An industry study conducted by RetailWire.

The Role of In-Store Personalization in Omnichannel Success

Underwritten by:

iQmetrix®
Al McClain has spent 30+ years in the retail, tech, and CPG spaces. Al's career highlights include sales and management stints with Luzianne-Blue Plate Foods, Bestfoods, Red Rose Tea, and Progressive Grocer (Trade Dimensions and Retail Insights divisions).

Al has also spoken extensively at industry events for the National Grocers Association, the Institute for International Research, the Magazine Publishers Association, and the Category Management Association. He has written for publications such as Nielsen Wire, Loyalty Management, and Forbes.com.
ABOUT RETAILWIRE

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TODAY’S AGENDA

Intros (5 min)

PRESENTATION OF STUDY FINDINGS (20 min)
Megan Howse, Retail Marketing Strategist, iQmetrix

PANEL DISCUSSION (20 min)
  • Laura Davis-Taylor, EVP Customer Experience, MaxMedia
  • Anne Howe, President, Anne Howe Associates
  • Megan Howse, Retail Marketing Strategist, iQmetrix

Q&A (10 min)
  • Panelists, Audience
Megan Howse
Retail Marketing Strategist, iQmetrix

Megan leads iQmetrix’s marketing strategy to drive awareness and demand for the software company’s innovative interactive retail and fulfillment products. With a thirst for retail knowledge and an unbated addiction to shopping, Megan is passionate about helping retailers achieve an omnichannel approach to creating great customer experiences. Megan’s expertise stems from a background of over 14 years in retail and marketing.
Retail is constantly evolving. But the root of what makes a successful retailer or brand will always be the customer experience.

Founded by wireless retailers, iQmetrix is the leading provider of innovative software solutions for the wireless market. With platform-built, metrics-driven products from POS and full-suite retail management software, to endless aisle, dropship, e-commerce, and digital signage, iQmetrix has taken its unique understanding of the pain points in the industry to create better experiences for wireless retailers and their customers.
Why this study and why now?

Objectives:

1. How thinking has evolved in the last year about the role of the store

2. How the in-store customer experience is being used for differentiation

Methodology:

- March to mid-April, 2017
- Retailers, wholesalers, brand marketers and supporting vendors
- 377 total responses
What type of company do you work for?

- Retailer, wholesaler: 27%
- Consultancy, agency, design firm: 28%
- Technology or solutions provider: 21%
- Brand marketer/manufacturer: 16%
- Other (please specify): 8%
What best describes your job position?

- Executive Management, Owner: 28%
- Senior Management (Director, SVP, VP-level): 31%
- Department Manager: 17%
- Non-management: 25%
Digital benefits are many and varied
Digital benefits are many and varied

For the stores you are most familiar with professionally, what is the biggest challenge faced in trying to compete with the digital experience?

- Developing complementary cross-selling opportunities: 24% (2016), 23% (2017)
- Matching extensive product assortment: 17% (2016), 23% (2017)
- Capturing behavioral customer data: 19% (2016), 22% (2017)
- Offering informative content and curation: 23% (2016), 21% (2017)
- Dynamically adapting pricing in real time: 10% (2016), 17% (2017)

% of Retailers 2017:
- Developing complementary cross-selling opportunities: 22%
- Matching extensive product assortment: 28%
- Capturing behavioral customer data: 15%
- Offering informative content and curation: 24%
- Dynamically adapting pricing in real time: 10%
Investing the in-store experience
Investing the in-store experience

Considering the stores you work with, how important is investing in the in-store experience to furthering omnichannel objectives?

- Extremely important: 44% (50% in 2016), +5.3 ppts
- Very important: 39% (34% in 2016), -5.3 ppts
- Moderately important: 12% (13% in 2016), +1.0 ppts
- Slightly important: 3% (2% in 2016), -0.9 ppts
- Not at all important: 1% (1% in 2016), -0.1 ppts

2016 vs 2017
## Priorities for in-store investment

<table>
<thead>
<tr>
<th>#</th>
<th>Ranking of importance to improving the in-store experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Knowledgeable associates</td>
</tr>
<tr>
<td>#2</td>
<td>Data-driven personalization</td>
</tr>
<tr>
<td>#3</td>
<td>Cross-channel inventory visibility</td>
</tr>
<tr>
<td>#4</td>
<td>In-store pickup capabilities for online orders</td>
</tr>
<tr>
<td>#5</td>
<td>Endless aisle technology</td>
</tr>
<tr>
<td>#6</td>
<td>Mobile checkout (queue busting)</td>
</tr>
<tr>
<td>#7</td>
<td>Acceptance of returns from online orders</td>
</tr>
<tr>
<td>#8</td>
<td>Mobile payment options</td>
</tr>
</tbody>
</table>
Priorities for in-store investment

"Eliminate the role of the store associate and you'll drive customers away to the internet and to competitors.

"Teaching the store associate the power of technology and how to use those tools to assist the customer can create a very positive in-store experience."

- Survey respondent
### Priorities for in-store investment

#### Top Three Areas of Importance for Improving the In-store Experience, as Rated by Survey Segments

<table>
<thead>
<tr>
<th>#</th>
<th>Retailers</th>
<th>Tech Solution Providers</th>
<th>Consultancy, Agency, Design Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Knowledgeable associates</td>
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</tr>
<tr>
<td>#3</td>
<td>Cross-channel inventory visibility</td>
<td>Knowledgeable associates</td>
<td>Cross-channel inventory visibility</td>
</tr>
</tbody>
</table>
The power of personalization is largely untapped

Which of the following benefits do you think stores are most likely to realize from an in-store personalization strategy? (Select all that apply.)

- Deeper customer engagement: 69%
- Stronger loyalty: 67%
- More cross-selling opportunities/bigger baskets: 63%
- Higher conversion rates: 61%
- Enhanced brand image: 50%
- More frequent visits: 49%
- Improved execution (merchandising, customer service, inventory): 47%
**Personalization in the planning stages**

For stores you work with, please indicate where they are with implementing the following types of in-store personalization.

<table>
<thead>
<tr>
<th>Personalization Activity</th>
<th>No plans</th>
<th>Planned</th>
<th>Budgeted</th>
<th>In-process</th>
<th>Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>By communicating with the shopper via social media channels</td>
<td>8%</td>
<td>21%</td>
<td>14%</td>
<td>25%</td>
<td>33%</td>
</tr>
<tr>
<td>Offering a personalized greeting to those logged into the store’s app</td>
<td>24%</td>
<td>27%</td>
<td>10%</td>
<td>24%</td>
<td>16%</td>
</tr>
<tr>
<td>Providing associates with customer profiles/purchase history</td>
<td>35%</td>
<td>27%</td>
<td>11%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Using kiosks to bring the personalized e-commerce experience in-store</td>
<td>37%</td>
<td>19%</td>
<td>13%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Messaging customers personalized recommendations and offers based on in-store location</td>
<td>25%</td>
<td>28%</td>
<td>14%</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Personalizing pricing based on customer profiles/purchase history</td>
<td>43%</td>
<td>25%</td>
<td>10%</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>Personalizing digital signage and displays based on customer profile</td>
<td>48%</td>
<td>24%</td>
<td>12%</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>Using facial recognition to identify shoppers</td>
<td>75%</td>
<td>11%</td>
<td>7%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

*By communicating with the shopper via social media channels*

*Offering a personalized greeting to those logged into the store’s app*

*Providing associates with customer profiles/purchase history*

*Using kiosks to bring the personalized e-commerce experience in-store*

*Messaging customers personalized recommendations and offers based on in-store location*

*Personalizing pricing based on customer profiles/purchase history*

*Personalizing digital signage and displays based on customer profile*

*Using facial recognition to identify shoppers*
Personalization in the planning stages

"Retailers should get all data pertaining to the profile of each and every customer per store so the merchandise, pricing and other services can be aligned by each store. This way, sales is maximized and aging of merchandise is controlled."

- Survey respondent
Delivery, up for debate

What is most effective way to provide that personalized attention to shoppers in-store?

- Via the shopper's own smartphone or tablet: 58%
- From an in-store digital display or kiosk: 22%
- From an associate making use of a mobile device: 12%
- As part of the checkout process (POS): 8%
Personalization pitfalls

For the stores you work with, which appears to be the toughest challenge to implementing personalization at the store level?

- Staff resistance to change/training challenges: 20%
- Cost of rolling out the technology across stores: 17%
- Privacy concerns by customers (the "creepy factor"): 12%
- Difficulty measuring effectiveness: 11%
- Collecting the customer data necessary to deliver personalization: 11%
- Limited personnel resources/competing priorities: 11%
- Difficulty scaling/automating personalization: 9%
- Lack of interest from customers (low opt-in): 9%
- Collecting the customer data necessary to deliver personalization: 12%
What tools and technologies are the stores you work with using to collect the customer information needed to deliver personalization in-store?

<table>
<thead>
<tr>
<th>Tool/Technology</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>POS data/purchase history</td>
<td>71%</td>
</tr>
<tr>
<td>Loyalty card/payment data</td>
<td>70%</td>
</tr>
<tr>
<td>Cookies/browser history</td>
<td>42%</td>
</tr>
<tr>
<td>Social listening</td>
<td>37%</td>
</tr>
<tr>
<td>In-store device tracking/beacons</td>
<td>31%</td>
</tr>
<tr>
<td>Cross-device tracking</td>
<td>18%</td>
</tr>
<tr>
<td>Customer service tickets</td>
<td>17%</td>
</tr>
<tr>
<td>Device fingerprinting</td>
<td>8%</td>
</tr>
<tr>
<td>Facial recognition</td>
<td>6%</td>
</tr>
</tbody>
</table>
The long view
A CLEAR VISION:

1. Accurate and detailed customer information
2. Behavioral data from across touchpoints
3. More insights into the human behavior
More in our report...

Stick around for your copy of the Executive Summary.
Panel Discussion: Personalizing the In-Store Experience

Our Panel

Megan Howse  iQmetrix
Laura Davis-Taylor  MaxMedia
Anne Howe  Anne Howe Associates
Al McClain  RetailWire
Laura Davis-Taylor
EVP Customer Experience, MaxMedia

Laura has been focused on creating meaningful retail experiences that bridge home, life and store for over 20 years. Her experience is multifaceted, ranging across brand planning, digital engagement, store design and, more recently, next generation retail experience design.

She has applied her passionate brand-building philosophy to such clients as AT&T, Toyota, Best Buy, Coke, L’Oréal/Lancôme, Lowe’s, Office Depot, Foot Locker, 7-Eleven, EJ Gallo and Unilever.
Anne Howe has recently returned to independent consulting work, applying the principles of human influence in the retail and shopper marketplace.

Howe has many years of marketing and management experience ranging across diverse business sectors, including Retail, CPG, Home, Apparel, Appliances and service industries. She has been a bold, industry-involved leader in retail and shopper marketing, serving on groups, panels and commissions to further the discipline with a keen eye on enhancing the shopper experience.
Audience Poll #1:
To improve in-store personalization, should stores invest more heavily in associate-aided technology or customer-controlled technology?
QUESTION #1: Endless Inventory

When asked about competing with digital channels, store retailers seem most concerned about matching online’s extensive product assortment.

Is this a valid concern? Do you see a fundamentally different mission for stores in the omnichannel age?
Audience Poll #2:
Agree/disagree: Stores continue to have a vital role in the omnichannel age in maintaining consumer connections.

- Totally agree: 81.3%
- Somewhat agree: 15.6%
- Somewhat disagree: 3.1%
- Completely disagree: 0.0%
Panel Discussion: Personalizing the In-Store Experience

QUESTION #2:
Open more stores!

Kohl’s is notably adding stores (as others are closing them) on the principle that a physical presence in each market is essential to supporting online sales.

How do you see personalizing in-store experiences working towards those objectives?
Audience Poll #3:
When is the best time for an associate to offer a shopper a personalized recommendation?

- Before they get to the store: 37.1%
- When they first enter: 11.4%
- When engaged in shopping: 48.6%
- At the checkout: 2.9%
- After they've left the store: 0.0%
QUESTION #3: Cross-selling

Survey respondents were fairly bullish on using in-store personalization to create more cross-selling opportunities.

What specific personalization technologies and tactics do you see being most helpful in cross- and up-selling?
**AUDIENCE POLL:**

**Audience Poll #4:**

In the next five years, in-store personalization will become most vital to which of these retail categories?

- Apparel: 57.6%
- Grocery: 18.2%
- Home furnishings: 3.0%
- Cosmetics, personal care: 12.1%
- Consumer electronics: 9.1%
- Books, media, entertainment: 0.0%
QUESTION #4: If only...

Please complete this sentence:

If (name of retailer) could only do in-store personalization like (another retailer), they would get a new lease on life.

Please explain why.
Panel Discussion: Personalizing the In-Store Experience

AUDIENCE Q&A

Your questions for our panel...

Megan Howse
iQmetrix

Laura Davis-Taylor
MaxMedia

Anne Howe
Anne Howe Associates

Al McClain
RetailWire
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Please stay with us...

Please complete our brief survey and download your copy of the survey report.