



Customer Intelligence

Best Practices for Implementing a
Retail Customer Intelligence Platform



Introduction



How well do you know your retail customers? With today's technologies, we collect more data about our customers than ever before, but accessing, translating and acting on that data can present a challenge.

Understanding your customers' pain points, behaviors and motivations can make all the difference between a thriving organization and a failing one. Research firm Innosight estimates that, due to digital disruption, [75% of companies on today's Fortune 500 list will be replaced by 2027.](#)

Company, product or service-based approaches no longer resonate with today's modern shopper.

75% of companies

on today's Fortune 500 list will be replaced by 2027 due to digital disruption.

Innosight

Introduction

This is the era of relationship-based, customer-centric sales. To succeed in this competitive space, you must first understand who your customers are and then connect, engage and offer a seamless, personalized, positive customer experience across all channels.

You need to be able to form strategies and make business decisions based on customer data that is easy to access, understand and implement.

In essence, you need a retail customer intelligence (CI) solution that fits your business.

A CI platform – utilizing AI-enabled machine learning – can provide you with actionable insights about your retail customers far beyond what you can gain from traditional analytics, so you can:

- › Better reach, engage and retain customers across channels
- › Optimize individual interactions at every touchpoint
- › Segment and provide personalized messaging to customers based on their behaviors and attributes
- › Learn who your best customers are as well as those who are most likely to churn
- › Cut wasted expense on marketing efforts, products or services that are not effective
- › Make critical business decisions with less risk and greater reward
- › Utilize the real-time power and scalability of Cloud technologies like Microsoft Azure

Introduction

In essence, CI for Retail gives you:



Customer intelligence empowers you and your workforce to make better, more customer-centric decisions around the products and services you offer and how you market them. Ultimately, this can drive more qualified prospects, engage and retain existing customers, cut wasted expense and increase sales.



How to Get Started

Today's marketing landscape is filled with new technologies (virtual reality, store flow software, dynamic personalized web content) all founded on the idea of improving customer experience. But there is a disconnect.

- › How can a retailer know what will improve their customer experience if they don't fully understand their customers?
- › How can a business make transformative decisions without hard data to back it up?
- › How can teams work cross-departmentally when their data is either siloed or inaccessible?

Without customer insight, business decisions and investments in new technology are at best a risk and at worst a shot in the dark.

Most marketers don't have an easy or immediate way to access insights for themselves or make sense of them. [Fifty-five percent of companies have no cross-channel strategy](#) in place or know where they should be focusing their efforts.

Retail marketers are not empowered to make data-driven decisions, and even if they were, they don't always know how or where to start. There are existing solutions out there, but they typically don't fit the needs of the mid-market retailer. They are often too expensive, too slow to implement and lack the self-service component that enables your marketing team to quickly test hypotheses and run with ideas.

That's why we've developed this eBook – as a starting point to implementing a successful CI for Retail strategy. We can help you get there.



91%
of organizations

**have not yet reached a
“transformational”
level of maturity in data
and analytics.**

Gartner Global Survey

We can help
you get there
through this
straightforward
process:

1

Show It

accelerating, unifying and bringing
the vision of the solution to life

2

Prove It

taking that solution and quantifying
its impact on the organization

3

Scale It

delivering that solution in such a
way that people in all departments
of the organization can benefit

Show It / Try It

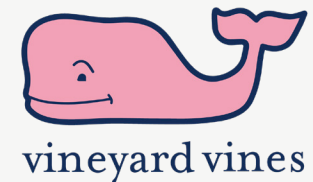


To get stakeholders in your organization to understand the true value of a CI platform, it's important that they can see it and experience it for themselves.

The need to be more customer intelligent is often rooted in abstract and hyped concepts that lack specificity, but business stakeholders need to put pen to paper to commit to an actual expected return on investment to motivate action. Marketers and other line of business pros need something concrete to react to in informing their planned use and adoption of a system.

We believe that an ideal first step is to create a visual representation/proof of concept of what a CI platform can deliver, focused on the art of the possible. This ideally short-duration project (around 6 weeks) tangibly articulates your organization's vision for implementing the system, starting first with input from your marketing department or lead business sponsor who will then become champions of the project and gain buy-in from other departments.

This was the approach taken by vineyard vines, a retail apparel company based in Stamford, CT.



The marketing team had data about sales, marketing activities and customer information spanning multiple systems, but did not have the ability to answer critical questions about their business needed to inform future activities such as:

- › To what extent are we acquiring new customers?
- › How are our marketing activities impacting overall sales?
- › Where do we have emerging issues around customer churn?

We recommended the build out of a CI platform, offering a mix of dashboards and self-service reporting capabilities built in Microsoft technologies. But we started with the proof of concept – a 7-week engagement that delivered a microcosm of the platform, allowing vineyard vines to experience it for themselves, test hypotheses, ask questions and see how it would perform.

The single biggest realization for vineyard vines' marketing team was that, for every question the CI platform answered, more questions arose, and intuitive self-service reporting around customer data was the most critical capability they needed.

So, what started out as an engagement to frame up an interactive customer health dashboard representing acquisition, retention and growth activities...



...ended up revealing dozens of other analytical insights that marketing had authored.

The ability to ask and answer real-world questions immediately via self-service reporting allows business stakeholders to see the value and application of customer intelligence in a much more tangible manner than a roadmap alone could provide and inspires them to become ambassadors for the initiative going forward.



Once stakeholders can see how the dashboard will look and function and have tried it for themselves, it's time to begin proving its value by putting it to work on real-world challenges the organization is facing.



Prove It / Trust It



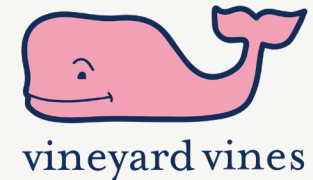
While it's important to be able to visualize how your CI platform will look and function, the true value of such a platform is proven when you can use it to get answers to critical business questions that would be impossible for you to access on your own before.

It's well documented that 75% of all time spent performing analysis is spent gathering, preparing and integrating the data for the analysis—not on the analysis itself. This time constraint, coupled with not having a platform purpose-built for analysis, leads to a backlog of fundamental, high impact questions that often go unanswered.

This is where bridges are built, and the true power of customer intelligence comes into play – when you can test out hypotheses and use analytics to make vital decisions about the future of your business. This R&D function can drive further alignment of the organization behind your customer intelligence strategy.

See It In Action

Here's an example, using vineyard vines again. One of the most capital-intensive decisions they can make is whether to open a new store. When factoring in construction costs, inventory costs, staffing costs, utilities, and long-term rent commitment, it can easily be a multi-million-dollar decision.



But building more retail stores goes against the conventional wisdom that increasingly today's customers want to engage through digital channels instead of brick and mortar. And when you are fighting for every % of margin as a retailer, how do you evaluate whether to invest in more stores?

Based on an innate understanding of their customer base and some gut thinking, vineyard vines hypothesized that while stores are a sales channel

for their brand, they could also be an effective marketing channel, adding value in ways that cannot be measured through in-store sales alone. In other words, while a retail store might not be the channel that acquires the final sale, having a nearby location (where a person could easily do a return or exchange) might influence buyers to feel more comfortable about buying online.

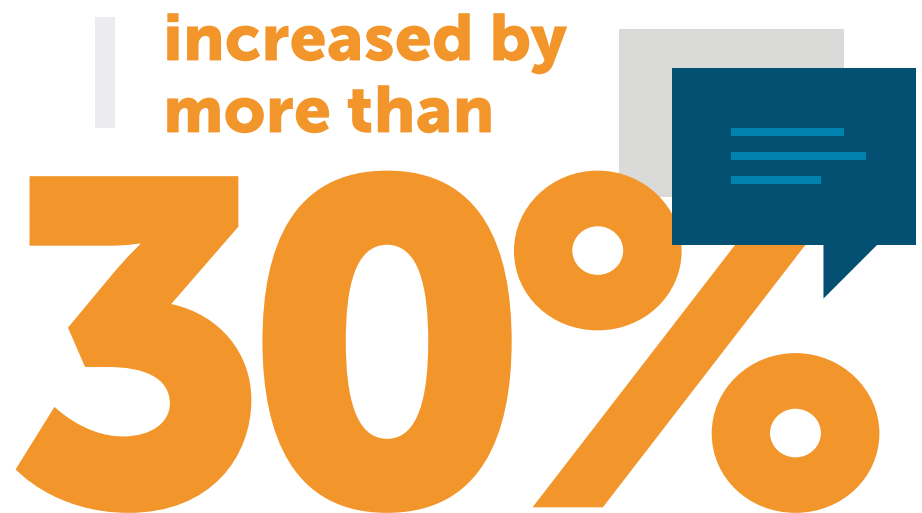
CCG helped vineyard vines to analyze the geographic performance surrounding stores before and after their opening, analyzing purchase behavior of customers within a certain radius of each physical store location. The results were clear: in the 12 months following a store opening, average monthly online sales increased over 30%.

This analysis proved the advertising effect of brick and mortar stores in driving overall market performance, especially in markets where no previous stores existed. vineyard vines is now leveraging ecommerce performance and enriched customer data to identify new markets for expanding store operations.

This example is a great illustration of what separates standard reporting from true analysis. Without our CI platform, a critical business question like this would have been nearly impossible to answer without the help of a data scientist and a significant time investment.

In the year following a store opening, online sales

increased by more than



30%

This is the kind of question that can have a transformational impact on your business, allowing finance, sales, real estate planning, ecommerce and store operations to all gain trusted and transformative insights by understanding their customers' behaviors. This one analysis early in the engagement cemented how strategic an asset customer intelligence could be in informing decisions—well beyond the bounds of what marketing needed.

“Proving It” has endless possibilities, but the most common analytical scenarios that can yield immediate benefits includes:



Customer Lifetime Value

Predicting the future cash flow for each customer to better inform against whom marketing spending should be allocated.



Churn Propensity

Predicting the likelihood of each customer leaving your brand if no further action is taken.



Customer Segmentation

Clustering behaviorally-distinct groups to use as basis for identifying opportunities/gaps within the customer base for most spending.



One-Time Purchase Propensity

Gaining insight into a one-time customer's likelihood to return.



Category Affinity

Developing a sense of each customer's engagement with each category.



Propensity to Convert

Predicting customer likelihood to convert based on their favorable response to a marketing stimulus (email, direct mail, etc.).



Channel Affinity

Developing a sense of each customer's engagement with each channel.



Customer Engagement Scoring

Assigning customers a score for brand engagement.



Product Recommendation Engine

Predicting which products are most likely to be purchased by a given customer based on their behavior and attributes.



Attribution modeling

Linking purchases (when applicable) to the marketing stimulus that most likely drove their behavior (ROMI analytics).



Customer Lifetime Profitability

Predicting customer profitability (using gross margin) as opposed to predicted revenue (using sales).



Customer Experience Segmentation

Scoring and segmenting customers based on website engagement (i.e., web site visits, visit duration, unique pages visited, shopping basket

These kinds of analyses are only possible with a CI platform that can support a variety of descriptive, productive and prescriptive analytic techniques that can answer nearly any question. To drive these insights beyond project-specific goals to support the entire enterprise, it's important to build your analytic models to scale.

THE NEXT STEP

Scale It is where we make this solution accessible to every department in the organization, so everyone is benefitting and acting on the same customer insights.



Scale It



To effectively implement a CI solution, we start by creating a visual proof of concept to gain buy-in, then begin putting the tool to work by testing hypotheses, asking questions and gaining insights. The Scale It step is when you can actually begin applying those insights to real-world situations that impact the entire organization.

Building your CI platform to scale means that it goes beyond just a marketing function – integrating vital data from every department to help you gain critical insights about your organization as a whole and start the path to customer-centricity. When this power is

combined with self-service capabilities, your business becomes more nimble, able to quickly act, engage and make data-driven decisions that improve the customer experience.

Scale It

For example, let's say you develop an analytics model that predicts the likelihood of a customer to churn. Now that that information is easily available and accessible, your marketing team can see which customers they are most likely to lose and put a proactive retention plan in place that targets them specifically. Your store managers can look at that same data to help them understand the projected impact on future store sales.

To effectively scale customer intelligence throughout the organization, a best-in-class CI solution needs one centralized, Cloud-based customer data hub that handles not only all the data that describes a customer's interactions, but also can access predictions that make for a richer, more insightful discovery.

The foundation for this begins with a customer's purchase history, including all the information you'd see on a receipt rolled up to the customer level.



The hub itself has enabled us to understand the complexity of our customers in a manner we were not able to do previously. This opens up a lot of options from an analytical standpoint to really refine how we think about the customer."

Chris Fitzpatrick, Vice President of Analytics & Strategy at vineyard vines

Scale It

From there, the hub can scale to meet the specific needs of your organization. You can plug in other platforms, applications and models you already have in place. You can layer in other marketing systems as well as non-purchase behaviors to track (such as email, call center, in-store, social media). With all this information at the fingertips of any business user, the ability to do predictive segmentation based on a customer's projected activities and behaviors, truly scales out models to the people who need the insights most.

These are the types of data you need to be able to access to fully understand your customers – data that can be integrated into your CI hub.

The possibilities are endless. The payoffs are real.





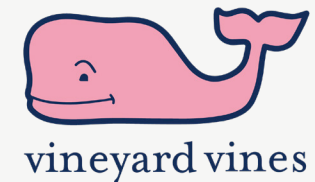
CI for Retail in Action

At CCG, we see first-hand the positive impact customer intelligence can have on retail businesses – helping them acquire new customers, engage and retain existing customers and grow their business. In the era of omnichannel, relationship-based marketing, customer intelligence can set you apart from the competition. See how vineyard vines has benefited from our **CI for Retail** solution.

**CI for
Retail
Pays for
Itself**

vineyard vines used insights from their CI tool to better understand their customers and create personalized campaigns that led to an **ROI of +150% in the first year.**

vineyard vines was founded through a philosophy of “living the Good Life,” selling more than just clothing to their customers but a state of mind reflected in their slogan, “Every day should feel this good.”



Over the course of 20 years, vineyard vines has grown to become a global brand, spreading the Good Life through over 100 stores, retail outlets, marketplaces and a world-class ecommerce site. As the organization grew from foot traffic in Martha’s Vineyard to millions of “Good Lifer’s” worldwide, it became increasingly challenging to connect with their expansive customer base in the same sincere ways that molded their business.

The vineyard vines marketing team deployed creative efforts to better engage customers through brand ambassador campaigns and personalized product offerings, but they lacked the visibility to truly understand who their customers were.

Recognizing that they lacked the technological infrastructure and analytic capabilities to properly visualize their customer base, they enlisted CCG, who provided CI for Retail, a comprehensive and customized CI solution which:

- Allowed the marketing team to find their own answers and gather their own data via an intuitive self-service dashboard
- Shifted the entire organization's focus from a product-centric to a customer-centric model
- Unified their siloed data sources to create a holistic view of their customers that employees can trust



The environment we have built out supports our ability to continually refine the way we interact with our customers and ensures we are able to provide each of them with the unique customer experience they expect of us."

Chris Fitzpatrick, Vice President of Analytics & Strategy at vineyard vines

Overall, **CI for Retail** has allowed vineyard vines to gain a deeper understanding of their customers, empowering employees to use real customer data to make more informed decisions. The results speak for themselves.

[Read More](#)

CONCLUSION

At CCG Analytics Solutions & Services (CCG), our mission is to bring great people together to do extraordinary things.

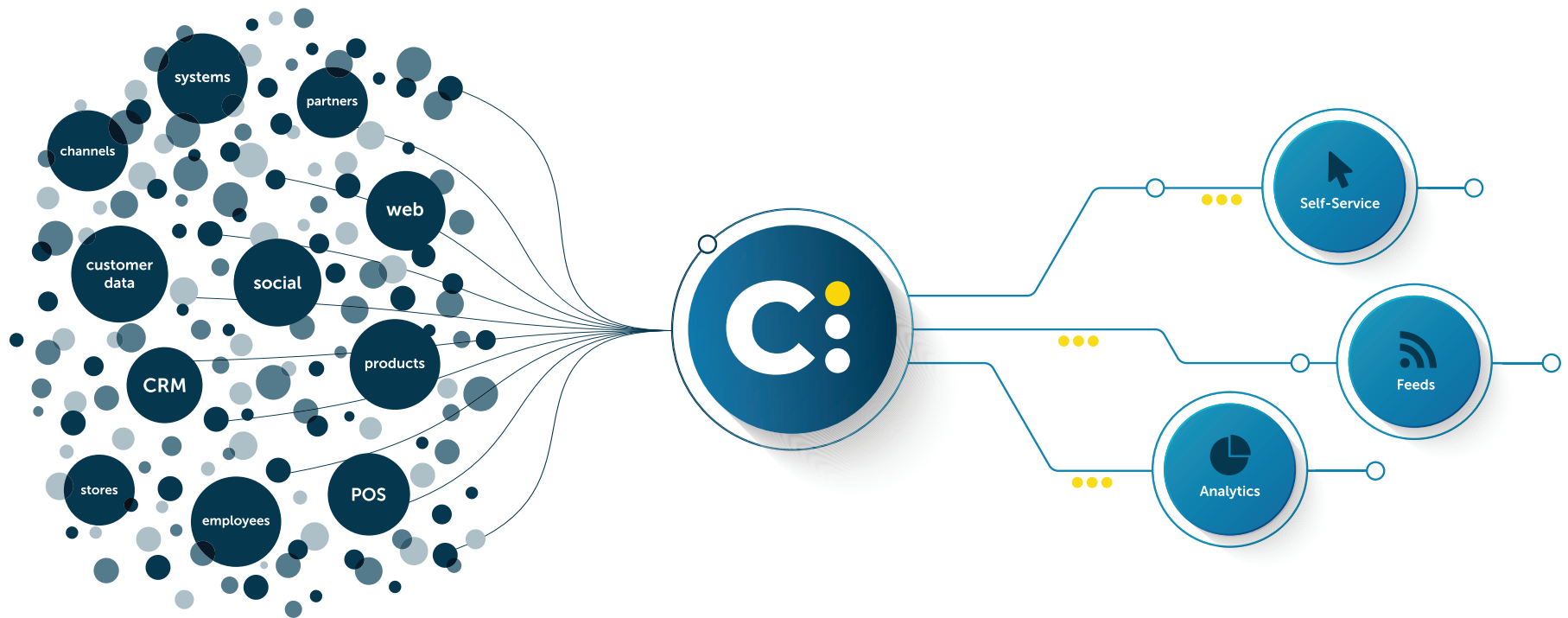
We actively partner with our clients, providing unprecedented support throughout our relationship to ensure that, together, we accomplish measurable results that exceed expectations.



Conclusion

In keeping with that mission, CCG developed our **CI for Retail** analytics application, which empowers our clients to do extraordinary things with their customers. **CI for Retail** is a customer data hub and analytics platform that provides retailers with a centralized view of customer behavior and empowers

employees across departments with self-service access to valuable insights. **CI for Retail** answers vital questions and supports initiatives that drive and improve customer loyalty, experience and journeys within weeks.





Created especially for the typically underserved mid-market retail organizations, **CI for Retail** can turn customer insights into action in as little as 13 weeks (as opposed to most data warehousing projects which can take 12 - 18 months). Additionally, our best-in-class solution, built using Microsoft Azure, empowers your employees to answer their own questions via a self-service interface.

It's now easier than ever to uncover the information your business needs and act on it. Fast.

If you're ready to experience the transformation difference that customer intelligence can make, we're ready to help. Contact us today at 813-968-3238 or info@ccganalytics.com for a demo.



CUSTOMER INTELLIGENCE
FOR RETAIL

