



# Talking about a revolution

**Multichannel shopkeepers looking to grow sales are rediscovering the art of conversation. Chloe Rigby finds out how retailers can engage with their customers, both on and offline.**

**TIME WAS**, and not very long ago, when we sat at home and listened as radio and TV ads told us what to buy and where to go to get it. Today the chances are that instead of passively absorbing advertising messages, active online research forms the basis of our buying decisions.

For by next summer the internet will overtake television as the most consumed form of media, according to a recent Microsoft report, *Europe Logs On*. The report predicts a social media revolution where the balance of power moves from the mass media to the media to a "user-generated social media landscape, where consumers dictate what they want to see hear or read about."

In other words, the future is about the individual. And it will be the retailers who find ways of treating their customers as individuals who will be the most successful in this brave new world. It's at once an enormous challenge and opportunity but for those who succeed in engaging their customers both on and offline, the audience is global and the reward enormous.

That means talking to consumers about their interests and passions, and working to earn their attention. It's about putting the personal back into customer service, whether a customer is in your shop, browsing your catalogue, or visiting your website - and the bottom line is financial. For, says Nigel Stephenson, marketing manager at multichannel retail consultancy K3, customers who buy through a number of channels spend more money, anything from eight to 14 times as much as someone who buys through one individual channel.

## GETTING TO KNOW YOUR CUSTOMER ONLINE

For all the whizz and flash that technology can add to the e-commerce experience, having a virtual shop is not so very far removed from having a real shop. At its best, says Malcolm Duckett, VP of marketing and operations at Speed Trap, buying online should be a lot like going to a corner shop, where the shopkeeper knows your name, knows what you bought last time and what you might like to try this time.

So if a website is to be like a real shopkeeper, its first job is to recognize and identify individual customers - whether there are hundreds, thousands or even millions of them. In the online world this task is automated. Speed Trap's software, for example, captures real-time data on individual customers and prospects. By assigning them a number, they can be recognised from the first time they come onto the website and a record kept of what they look at online. At first they will be just be a number, but as

they register and make purchases or sign up to email updates, the retailer can put a name to the online 'face'. And as the individual records accumulate, the technology can start to predict the customer's behaviour, allowing them to put products or special offers in front of

## MSHK Group – Ministry of Sound

From the Ministry of Sound club venue and recording studios in London, the MSHK Group has developed a global digital entertainment and dance music brand reaching out to 1.5 million unique users a month.



The company's website, [ministryofsound.com](http://ministryofsound.com), is at the heart of marketing and ecommerce activity for the MSHK brands, from Ministry of Sound to Hard2Beat. But MSHK also connects with customers through media from club nights and tours to studio sessions, e-commerce CD sales, to internet radio and TV broadcasts that are syndicated worldwide and iPhone applications. It's two-way communication - the radio audience contributes with emails and texts while CD-buyers answer surveys. Social networking is a key driver - the Ministry of Sound's Facebook page gets thousands of new sign-ups a week, while use of MySpace and Bebo is tailored to each brand.

Six weeks after its e-commerce provider collapsed, the [ministryofsound.com](http://ministryofsound.com) website was relaunched by an inhouse team of four as an e-commerce, brand promotion and marketing tool. A backend data warehousing and eCRM system, developed in house, tracks and profiles customer preferences and cross-sells relevant music, events, merchandise and licensed products from across its brand portfolio. "We are starting to build a picture of who buys us, where they buy and what else they buy," says head of internet Rudy Tambala. "At the moment, 0.2 per cent of our own market base buys directly from us. We now want to have about 1.5 per cent of our own market - it's a massive increase and it is quite easily achievable. It may not seem like important numbers but it makes an important difference to the business because the margins are so much better for us."





them that they know from their experience of the customer will appeal.

"If you can understand what the customer is trying to achieve and respond with something sensible, your chances of making a sale are vastly higher," says Duckett.

**OFFERING PERSONAL SERVICE**

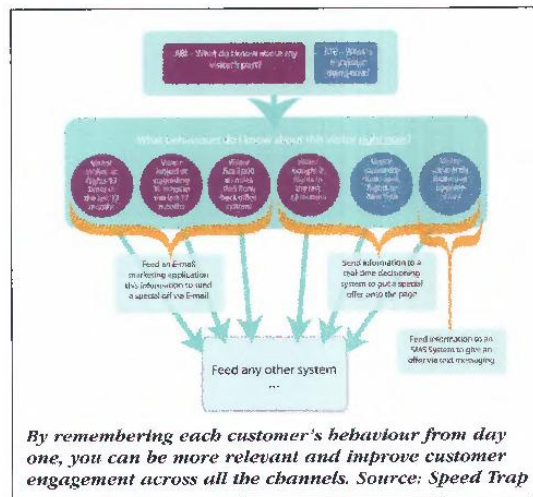
Personal service goes beyond making the sale. It's about building a relationship for the long-term, and encouraging repeat business. For multichannel retailers, this can happen through a variety of methods, from dealing with complaints in a call centre to email follow-ups to make sure the customer experience was a good one. The latest results from *Internet Retailing's* Inspiration Index confirms that retailers who can deal with a wide range of customer issues and impress even those customers who have a complaint are winning them back for future transactions. Multichannel retailers Apple and John Lewis both won praise for the way their customer service teams "turned problems into opportunities for delight" by offering customers help that went beyond the confines of the written rules.

Canny retailers are now taking advantage of the opportunities that the online channel offers to improve customer service while reducing costs. For example, multichannel strategist eGain is working with Argos to reduce the cost of engineer call outs by creating a troubleshooting resource available both to call centre agents and customers online. eGain, whose clients also include Net-a-Porter and the Arcadia group, says such strategies can save money that can be redirected to offer excellent service to recognised selected groups of customers. For example, contact centre agents monitoring the website might see where high-value customers are having trouble making a purchase and open a dialogue box in the customer's screen to give advice in a one-to-one chat session. Another option is cobrowsing, where a

contact centre agent shares control of the computer screen to lead the customer through the transaction, though confidential information such as credit card details would stay hidden from the agent. But equally, the information sources that lie behind these interactions can be used to provide automated advice delivered through a virtual assistant or avatar.

**LISTENING AS WELL AS TALKING**

Innovative retailers are now starting to take the next logical step by initiating direct conversations with the customer through social media. Luke Regan, head of social media at digital marketing agency Latitude, points to T-shirt company Threadless which talks to its customers through MySpace and Twitter, and asks customers to vote for the designs that it makes, thus ensuring a pipeline of interest and advance orders for its latest offering.





Using social media may seem daunting, but, says Regan, it's just another form of communication. Its real life equivalent might be a conversation in the pub, or a call to customer service. But social media tools allow retailers and brands to harness the power of those interactions. Twitter, for example, could be a sales promotion tool, delivering messages on the latest discounts, while by monitoring specialist forums, companies can find out what the issues are with their products – and can then respond.

Regan says: "I think it will become routine that if you post a message on a forum or on Twitter, it become an expectation that your company will have a service to answer that.

"It will become more commonplace. If you don't respond it will become increasingly as if you don't care about your customers."

**MEASURING THE EFFECT**

So once you've invested in talking to your customers, how do you measure the effect you are having? Technology means that everything can be counted and analysed – from the fluctuations of site traffic to the number of comments on a corporate blog post. Webtrends is one of a number of companies that has developed user-friendly analysis tools. At-a-glance dashboard displays analyse website activity against key performance indicators, and marketers can use the system to see what effect individual campaigns are having.

Webtrends' Colette Wade, director of marketing for EMEA and Australasia, says most consumers will use a variety of channels when they are making a purchase – and it's important for marketers to know how that sale happened in order to understand the customer's behaviour. Retailers might ask a customer, as they make an online purchase, whether they've been to their high street shop recently, for example. By measuring where sales take place, marketers can then look to influence the place where the sale takes place. That might be, says Ward, by emailing to offer a discount in store. Other options include web-only offers or discount voucher codes.

**LESSONS FOR THE HIGH STREET**

But the key challenge now, is not so much to track the role the store has played in the online sale, but to develop better ways of including other channels in instore sales. For while retailers can have a very detailed picture of who their customers are online and through call centre interactions, they have relatively little idea who their customers are when it comes to the high street shop.

That person walking in the door could be a long-term customer – or a first-time visitor. But getting to know them is as vital instore as online. So how do you do it?

K3's Stephenson points to some very practical point-of-sale methods, from having a loyalty card to be swiped or asking if the customer receives the catalogue and looking up their postcode and details to add the record of the instore purchase to the multichannel customer record. This is a challenge, he says, that is peculiar to the bricks and mortar retailer: after all customers expect to give up their identity online, in order to make a purchase, while call centres immediately identify individuals by asking for their postcode or account number.

**The art of conversation: what the experts say**

**Getting to know your online customer**

"In lots of ways people think about the online space as being impersonal and anonymous, but it has the possibility to be more personal, more so than a supermarket."

*Malcolm Duckett, VP, marketing and operations, Speed Trap.*



**Putting the personal into customer service**

"If you go into any one of the retailer's physical sites, regardless of who you are you can talk to a physical representative of the retailer and have any question answered. You can put that information on the website at no extra cost."

*Ian Rawlings, eGain's Northern European sales manager*

**Listening as well as talking**

"You can see social media as a threat or an opportunity – and the difference between the two is understanding there is no hiding place really in the connected world we are in now. If you have that idea of excellent customer service and product then there is no downside to social media."



*Luke Regan, head of social media, Latitude*

**Lessons for the high street**

"People are still invisible until they convert. Online you give up your anonymity for something; you're telling the retailer who you are and that allows them to engage you in a conversation. That is when the relationship really begins. It's all about understanding who you are and what the retailer can do for you."

*Colette Wade, Webtrends' director of marketing, EMEA and Australasia*

**Joining up the channels**

"The challenge for retailers is very much about how we join up those different channels and provide a coherent single experience of your brand. If you make it convenient for the customer to buy in the way that suits them when they want to buy from you, it is remarkable to see how much the average spend will go up."



*Nigel Stephenson, marketing manager, K3*

**CHALLENGES FOR THE FUTURE**

Getting to know your customer is key to building a long-term fruitful relationship with them. But where will the limits be?

While there's great potential for the growth of social media, it seems that the issue of identity is one we'll have to get to grips with. One growing area is in online forums. But here, most users have developed separate identities from the 'real' identity that has a credit card number and makes payments. Will those two identities converge in time? Will individuals be willing to forgo their online privacy in their relationship with retailers in order to get discounts or loyalty points?

The answer is not yet clear – but if the changes that we've already seen are anything to go by, there could be plenty of surprises ahead. ■