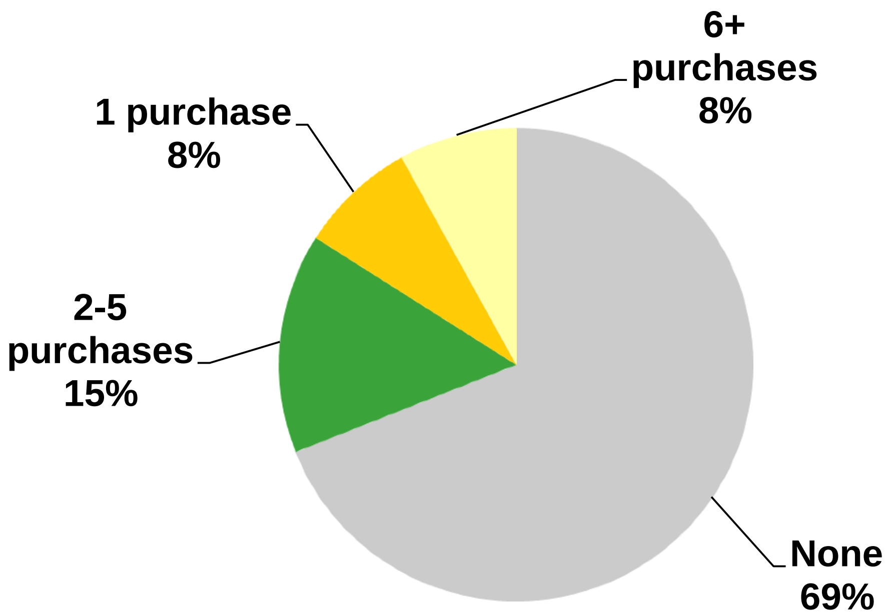
(Top-2 Highly/Somewhat Desirable)



Q30

1 in 3 have made at least 1 purchase; 23% have made 2 or more

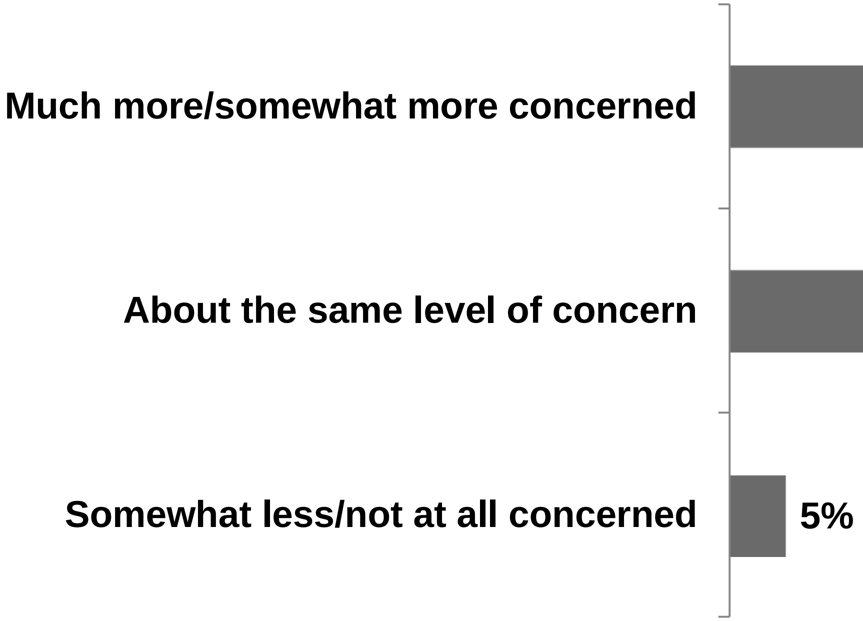
How many purchases have you made using your smartphone in the past 6 months?



Proliferation of devices means greater sensitivity regarding sharing shopper preferences

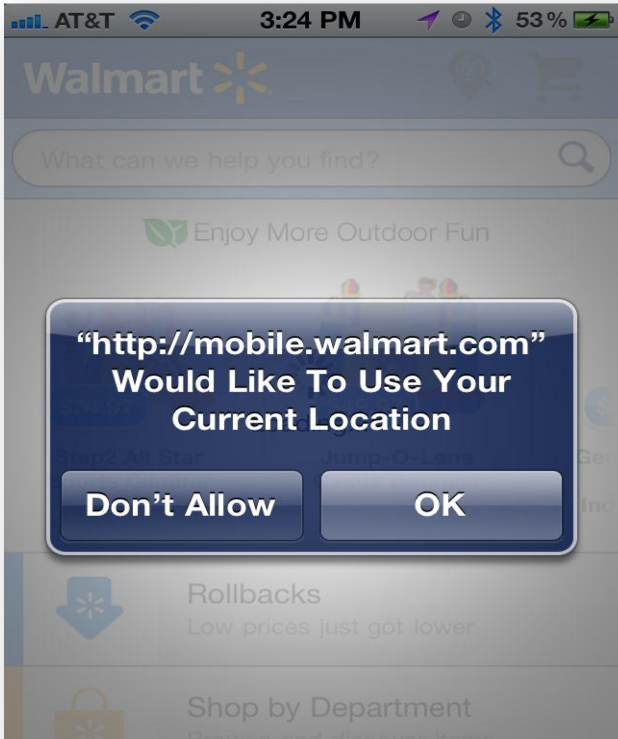
Now that you can access the Internet via a multitude of mobile devices has the level of concern or your sensitivity for sharing personal shopper preferences changed?

(Top-2 Much More/Somewhat More Concerned)



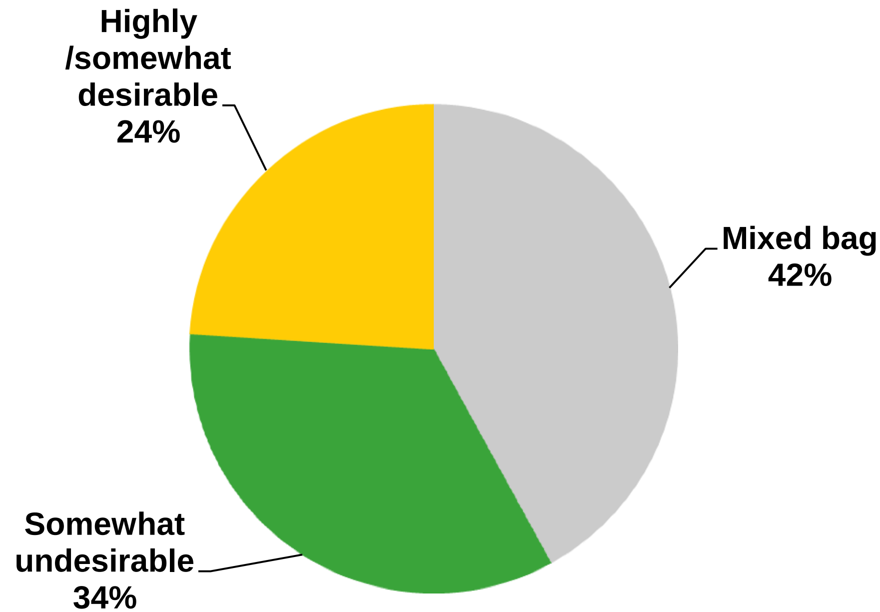
Q32

Geo-targeting mobile shoppers is a mixed bag at this early juncture



When logging onto your mobile device to browse or buy, what is your reaction when retailers ask if you want to have the site tailored for your current location?

(Top-2 Highly/Somewhat Desirable)



Q33

The Merchant Speaks

9 Steps to Really Knowing Your Customer

Our Process

- Developed a comprehensives "know your customer" CRM questionnaire to explore customer knowledge, CRM vision and data preparedness
- Interviewed a cross-section of merchants across the retail industry
- Synthesized findings into webinar and white paper deliverables

STEP 1: DEFINE WHAT CRM MEANS TO YOUR ORGANIZATION

"Each week, I throw on headgear and field calls, getting immediate feedback on everything from free shipping to sales. Establishing direct connections with the customer provides our company a truer pulse without the need to rely on third-parties to solve consumer issues."

"CRM is so broad we must remember to put it in context when defining what it means to us."

"CRM is a strategy for handling and maintaining customer data and relationships. "

Q. Who is driving CRM within the retail environment?

"all of us," "we are all to a certain extent" or "we're all marketers."

"day-to-day responsibility falls on the marketing department who often manages research teams, data modeling and web analytics organizations and typically are in charge of all customer insights across the organization."

In a few organizations, "C" level executives hold responsibility for their most cherished asset, working hand-in-hand with marketing to ensure superior execution.

STEP 2: PRIORITIZE CRM

"Our customer is our greatest asset yet CRM ranks 7-10 on the priority scale and should be higher." We have extensive customer data available and feel we can never know too much and appreciate that the online world provides even more information."

"The dilemma centers on how to best use this data to improve relationships with the customer. "

"Despite 60% of our business being online, we do not have a clear CRM vision. This is just part of our plight along with separate data systems and a lack of vision."
-

STEP 3: SET A CLEAR VISION

"Our vision is to recognize and serve the needs of our customer whenever and wherever she may be; we attempt to weave that knowledge into our processes with a full view across all channels. It's not just database marketing but involves people, processes, technology and most importantly a customer-centric approach."

"CRM is less about tools and more about having a holistic methodology for taking care of our customers; we don't see huge investments and work via an out-of-the-box CRM package."

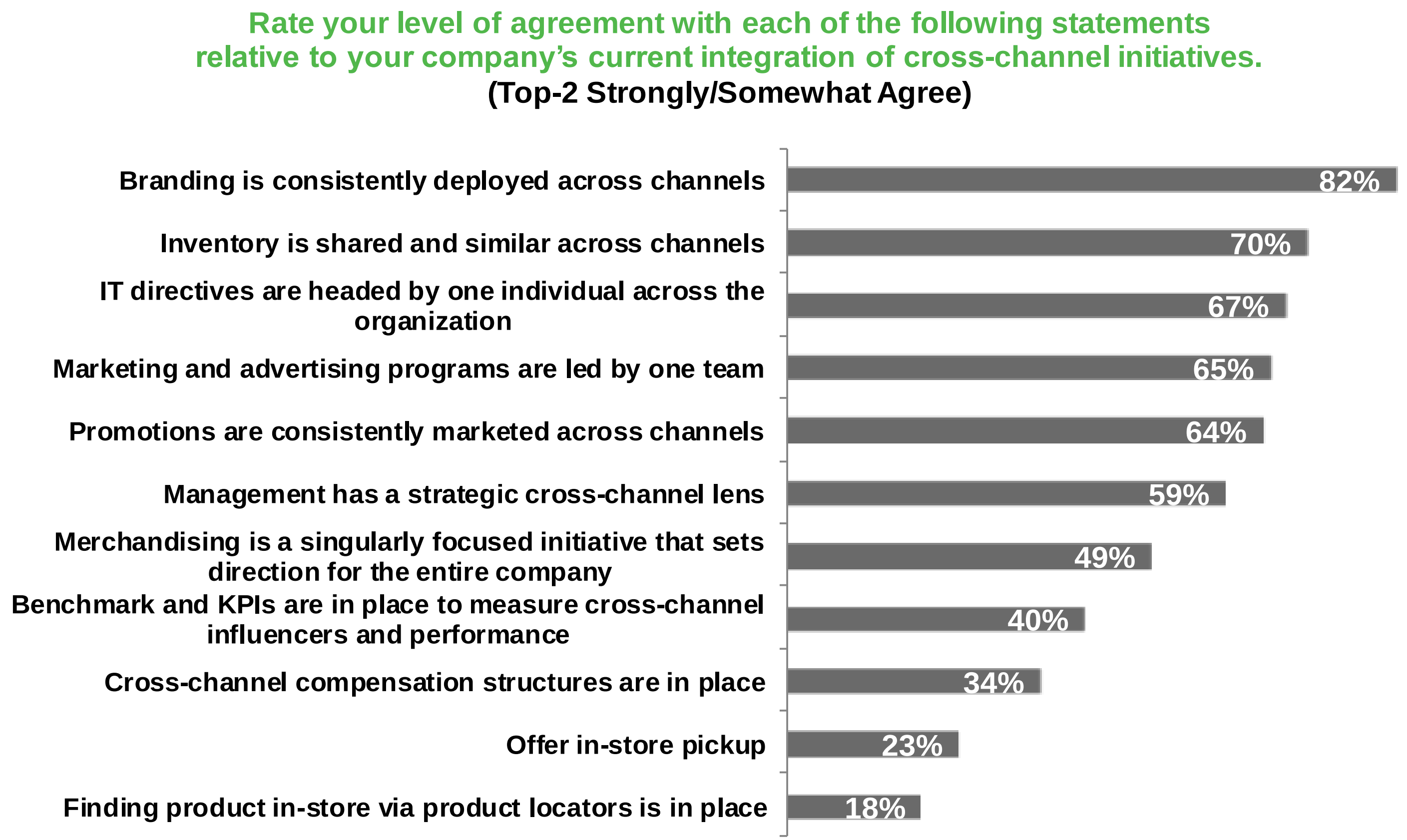
"Our direct database does the heavy analysis but we would like to have a cross-channel, 360° view of what our customers are doing in all channels to be able to cost-effectively market to them which means adding web stats and social input to each respective customer record in the database."

STEP 4: CREATE A CULTURE THAT SUPPORTS NEEDS

- Dedicate financial and manpower resources to effect what you want to do
- Attach ROI to all investments
- Work within the organization to capitalize on existing data
- Create an internal mindset that moves towards more data-driven decision-making

STEP 5: BUILD AN INTEGRATED STRATEGY

Integration between channels that connects all customer data under one CRM engine should be in place



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STEP 6: TEST AND OPTIMIZE A RANGE OF TACTICS

Q. What are you doing in 2012 to know your customers better?

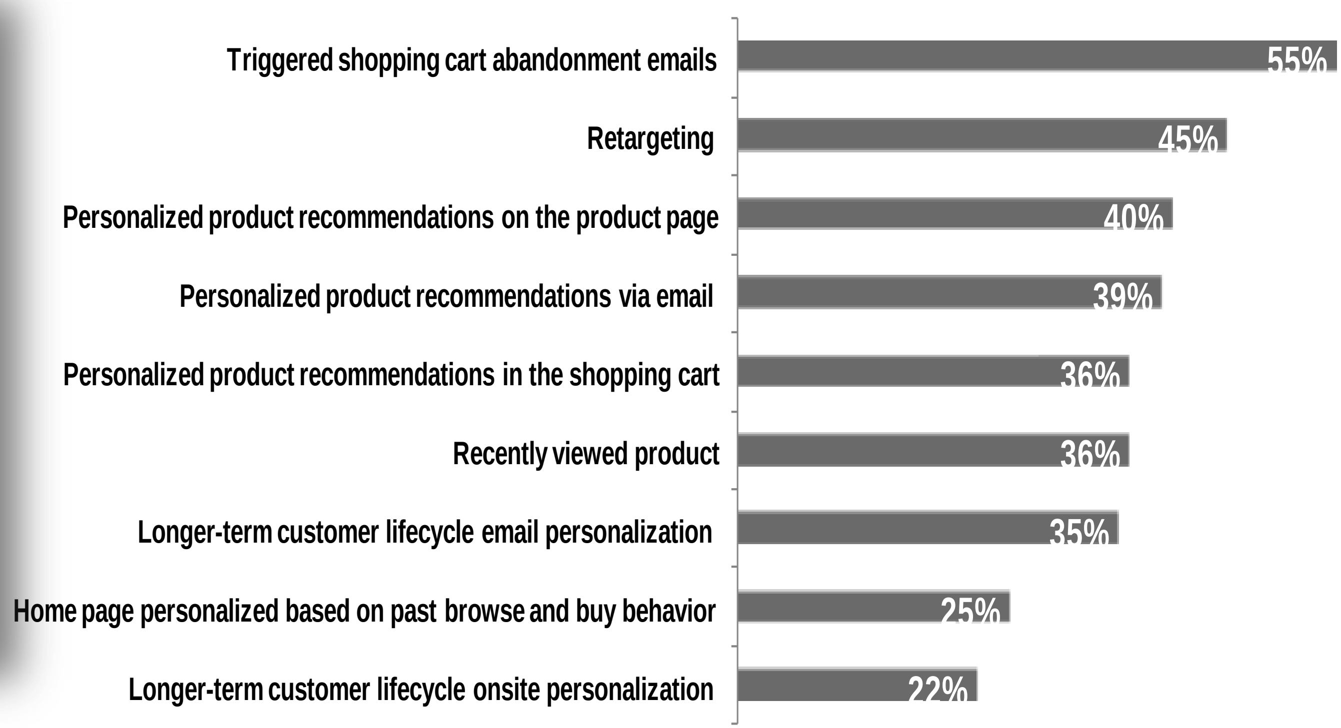
A. A range of initiatives support CRM:

- Onsite surveys post-purchase
- Advisory boards
- Formal forums
- Website comments via Q/A
- Online voice-of-customers by using store receipts
- Amazon partner data
- Social media
- Facebook
- Twitter
- Upgraded POS systems

Q. Beyond knowing your customers what tools are you taking advantage of to get to know prospects?

Given the array of personalization tactics available to you, how would you describe the success of each tactic from an ROI perspective?

(Top-2 Very/Somewhat Successful)



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STEP 7: RETHINK CUSTOMER ACQUISTION

Thinking about the potential and pitfalls of personalization, please indicate your level of agreement with each of the following statements.

(Top-2 Completely/Somewhat Agree)

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Q30

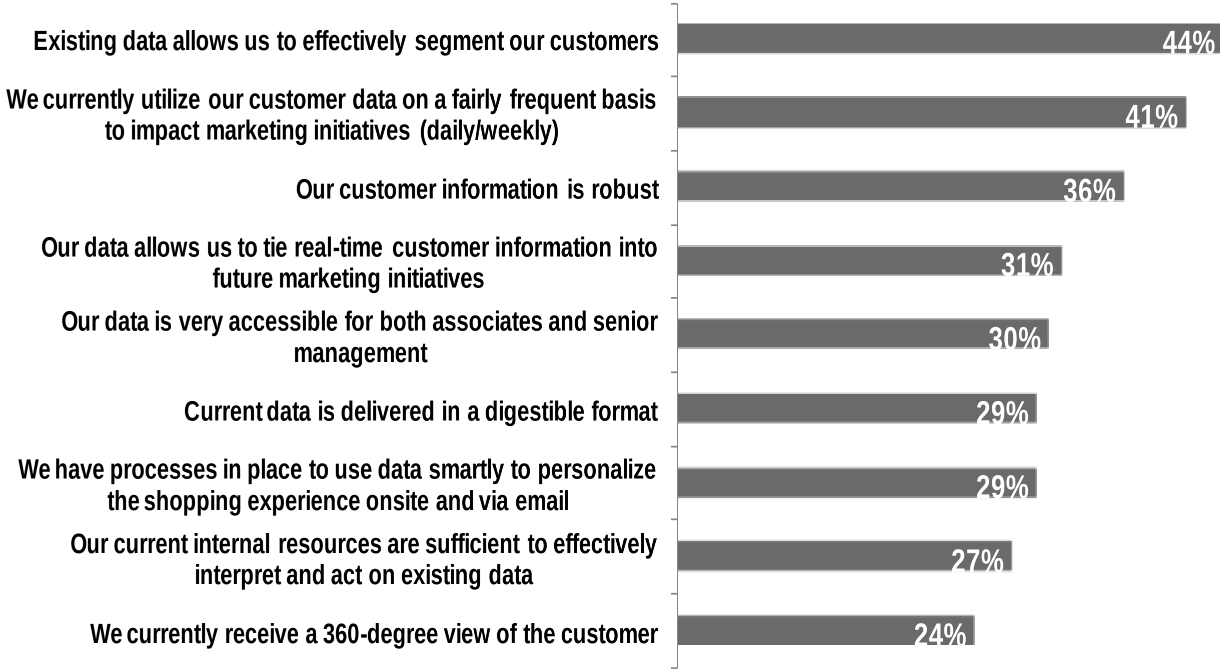
STEP 8: EFFECTIVELY DEAL WITH DATA

Data is instrumental in development and management of CRM strategies and unfortunately merchants are not always in the best position to respond and reap the rewards

WHAT CAN YOU DO?

- Clean aging data
- Develop outreach programs to reactivate customers
- Focus on data that is actionable
- Mine data effectively to determine marketing niches and proactively target market
- Synthesize data and make smarter decisions about what data warrants your attention
- Share data internally to frame marketing decisions

When thinking about your ability to access the right data to successfully market to customers and prospects, please indicate your level of agreement on the following aspects.
(Top-2 Strongly/Somewhat Agree)



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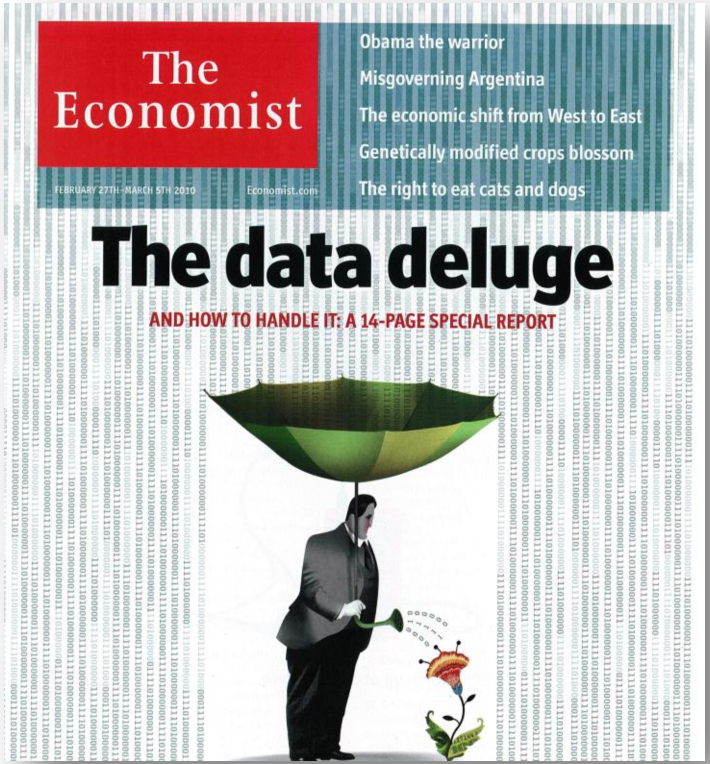
STEP 9: EMBRACE BIG DATA



"The proliferation of data is already a challenge and the amount of data to be collected problematic but now social has added new dynamics, further complicating matters. "

Data in general is powerful but overwhelming when needing to process large amounts of information

STRIVE FOR A SOPHISTICATED MARKETING STRATEGY

- Collect the right information for your business
- Take advantage of industry tools to build more sophisticated data bases
- Massage that data and interpret it in the context of one's current business to market smarter
- Ensure an integrated approach is in place

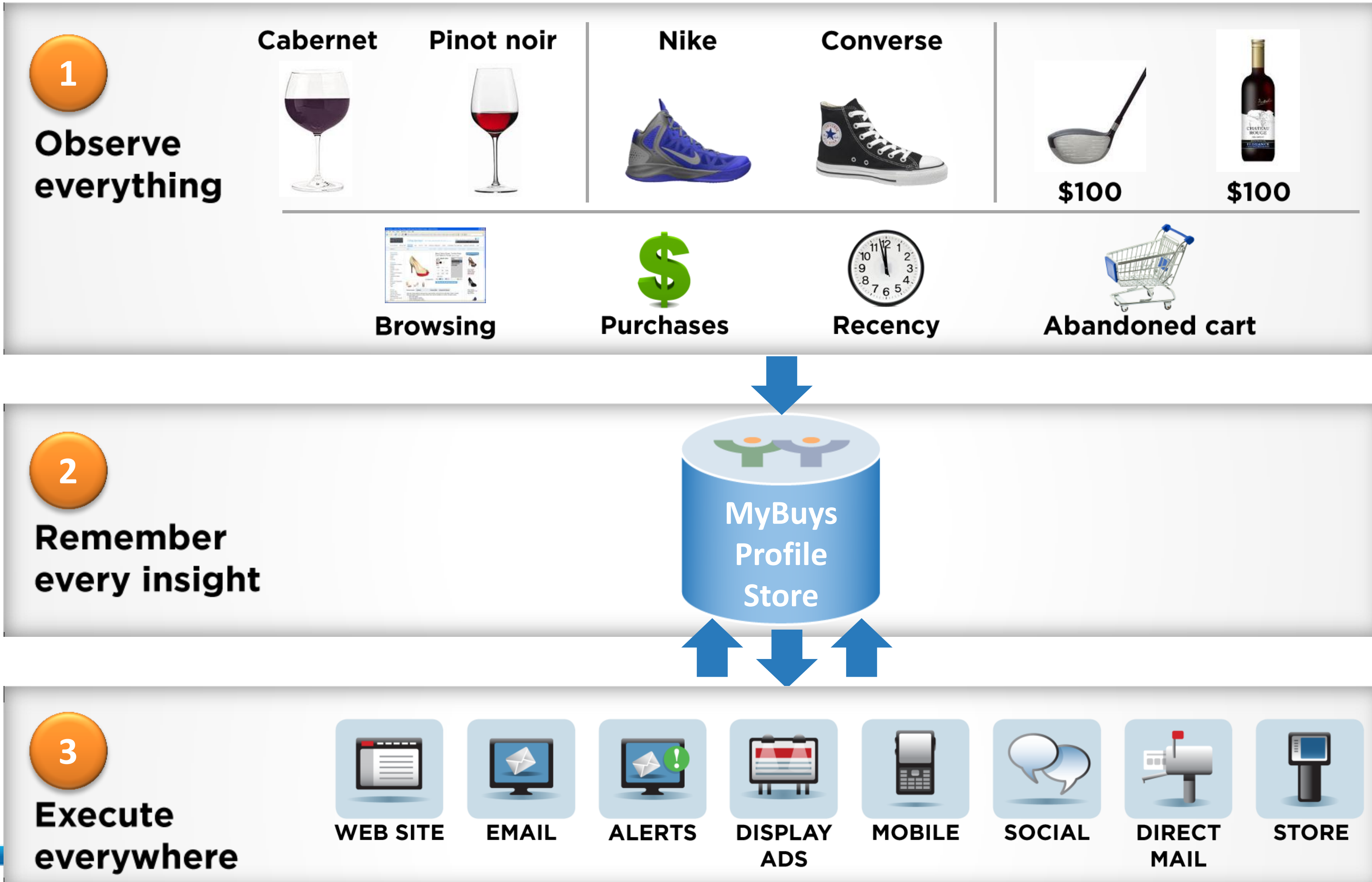
About MyBuys

2011	400+ Retailers
2010	
2009	
2008	

2009, 2010 & 2011
Personalization
Leader
IR 500

#16 Fastest
Growing
Marketing &
Advertising
Company

The MyBuys Difference – it's the Data…



Questions?

Your customer waits to be known!

Lauren Freedman

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