How To Differentiate Your Brand & Build Customer Loyalty

Five Must-Know Tips For Retailers

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Introduction

Change is the only constant in retail. Given the ever-evolving nature of customer needs and expectations, retailers must be adept and agile … or risk losing market share and sales growth.

So how does a retailer keep up with - or even better - be slightly ahead of customer needs, wants, and desires? You must truly understand who your customers are and listen to them. Only then can you win their hearts - or steal them from the competition. The retail industry is no longer product-driven; it's customer-driven … and savvy retailers recognize that innovation is synonymous with change.

We conducted an analysis of apparel retail shopper behavior in 2022 using consumer insights from the world's top brands, combining foot traffic data, spend data, and opinion data. We uncovered key drivers of consumer behavior throughout the entire buyer journey and found that whether a customer shops in store or online, their choice of retailer and ultimate purchase decision centers on convenience, value (price), quality (brand), and personalization.

In this e-book, we share five tips that will help you survive and thrive in this rapidly changing environment.

Snapshot of the New Retail Customer

- Prizes convenience across the entire journey above all else
- Impulsive – makes in-store trip/online visit decisions that day
- Expects personalization
- Willingness to experiment with new brands/ways to purchase
- Influenced by daily deals and promotions first; then by loyalty/rewards
- Demands gratification – *I want it and I want it now*

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Tip 1:
Know Thy (Changing) Customer & Their (Evolving) Journey

We **think** our customers want ... vs. We **know** because our customers tell us ...

How well do you know your customer? Not just sort of know, but truly know. Thinking is not knowing.

Has your brand asked itself this simple yet powerful question: Is this a priority for my customer? The answer is either yes or no – there's no middle ground. Then ask: What will drive more frequency, more spend? It's only when customer voice is listened to, shared, and analyzed that you truly know your customer and can take action. And it's crucial to understand your customer, in terms of their needs, intentions, and interactions using a 360-degree view of their shopper journey. It's also important to know which customers are shopping in store vs. online and why.
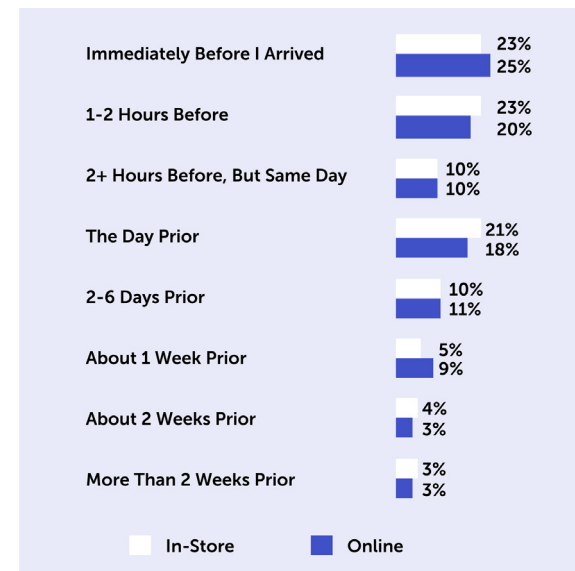
Customers want to be seen and feel valued. Now more than ever, different demographics and generations are shopping with you and all have preferred methods of interacting with your brand. When you intuitively understand customer trip or purchase mission, you can better position your customers to find the product that solves their problem or fulfills their need. This in turn generates future purchases and over time, customer loyalty.

Today's retail customer journey is driven by a mix of factors and is often fueled by a calendar/event or functional/purpose need, such as:

- Value (low prices)

- Convenience (close to home or work; shipping – free and fast for the online shopper)

- Brand (quality, variety, and assortment)

- Deals and specials

- Hassle-free return policy/process

In the majority of cases, the decision to shop a retailer is made that day.

How long before you actually started shopping at [retailer] did you make the decision that you were going to shop there on that day?

	In-Store	Online
Immediately Before I Arrived	23%	25%
1-2 Hours Before	23%	20%
2+ Hours Before, But Same Day	10%	10%
The Day Prior	21%	18%
2-6 Days Prior	10%	11%
About 1 Week Prior	5%	9%
About 2 Weeks Prior	4%	3%
More Than 2 Weeks Prior	3%	3%

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Shopping is completely spontaneous in about a quarter of cases, and a very large percentage of trips are made with little advance planning (only earlier that day). For in-store visits, women are especially likely to decide within 1-2 hours of going (27% vs. 17% for men).

Planning process: In-Store shoppers consider more people, Online shoppers do more research.

For whom did you shop for on this trip?

For Myself	75% (In-Store) / 79% (Online)
For Another Adult In My Household	20% (In-Store) / 19% (Online)
For A Child In My Household	24% (In-Store) / 17% (Online)
For Family / Friends	27% (In-Store) / 12% (Online)
Someone Not In A Category Above	2% (In-Store) / 1% (Online)

☐ In-Store ■ Online
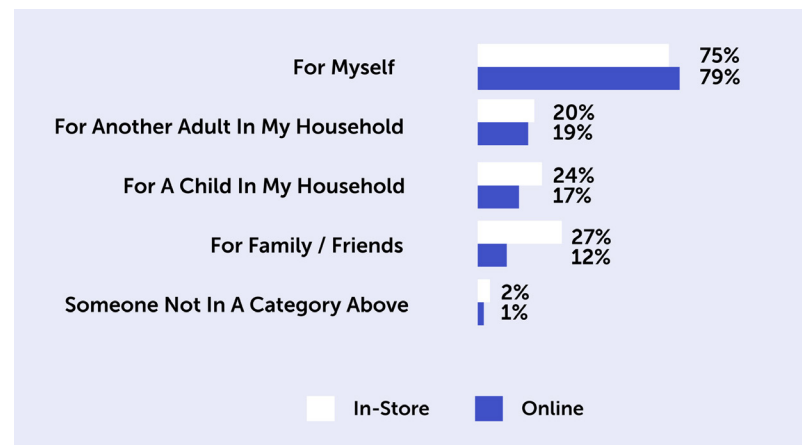
% doing research on products before visiting retailer

In-Store
33%

Online
46%

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Add This to Your Cart

Only when the voice of the customer is listened to and heard – and the entire shopper journey is viewed through the lens of the customer – can you truly know how to best serve them.

Tip 2:
Convenience Reigns Supreme

Customer demand for convenience is reshaping the retail marketplace. Retailers who do not recognize this and take swift action will suffer the consequences. Today's shopper prizes convenience (access to products and services) over fidelity (an immersive or opulent experience).

While the customer is still required to "come to the retailer" either in store or online, it's all triggered by a much wider definition of convenience. It's not only about ease, i.e., how close your store is to their home or workplace or the ability to place an online order with a few keystrokes. Today's shopper wants to be sure their desired product is available. Trip assurance has never been more important, especially given the heightened willingness of shoppers to experiment. Before they leave home, they'll check online to see if you have their desired product in stock. If not, they'll search elsewhere and ultimately try out a new retailer who has it in stock. Or they may convert from in store to digital to purchase what they need.

This willingness to experiment – whether it's with e-commerce, curbside pick-up, or home delivery – creates opportunities for you to interact with an entirely new customer. However, it's critical to win them over early on – their first impression with you is make or break.

In choosing the retailer, convenience (store location or shipping policies) ranks high alongside price + brand

What, on this specific occasion, drove you to shop at [retailer] instead of other stores?

	In-Store	Online		In-Store	Online
Low prices	36%	33%	Has fast shipping	-	14%
Location close to my home / work	29%	-	They have good return / exchange policies	12%	16%
Has products from brands I like	24%	31%	Accessible location type (e.g. parking) or operating hours	12%	-
Variety of clothing types and sizes carried	24%	26%	Already has my account details saved	-	11%
Quality of products carried	23%	32%	Ability to try on items in-store	9%	-
Has free shipping	-	23%	Needed to go there anyway (e.g. returns, etc.)	9%	3%
Had special deals / promotions running	22%	37%	In-store safety policies (e.g. masks required, etc.)	9%	-
Location close to where I was going to be anyway	22%	-	They have helpful customer service	5%	5%
They have a good loyalty / rewards program	16%	19%	Something else not listed here	4%	3%
Has gift card / store credit	15%	16%	Certain payment options (e.g. Buy Now Pay Later)	4%	5%
They have clothing with latest trends / styles	15%	15%	Ability to customize / tailor items	3%	11%
Pleasant store atmosphere	14%	7%	Pleasant store atmosphere	2%	3%
I know the layout of the store [website] and what is carried	14%	9%	Retailer's community / environmental values	2%	2%

☐ In-Store   ☐ Online

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Reverse logistics also heavily factor into the convenience equation. Shoppers will shy away from brands that don't have easy, hassle-free return or exchange policies and procedures. In a world where customers proclaim – I need/want it now and I should be able to get it now – the unique combination of convenience, impulsiveness (i.e., decision to shop that day), and expectation of near immediate gratification requires you to strategically evaluate your entire shopper journey.

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There is a shift to convenience in the marketplace. Customers want assurance that their needs will be fulfilled quickly and on their own terms. Convenient methods of transacting were a necessity during the pandemic and will likely stick around into the future. The technology is the easy part; most of the adjustments will be at the operations level in stores.

Mike Debnar
Principal - Retail and Digital Innovation at Medallia

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Tip 3:
Prioritize The Power of Personalization

Every customer is a unique individual and expects retail brands to treat them as such. Thus, the demand for personalization has never been higher. They want brands to proactively help them navigate the shopping experience in a way that best suits them. In addition, customers expect you to know who they are, their preferences, and past experiences.

When shopping - whether in store or online - customers often evaluate a purchase based upon how well it works or integrates with what they already have. This again ties back to the desire for convenience – in this case, their purchase will conveniently enhance or maximize what they currently own. Your ability to offer recommendations that build upon these personalized preferences can create opportunities to increase basket size and transaction volume. **Medallia uncovered that brands that create personalized experiences can increase customer experience scores by up to 150 percent and increase revenue two to three times faster than brands that do not.**

Personalization is also key in creating promoters. When you demonstrate a clear understanding of your customers' unique needs - and are able to fill those needs and possibly exceed them - promoters are born. Your same store sales will increase, as promoters shop more, spend more, and share their experiences which entices others to try out your brand.

Successful personalization requires three key ingredients:

1. Brands need to have thought about who your customers are

2. Have the right data to support your thinking

3. Take action to tailor experiences for your customers based on that data. The key here is data, specifically customer feedback data

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And in terms of sharing personalized experiences, retailers should strategically focus on younger customers. They are the future of your brand, will have expendable income in the years ahead, and are most likely to promote your brand/share their experiences. When utilized properly, personalization creates cross-sell or up-sell opportunities and "wow" moments for the customer – Wow, I didn't realize I needed that, but I do! or Wow, what a great idea or addition!

Efforts to better track what a customer has purchased previously, allowing a customer to log their existing wardrobe style/preferences to be served more relevant product options, displaying sample outfits a particular piece of apparel goes well with, or integrating product listings with social media for a shopper to easily share items being considered all may be an even more powerful form of personalization.

Add This to Your Cart:

The more you know about your customers and their preferences, you can differentiate your brand, create promoters, and increase spend through proactive and innovative personalization

Tip 4:
End the Digital Divide

Sure, there are clear differences between in-store and digital retailing. However, innovative brands take a more holistic view, forgoing a siloed approach. They astutely realize that best practices can be borrowed from both sides of the aisle.

Think about an e-commerce retailer. They know if a customer visited before, how long they stayed on the site, how many pages were viewed, how often they transact, what their conversion rate is, and the other websites the customer visits. This treasure trove of rich, actionable data is not collected often for in-store shoppers. Retailers know transaction size, average order value, and basket analysis, but haven't unleashed the power of location analytics. By wrapping www. around your physical location, you can better comprehend why customers leave and when, where, and why the final transaction is made.
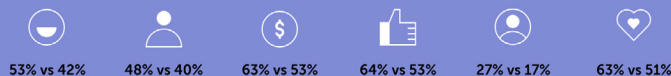
In-store retailers who adopt these emerging technologies early on will have a disproportionate advantage just like the e-commerce retailers who were early adopters. And as digital and physical technologies marry together, consider a newer type of customer, possibly the most valuable of all: the hybrid customer. This shopper buys online and picks up in store (BOPUS), which is a preferred behavior, as shoppers make more impulse buys in store.

Consider This:
Research across channels is also common. In addition to over 1/3 of visitors having done research on specific products before the trip, at least half of both in-store (50%) and online (57%) visitors say they had also shopped for those types of products at other stores that week. In fact, over 40% say other stores were visited that same day. Men are especially likely to have done research in advance of a trip. Generally, the vast majority of planners are targeting specific product types but not specific brands (71% in-store, 61% online).

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Savvy retailers create exceptional and seamless omni-channel shopping experiences to build loyalty.

What makes the Online Shopper Different From The In-Store Shopper?
Key skews of Online compared to In-Store apparel shoppers

1.3x More Likely To Be	1.2x More Likely To Be	1.2x More Likely To Be	1.2x More Likely To Be	1.6x More Likely To Be	1.2x More Likely To Be
Male	18-34	60k+ HHI	Not Have Children	Work From Home	Loyalty Program Member Of Retailer
53% vs 42%	48% vs 40%	63% vs 53%	64% vs 53%	27% vs 17%	63% vs 51%

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Tip 5:
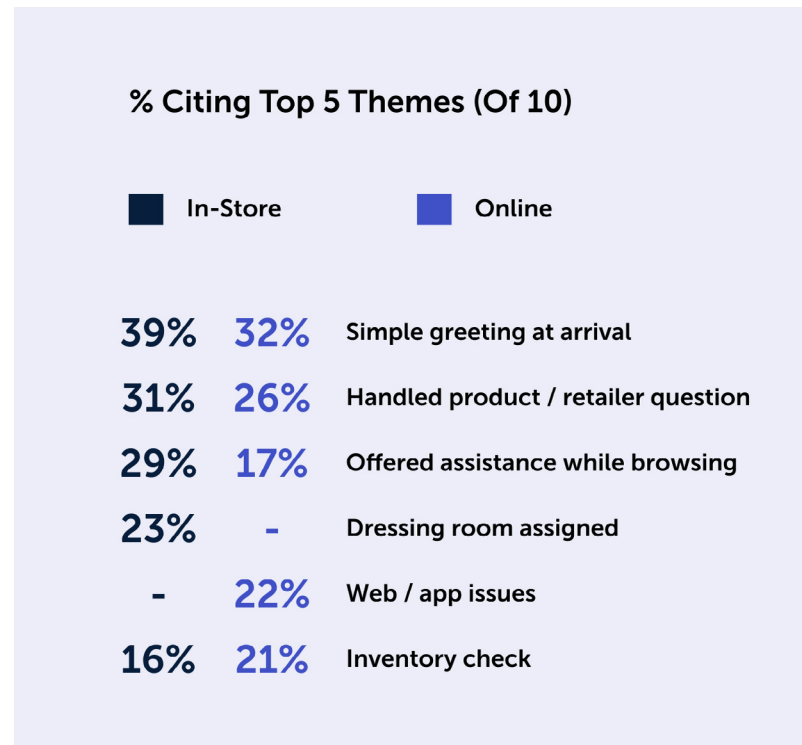## Empower Your Employees With Customer Feedback

With any brand and especially in retail, employees – or store associates – are your ambassadors. They directly interact with your customers and have an incredibly important impact on customer experience, from greeting/acknowledging the shopper, sharing product knowledge, and with navigation (where to find a product). While it may sound like common sense, some retailers do this far better than others … and reap the rewards.

Retail case studies have demonstrated the power of simply stopping and paying attention to a customer who walks in the door with the downstream effects of higher NPS, frequency, and spend. The next step is to prioritize customer feedback in terms of how to make your employees successful, i.e., how do you prioritize what you're hearing from customers for your employees, so they can best serve them. And let's not forget that frontline employees can be an invaluable source of information, in terms of sharing feedback and ideas on how to improve customer experience.
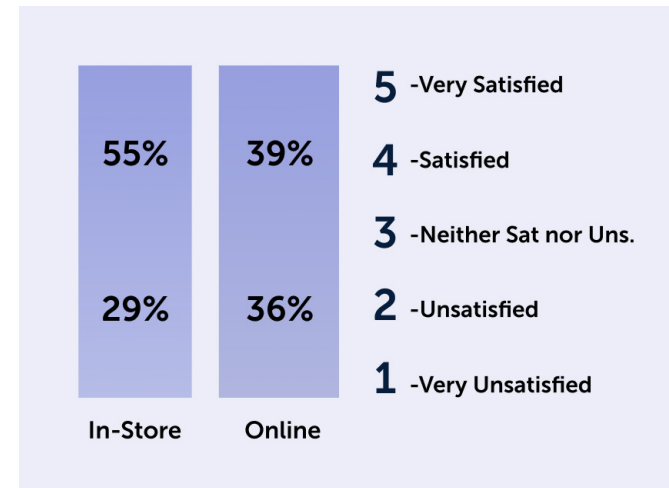
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For In-Store and Online shoppers, interactions have similar themes.

What was the reason or reasons for interacting with an employee?

% Citing Top 5 Themes (Of 10)

	In-Store		Online		
■ In-Store	■ Online				

In-Store	Online	
39%	32%	Simple greeting at arrival
31%	26%	Handled product / retailer question
29%	17%	Offered assistance while browsing
23%	–	Dressing room assigned
–	22%	Web / app issues
16%	21%	Inventory check

In-Store shoppers are more likely to be satisfied with interaction.

How satisfied were you with the interactions(s)?

In-Store	Online	
55%	39%	5 -Very Satisfied / 4 -Satisfied
		3 -Neither Sat nor Uns.
29%	36%	2 -Unsatisfied
		1 -Very Unsatisfied

In-Store   Online

This approach creates the perfect marriage between employee experience and customer experience. When you focus on empowering your employees, they feel knowledgeable and share it with the customer who leaves happy. This, in turn, makes the employee feel valuable and therefore engaged.

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As the face and voice of your brand, your employees are customer experience catalysts. Arm them with simple, targeted and actionable insights.

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Make Informed Decisions Driven By Data: Medallia Can Help

Medallia is uniquely positioned to help retailers truly understand their customers AND take impactful action. We will help you identify customer expectations across the entire buying journey - from pre-to-post shop - using strategic methods of listening and feedback capture across all channels.

While actively listening to your customers, Medallia provides powerful yet intuitive tools that prioritize feedback and empower your employees to be more successful and effective. This, in turn, will fuel innovation and personalization that differentiates your brand, so you can capitalize on exceptional and seamless shopping experiences that build loyalty.

To learn more about how Medallia can help, visit medallia.com/solutions/retail. →

To read the full Apparel Journey Report, please click here. →

About Medallia

Medallia is the pioneer and market leader in Experience Management. Medallia's award-winning SaaS platform, the Medallia Experience Cloud, leads the market in the understanding and management of experience for customers, employees and citizens. Medallia captures experience signals created on daily journeys in person, digital and IoT interactions and applies proprietary AI technology to reveal personalized and predictive insights that can drive action with tremendous business results. Using Medallia Experience Cloud, customers can reduce churn, turn detractors into promoters and buyers and create in-the-moment cross-sell and up-sell opportunities, providing clear and potent returns on investment. www.medallia.com

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