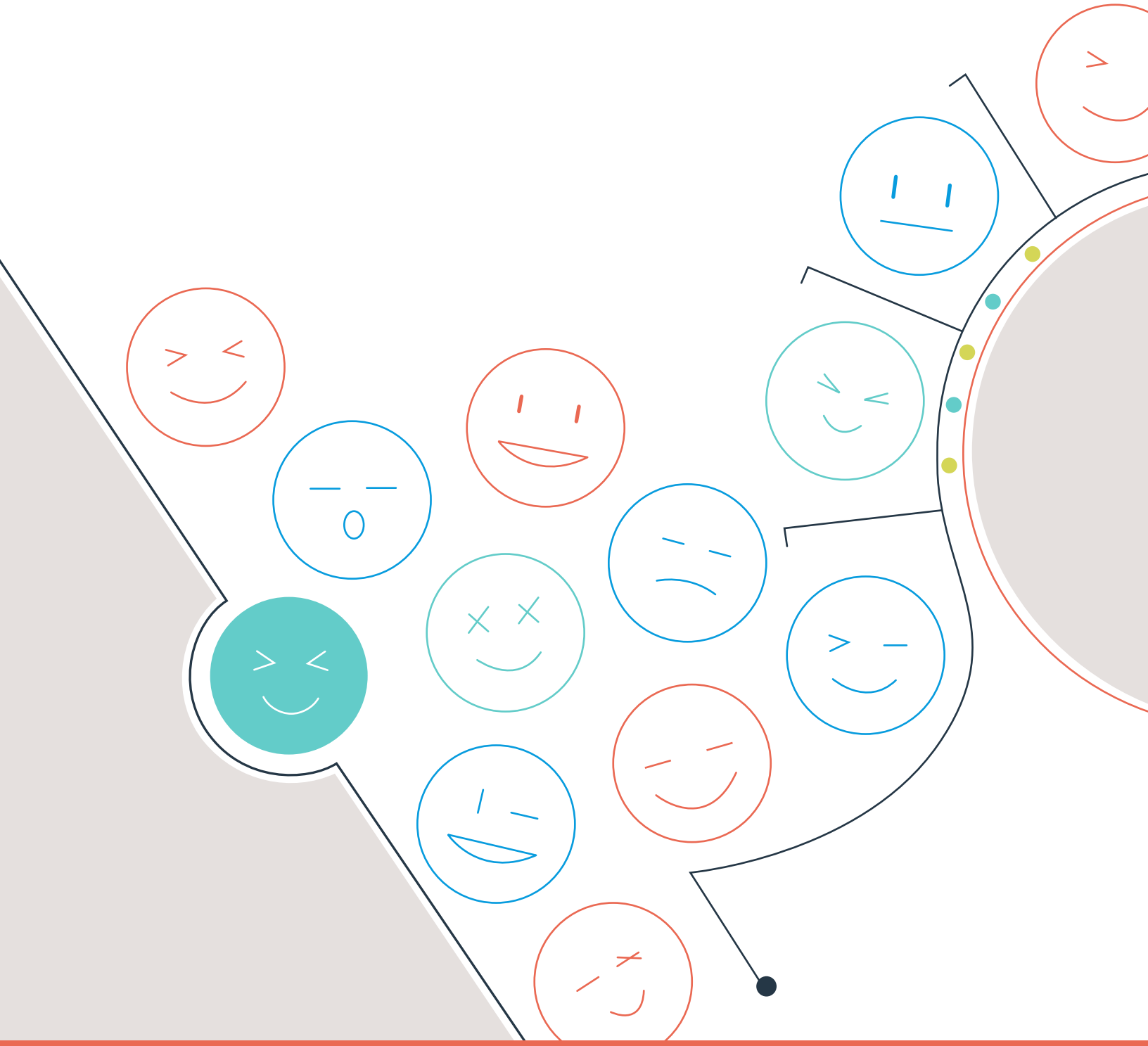
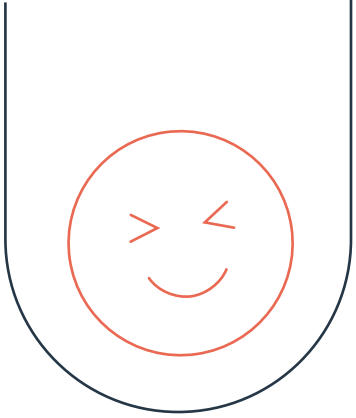
springboardRETAIL

CUSTOMERS

How growing retailers harness POS data to earn repeat sales.



GROW PROFITABLY & THRIVE



INTRODUCTION

The premise of this report is simple. "It costs 5 times more to acquire new customers than it does to keep current ones." Following that key statistic from Forrester, is one from Marketing Metrics that says, the probability of selling to an existing customer is 60–70%, versus to a new prospect which hovers at around 5-20%.

In today's competitive retail landscape, can any retailer, big or small, afford customer disengagement?

When, 80% of your company's future revenue will come from just 20% of your existing customers, the answer is a resounding, no. But for modern retailers, the big question remains; how do I get customers back into my store? The answer is, you know them inside and out. You invest in them like the profitability of your store depends on it — because it does.

In order to grow profitably, a cornerstone for your retail business must be to deeply understand your customer. Knowing your customer's journey, their preferences, habits and history gives you the intelligence to create a customer experience and marketing plan that resonates with them. How do you do that? Through data collection, analysis and customer segmentation, all of which allow you to engage your customers in highly personalized and meaningful ways. Technology is critical to drive this process, but the good news is that today's affordable, cloud-based pos systems can become the engine to help solve some significant retail pain points.

Ten Common Retail Pain Points

- I'm not getting enough repeat business.
- I cannot possibly compete with Amazon.
- Nobody is showing up to my events.
- Constant discounting is killing my margin.
- It's too difficult to collect customer data.
- I need to build better customer relationships.
- I don't know how to measure engagement.
- My inventory is just not moving.
- My software platforms are time consuming.
- I don't know how to use the data I have.

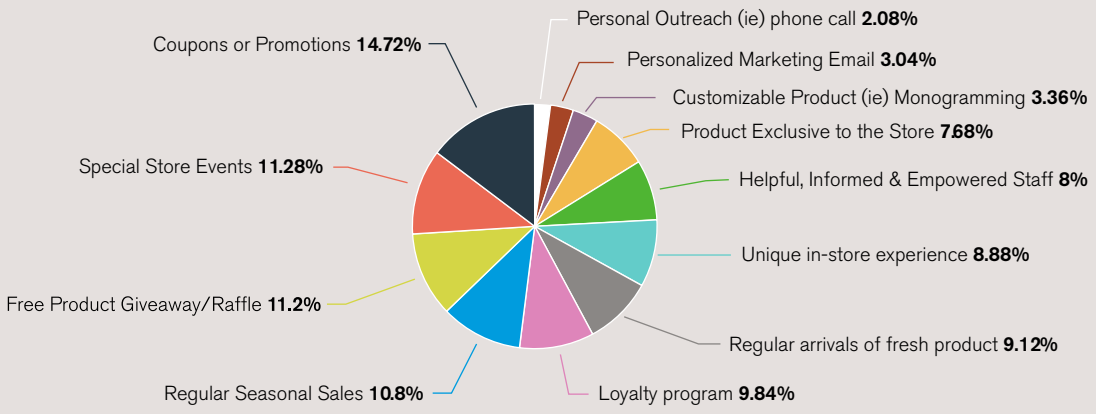
> "Increasing your customer retention rate by 5% can increase your profitability by 25% to 95%." ~ HBR

CUSTOMERS ARE AT THE CORE

We can assume, infer or guess what our customers want, but ultimately it's essential to ask. Whether you formally survey or initiate informal conversations, it is imperative to make sure that you leave your bias at the door and really listen to what customers have to say. Being 100% honest about what drives your business is a critical step for retailers. Scott Smith, Director of Operations at Management One, a global retail consultancy, indicates that relying on "emotion" to drive decisions is all too common in retail. "In order to grow, retailers need to move away from relying on emotion when making strategic decisions and add in measurement. The customer is what really drives all decision making from inventory through marketing."

In that spirit, we took a quick poll of 250 shoppers to see what motivates them to revisit a brick & mortar retail store. Not surprisingly, promotions, giveaways and sales top the list - after all, everyone loves a bargain. But special events, loyalty programs, and store experience all ranked very high.

What Motivates Customers to Revisit a Brick & Mortar Store?



- Personal outreach (ie) phone call
- Personalized marketing email.
- Customizable product (ie) monogramming.
- Product that is exclusive to the store.
- Helpful, informed & empowered staff
- Unique in-store experience.
- Regular arrivals of fresh product.
- Loyalty program.
- Regular seasonal sales.
- Free product giveaway/raffle.
- Special store events.
- Coupons or promotions.

> "56% Of consumers are willing to share data to receive faster and more convenient service." ~ *Salesforce*

Regardless, all are important initiatives and all require data to be successful. In order to craft a promotion that doesn't erode margin, you need data. In order to create a well-attended event, you need data. In order to train your sales team to provide an exceptional experience, you need data! Data gives you the power to understand your customer deeply so you can make informed and strategic decisions. Let's take a quick look at the key components to building a customer engagement strategy: collecting data, analyzing data, and acting on data.

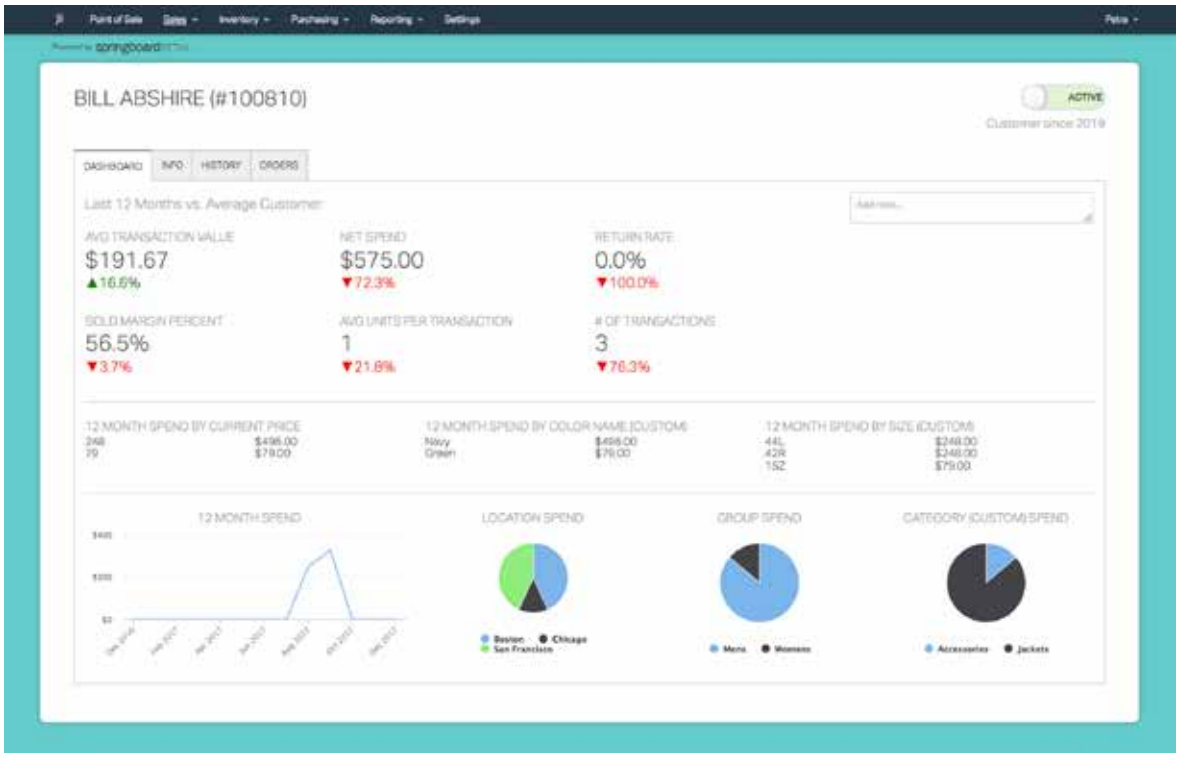
COLLECTING DATA

A data-driven, personalized customer engagement strategy demands three key elements: the right software, a data collection methodology, and an empowered team.

The Right Software

In order to collect the right data, every retailer needs CRM (Customer Relationship Management) functionality either built-in or integrated with their POS software. Today, modern cloud-based POS software often includes CRM features that are flexible, user-friendly and mobile.

A key consideration when evaluating software is the ability to create "custom" fields within the customer profile allowing you to collect any data relevant to your business. Additionally, the software should have the ability to generate custom reports, have a real-time customer dashboard for easy customer look-up, and lastly be mobile—easily accessible from a smartphone or tablet.



Springboard Retail POS Customer Dashboard

The ability to track as much of the customer's journey as possible is crucial, both online and offline. Today, retailers must move towards an omnichannel POS solution that provides a holistic, real-time view of their entire business. Not only that, marketing, loyalty, financial and other software solutions must integrate seamlessly with the POS providing a complete view of a customer's touchpoints. Creating a personalized, precise marketing strategy requires that retailers have the ability to customize reports and segment data, which entails going well beyond collecting just a customer's name and email address.

6 Essential Features for a POS CRM

- Custom Fields
- Custom Reporting
- Customer Dashboard
- Mobility
- Integrations with Ecommerce
- Integration with Marketing & Loyalty platforms

Data Collection Methodology

Often retailers feel reticent to ask for personal data. It can feel uncomfortable and often sales associates will just skip the process out of fear. Yet, the reality is that today's world is driven by data and utilizing it correctly can provide a more valuable, relevant and enjoyable experience for the customer.

> "79% of customers want retailers to send them personalized offers based on purchase history."
>
> ~ *Salesforce Connected Shopper Report*

Today, retailers must understand their customers deeply, realizing that this is the new normal. Asking questions like;

- What do they like and dislike?
- What channels do they prefer to use?
- What have they recently purchased, added to a shopping cart, or browsed for online?
- What is their budget or typical spend level?
- What generation do they belong to?
- Are they married, do they have children?
- What is their shopping style?
- What is their occupation?

Initially, your team will build a strategy to gather relevant "first-party" data at the interaction point, starting with name, email address and possibly mailing address and phone number. It's critical to stick with it, ultimately, spotty or inconsistent data wastes both you and your customer's time. Collecting this kind of data all starts with a few basics.

Make it easy – simplify the input and process as much as possible
Build trust – readily explain how you will utilize any data collected
Make it relevant – show how providing data provides a better customer experience
Build data at each interaction point – make it a natural process throughout the sale, not solely at the cashwrap

With more robust marketing or loyalty programs in place, you can begin to collect the next layer of data, like anniversary dates, birthday month, favorite brand or color for example. Additionally, with surveys, email preferences and other technology driven programs you can convince customers to voluntarily disclose more personal data. As these pieces begin to fit together, you start to gain a complete picture of your customer demographic as well as their unique, individual preferences. Lastly, today there are more options than ever to collect "third party" data to fully round out the profiles of your customers. But this option can be costly, and data providers range widely when it comes to integrity and quality of data.

8 Ideas for how or when to collect customer data:

- Purchase transactions
- Sign up forms
- Loyalty programs
- Email preference forms
- Social media through special apps
- Surveys
- Competitions
- Web analytics

12 Data points to consider collecting beyond name & email:

- Preferred mode of contact
- Preferred interaction style
- How the customer was acquired
- Response to marketing communication
- Preferred types of promotions
- Call history
- Customer birthday/anniversary
- Hobbies & interests
- Technology usage level
- Survey results the customer has taken
- Reviews or ratings
- Customer interaction scale 1-10

Each retailer must build a cohesive strategy that correlates with their unique retail business. However, each strategic plan must include staff training and use of technology as a data collection tool.

Empowered Team

Collecting data requires a dedicated and concentrated effort by everyone involved in the business. Each team member must understand why they are collecting data and understand deeply how it impacts the bottom line. Customer experience is a major differentiator for customers today. According to Gartner, 89% of companies now expect to compete mostly based on customer experience up from 36% just four years ago. Within the next 5 years, customer experience or CX will be the primary competitive driver for repeat business.

> 86% of consumers state they would pay more for a better customer experience.
>
> ~ *Right Now*

The good news is, you can build a CX strategy using the data you collect. However, your team must provide co-ordinated customer service, experience and engagement touch points and collect the right data to drive all three. When they are delivered in tandem through positive interactions, the customer begins to experience an emotional connection with your brand and it becomes much easier to gather data and perpetuate a repetitive and positive cycle. Mapping your customer journey and then providing a personalized and relevant experience is how you begin to earn customer loyalty and repeat business.

ANALYZING DATA

No matter how much you collect, data is meaningless without analysis. There are 2 primary ways you can utilize your data to improve your customer's experience and by extension build loyalty and engagement. Firstly, you can take a macro approach and use your data to deeply know who your customers really are, creating a customer journey map that accurately shows how customers interact with your brand. By building reports and filtering your data you can begin to see correlations, spot trends, understand behavior and intelligently make strategic business decisions. Secondly, in a more micro approach, you can segment your customers in ways that help you devise marketing and loyalty programs perfectly suited to the individuals that make up your customer base.

Mapping the Customer Journey

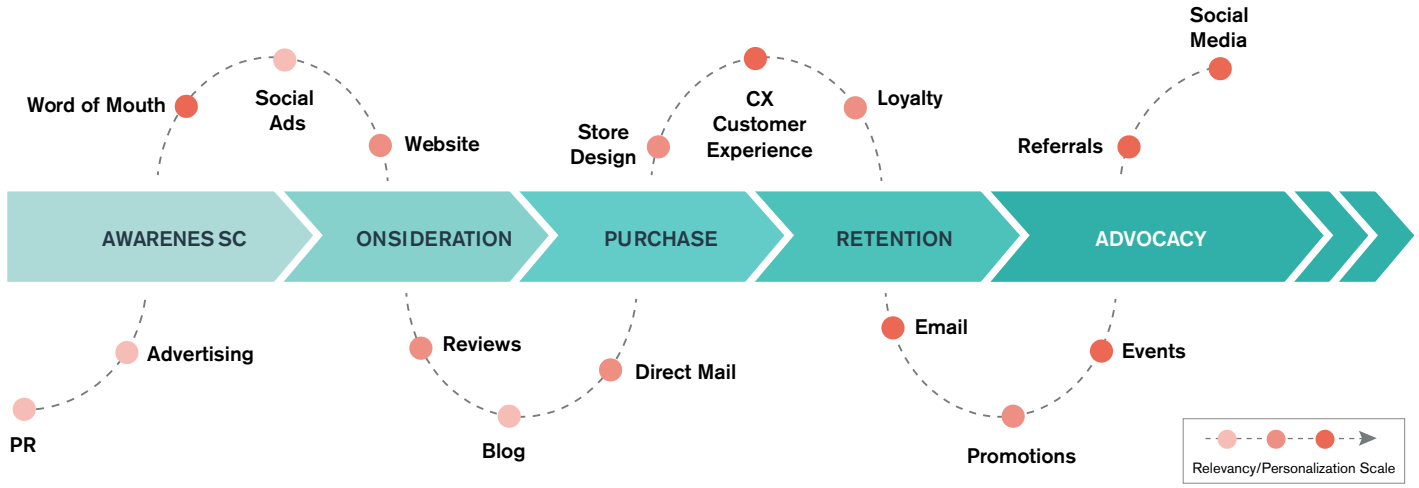
A customer journey map is a great way to understand all the touchpoints a customer has with your brand. You may think you know your customers, but data is essential to confirm your assumptions. This exercise puts the customer front and center and forces you to look holistically at what has become a much more complex cycle.

The customer journey framework should include things like type of interaction and channel while also taking into consideration the emotional impact of each touchpoint. Overlaying this customer journey with a marketing plan will give you a framework for strategically boosting loyalty and repeat business.

Key Questions when Mapping the Customer Journey

- Do people in your market know you exist?
- Are you telling customers what your specific retail specialty is?
- Do you have a complete picture of who your customers really are?
- How easy are you to do business with?
- How do you service and support the products you sell?
- Do you welcome new customers into your brand and community?
- How do you build loyalty and transform your customers into evangelists?
- Do you have a cross-sell and/or up-sell plan?
- How are you engaging customers and keeping them on the journey?

Key Touchpoints in the Retail Customer Journey

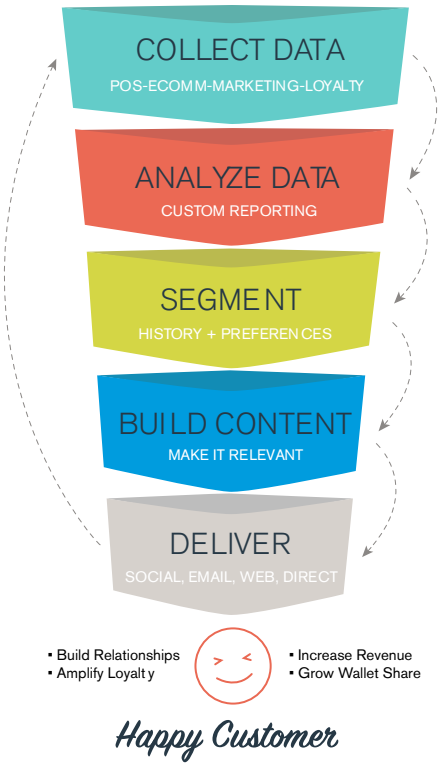


Personalizing through segmentation.

Segmenting your data is the next step. Sorting and filtering your data to expose commonalities will help you devise campaigns that resonate. Unfortunately there is no cookie cutter approach; each retail business is unique.

Some examples of ways to segment your data to inform marketing initiatives include:

- Identify your most profitable customers — craft an exclusive, high touch event
- Identify customers who have dropped off — send an enticing promotion to re-engage this group
- Identify customers who bought scarves — send them a content piece on 10 cool ways to tie a scarf
- Identify customers with birthdays in May — send them a birthday discount or give them a special gift
- Identify customers who love Brand X — work with Brand X on a trunk show and gift with purchase



ACTING ON DATA

Once you have a customer-focused data collection, analysis and segmentation strategy in place, you can begin to act! Crafting personalized plans can be implemented across the business but for this report we'll focus on:

Email marketing | Loyalty programs | Promotions & Coupons | Events

Email Marketing

Many retailers are adept at sending mass emails to their entire customer base announcing a sale or special promotion. Yet, with robust POS data and a segmented marketing strategy, retailers can become more strategic and personalized in their approach. Setting up an automated email program can become a competitive advantage.

A recent Infosys survey reported that 78% of consumers are more likely to be a repeat customer if a retailer provides them with targeted, personalized offers.

Jake Fell, Co-Founder of eMarketing Logic, a digital marketing agency with a focus on retailers, describes retail marketing automation as, "the practice of sending triggered marketing messages based on actions customers take, leveraging the customer data retailers retain in their point-of-sale or e-commerce software."

Fell and team have implemented automated marketing campaigns for their retail clients and encourage them to track how customers engage with these automated emails. For example, Fell says, "a retailer can identify a customer who opened a birthday e-mail and follow up with a timely phone call wishing the customer happy birthday and reminding them to use their offer." He shares a few examples of effective automated email campaigns retailers can develop:

Happy birthday e-mail: Send an offer to customers on their birth and anniversary month.

Post-purchase offer & survey email: Customers who recently made a purchase are likely to buy again soon. Send customers a survey asking about their experience, along with an offer. This is a great way to gain feedback and drive repeat business.

Re-engagement email: Automatically send an offer to customers that haven't made a purchase in a period of time (such as three months or six months).

Rewards email: Automatically send a gift card based on a percentage of dollars spent over a period of time.

Welcome offer email (with social opt in): Automatically send an offer to people who sign up online or in-store with an offer to save on their first purchase. Include a call to action to engage on social media channels.

Pro Tip

The eMarketing Logic team encourages their retail clients to "grade" customers based on profitability using purchase history data in their POS. They then use those "grades" to segment the customer list and create an email experience unique to each type of customer. This practice helps their retailers achieve higher margins and increase profitability. For example:

Grade A "high end" customer. A customer who spends $500+ per visit, almost always buys high margin items at retail price will be excluded from all sale and discount e-mails. The goal is to curate e-mail program so "A" customers think you're only a high end retailer that never has sales. Excluding these customers from sale e-mails will prevent them from getting upset by learning items they bought early in the season are now on sale.

Grade B "mixed" customer. A customer who buys a mix of sale and full-price items receives automated birthday and re-engagement offers but with restrictions. This type of customer gets first priority for sale announcements.

Grade C "bargain" customer. This customer spends $100 or less per visit, only buys low margin items on sale, and should receive an e-mail experience similar to an outlet store. Send sale announcements only after B customers had priority to shop. No re-engagement offer or birthday offer should be extended.

Another automated email strategy centers on "content marketing." Fell defines content marketing as, "a marketing technique focused on creating and distributing valuable, relevant content to attract a clearly defined audience with the objective of driving profitable customer action." In other words, it means producing information that your customers want, and which will draw them to you. "The purpose is to attract and retain customers by consistently creating and sharing valuable content with the intention of changing or enhancing consumer behavior," says Fell.

Content Best Practice:

Retailers should create content that conveys their brand's mission and purpose for existence. High end consumers want to buy more than a commodity based on price, they want a special experience or to feel the retailer has a higher purpose beyond just making money. An automated welcome e-mail series is a great way for a brand to deliver content that tells their story and conveys their mission (with or without an offer).

This strategy is clearly not about direct selling but more about building thoughtful relationships. Say for instance, you have a list of customers who bought scarves. You might then create a video or postcard showing them novel ways of tying the scarf. According to Fell, "instead of pitching your products or services, you are delivering information that makes your buyer more intelligent. This delights the buyer, which makes them more likely to reward you with their business and loyalty."

Loyalty programs

To be clear, loyalty programs do not in of themselves inspire loyalty. However, a good loyalty program keeps your retail business front and center for the customer and provides clear incentive for repeat business (all the while adding to your data collection efforts). According to HBR, five reasonable goals for loyalty programs are to:

1. Keep customers from defecting
2. Win greater share of wallet
3. Prompt customers to make additional purchases
4. Yield insight into customer behavior and preferences
5. Turn a profit

As in anything we've touched on in this report, the best loyalty program will be informed by customers themselves. Understanding your customer's behavior will help you determine whether a tiered, points, cash-back or punch card program will resonate best.

Loyalty members are 4x more likely to be repeat customers than non-loyalty members. *~CRMSearch*

Your loyalty program must be integrated with your POS to help you monitor levels of engagement and compel you to act accordingly. For instance, Thirdshelf Loyalty software has developed a simple framework to measure and manage all the customer relationships you are building.

In a simple dashboard view, you can see where customers are in their lifecycle: First Time Customers, Repeat Customers, Loyal Customers, At Risk Customers and Lapsed Customers. With this kind of automated segmenting, you can send emails to at risk customers with promotions that are different from those designed to nurture your most loyal customers.

Thirdshelf Loyalty Dashboard

Promotions & Coupons

When crafting a promotional strategy, it's important to consider what will incentivize your customers, but also what you will gain or lose from it. A 50% Off coupon may bring many customers in the door, but it will do a number on your margins. On the other hand, if you're more focused on liquidating product and moving through units, a substantial discount may be the most effective way to quickly draw in customers and encourage them to add on. As you test out different marketing campaigns, it's important to do a post-promo analysis and use the collected data to determine whether or not the promotion achieved your desired goal: Did it increase sales? Liquidate inventory? Bring in new customers? Use this data as you craft future promos.

Properly training sales associates on how to redeem promotions is also crucial, for if coupons aren't being recorded correctly, they will be unreportable. Promo codes should be entered in your designated custom field, as should the source of the coupon (email campaign, newspaper ad, friends+family discount, etc.), so you're also able to track which tactics are bringing in the most customers and driving the most sales.

Events

Today, events are becoming a key differentiator for retailers. A bike shop that hosts a monthly meetup for avid cyclists or a fabric store that offers sewing classes will garner mind- and wallet- share from customers. Regardless of the type of event, collecting data, analyzing data and segmenting your customers is imperative to crafting highly relevant (and well-attended) events.

In developing a successful event strategy your store can become a highly coveted "third place". According to Wikipedia, "in community building, the third place (or third space) is the social surroundings separate from the two usual social environments of home ("first place") and the office ("second place"). Examples of third places would be environments such as cafes, clubs, public libraries, or parks." Or stores!

Fell says, "marketing this "special place" is a simple process. "Define your store's personality – the intangible that is a combination of you, your people, your customers, and your store ambiance." When you provide a place where customers can build community and add value to their lives, you build brand evangelists that will share their experiences on social media and by word of mouth. Dig deeply into your data and ask customers what experiences they are craving and begin to build the right events.

A HOLISTIC VIEW OF THE CUSTOMER JOURNEY

The bottom line is that to cultivate brand loyalty and build experiences that customers love, effective retailers are constantly collecting, analyzing and acting on POS customer data. Before the sale even occurs, retailers must mine historical customer data to inform everything from inventory to merchandising to marketing decisions.

During the sale, cloud-based, mobile clienteling gives store associates a snapshot view of customers, empowering them to make targeted recommendations, notate observations, and collect relevant data. Enrolling customers in loyalty programs or launching surveys post sale further enriches the scope of data that will inform future strategic decisions. Finally post sale, retailers must focus on segmenting their data to provide the personalized and highly relevant marketing experiences that inspire trust, confidence and loyalty.

Benefits of a Robust POS CRM Strategy

Investing in your customer's life-cycle value has a myriad of benefits. When you harness your POS data to deeply know your customers and work to improve their experience with your brand, you build loyalty, reduce churn and ultimately sell more! There's no doubt that this process takes time as well as an investment in the right technology, but it is critical for retailers who want to grow profitably.

RETAILER JOURNEY
CUSTOMER JOURNEY
BEFORE SALE
HISTORICAL POS DATA
CUSTOMER FEEDBACK
ANALYZE DATA
PLAN
purchasing
inventory
merchandising
marketing
SPOT TRENDS
MARKETING IDEA
SPECIAL EVENT
NEW
Hi!
SOCIAL POSTS
You're Invited!
BRAND X
DURING SALE
PRODUCT RECOMMENDATION
MOBILE CLIENTELING
PURCHASE HISTORY
LOYALTY PROGRAM
Dress
EMAIL RECEIPT
RAFFLE GIVEAWAY
Welcome!
FRIENDLY HELPFUL STAFF
PERFECT SIZE IN STOCK
FUN EVENT!
SECURE MOBILE CHECKOUT
AFTER SALE
RUN REPORTS
SEGMENT DATA
ANALYZE DATA
PERSONALIZED THANK YOU
EMAIL CAMPAIGN
Thank You!
REFERRALS
LOYALTY REWARDS
EVENTS
DELIGHTED!

ABOUT SPRINGBOARD RETAIL

Springboard Retail is a cloud POS and retail management platform designed by retailers, for retailers. Built with multi-store, multi-channel retailers in mind, the software allows retailers to service every customer the same way, no matter where or how they shop.

Springboard Retail provides retailers with better control over sales and profitability by placing actionable real-time data in the hands of every person who needs it, from the C-suite to the store floor. Retailers nationwide use Springboard's mobile POS to reclaim valuable square footage and influence buying behavior at the point of decision, where it matters most. With inventory management, unparalleled custom reporting, APIs, portability across platforms and devices, Springboard Retail is easy-to-use, quick-to-start and revered by its users for making their jobs easier.

Built for multi-store retailers, our features go beyond ringing up a sale! Give your retail business an edge; customize your POS to help you sell more, profitably.

Mobile POS accessible anytime, anywhere with our cloud-based POS software. Scale up or down quickly and easily whenever you want!

Drive sales with customer data. Provide insight to your sales team empowering them to build relationships and provide exceptional customer service.