Retail Marketing: Get Started on Creating Great Customer Experiences with Journey Strategies

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Executive Summary

Developing a customer journey strategy is an emerging – and critical – component of <u>customer</u> <u>experience management</u> (CEM) initiatives.¹ For this reason, marketing leaders must understand customer journey strategies, their benefits, and how best to use them to transform or fundamentally improve customer experiences in retail.

But first, what is a retail customer journey strategy? Digital Clarity Group (DCG) defines it as follows:

The enterprise's business technology plan to engage and delight customers by supporting all touchpoints that span awareness, e-commerce, store operations, digital marketing, and service, and by integrating the multiple devices, interaction channels, and application silos that support those customer touchpoints.

Customer journeys are highly strategic and – in a world where the customer truly is king – understanding them can literally make or break the future success of any retailer. The purpose of a journey strategy is to understand and provide what customers truly want as opposed to guessing or assuming what they need. This includes identifying the customer's first potential touch through engagement in customer-centric shopper journeys and the back-office processes that support those activities, and then using these touchpoints or points of interaction to plan and maintain a high-value, long-term customer relationship.

Retailers develop customer journey strategies to understand what experiences the shopper has with the brand, encompassing its products, stores, e-commerce operations, and back-office processes, from the very beginning through the entire cycle of interactions. In a customer-driven world, it is critical to understand the moments of truth – the point(s) at which a customer decides to engage, continue engaging, or stop engaging – not only for a single interaction but also through every interaction. Finding and understanding the moments of truth throughout the journey provides crucial intelligence for crafting great customer experiences.

Retailers that embark on journey strategies and develop journey maps graphically depicting the ups and downs that customers currently experience are well positioned to win the ongoing, neverending race to delight customers. Brands that stand back and wait will only have themselves to blame when customers abandon them and turn to competing brands that delight them at all touchpoints throughout the full spectrum of their interactions. The message to the C-suite? Make sure your organization has a customer journey strategy in place and is proactively enabling journeys that delight the customer, support crucial moments of truth, and, ultimately, span all touchpoints.

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Focus Journey Strategies on Speed, High-Value Interactions, and Analytics

Brands that successfully adopt customer journeys as part of their overall business strategy often succeed in growing their customer bases, increasing revenues, and improving business results – due largely to greater insights gained through the journey-mapping process. This is particularly true in the direct-to-consumer (D2C) space, as manufacturers new to customer journeys learn how to move beyond an online market presence for consumers and into these arenas:

- Offering e-commerce via multiple channels
- Establishing customer service centers to handle calls, chats, email messages, and other channels
- Potentially, creating operations for handling customer returns or repairs

Without a clear understanding of the actions, touchpoints, and emotions throughout the consumer's journey, manufacturers could be unmoored as they move into D2C.² By focusing on the customer journey, companies can make simple adjustments that have big payoffs. For example, matching the customer's response to an email campaign with the customer's buying behavior and preferences helps the seller learn which channels the customer prefers so it can target those channels in future interactions.

Successes and tactics like these have catapulted the delivery of a great customer experience into the boardroom, where the C-suite routinely discusses topics such as customer journey strategies and incorporates them into the organization's strategic focus. As a result, four critical customer journey trends have emerged in retail organizations over the last 12 months:

- 1. Using high-performance journey teams to quickly develop a holistic journey strategy that grows the business. Organizations with successful journey strategies also have high-performance marketing teams capable of adopting journey strategies, integrating them with the overall business strategy, and doing so quickly (in light of intense competition). As Harvard Business Review points out, companies are now creating journey product managers as "the journey's economic and creative stewards. They have ultimate accountability for its business performance, managing it as they would any product."³ Trying to create a holistic journey strategy without these resources in place is time-consuming and doesn't leverage internal assets effectively.
- 2. Recognizing that focusing on high-value customer interactions does not require exclusively focusing on high-net-worth consumers. Instead, retailers are prioritizing the points of interaction that are of highest value to any buyer engaging with their brand, stores, customer service centers, or websites. These touchpoints could involve providing a single right answer to a search query, a fast response to a problem already logged, or web chat support during a commerce transaction. Prioritizing these high-value touchpoints for all customers not just high-net-worth clientele ensures that organizational effort is spent in the right place.

- 3. Integrating customer journeys with extensive analytics and predictive intelligence to determine the next best action. Companies use analytics throughout marketing for many reasons, including measuring attribution across channels, identifying costly bottlenecks that don't provide value to consumers, surfacing highvalue orders that might otherwise have been missed, and determining media impact across channels. By using analytics data and predictive analytics, retailers can identify the best media for promoting products, streamline the customer journey while adding value for the customer, identify areas potentially at risk for fraud, and make real-time decisions throughout the customer's journey. A number of forward-thinking retailers are combining insights from customer journeys with predictive analytics and machine learning to identify the next best action to propose to the customer. The next best action could, for example, drive the e-commerce system to automatically present a specific screen to the shopper, or pose a specific suggestion or recommendation to the consumer that has the most likely chance of a successful outcome. Additionally, next best actions can determine which part of a script the customer service rep should say, and when, in a conversation with the consumer.
- 4. Using omnichannel and back-end integration to support a single view of the customer across channels. Companies are increasingly integrating back-end business systems for internal uses, a possibility even with customer touchpoints, so as to provide a single view of the customer across all channels (including social media and email and other marketing campaigns), all working off an integrated source of information. These in turn support integrated marketing strategies, which are centrally coordinated across all channels, products, and services of the organization. Although it is still early and this type of integration is challenging, organizations are increasingly focused on realignment and moving across organizational, application, and information silos. Also, advanced thinkers who focus on operational excellence for internal processes are beginning to work with journey teams to investigate integrating journey strategies with transformed business processes and how to marry journey mapping with process mapping.

Journey Mapping Is an Important Tool for Visualizing and Communicating the Customer Journey Strategy

Organizations use journey-mapping methods and software to visually depict customer touchpoints, providing a useful tool in developing the customer journey strategy. A customer journey map is a diagram showing the stages of customer engagement with an organization across the channels associated with every service or product. The only way to develop an accurate picture is to base it on accurate data. Many visualization tools can display customer experience dimensions including sentiment, touchpoints, goals, experiences, and successes.

Importantly, companies must consider two perspectives while developing the journey map: the customer's perspective on the organization, and the organization's perspective on the customer. Using both perspectives, project teams should work to achieve these goals:

- experiences. When identifying the experiences across all touchpoints from the customer's perspective, it's important not only to replicate great interactions but also to understand obstacles customers encounter that result in poor interactions. A seemingly small obstacle such as not easily finding the "Checkout" link on a website could result in significant revenue losses.
- Understand how customer experiences align with organizational structures, channels, and metrics. If an internal 48-hour turnaround departmental service metric has been agreed but the customer expects same-business-day service, then the journey map should show the misalignment.
- Go beyond customer interactions to include all systems, processes, and support staff involved in customer interactions.

 Realistically, organizations will need several journey maps to encompass the different scenarios and paths that customers may take to engage with them. A single map will seldom convey the whole picture.

Mapping all of the customer interactions from cradle to grave might be possible and useful but it is a mistake to then try to fix (or even pay attention to) every one of them. Organizations must also realize that customer journey maps can depict scenarios ranging from a simple series of customer interactions to buy a product or service, to more complex, comprehensive diagrams of the entire customer journey across the customer's lifetime – spanning all parts of the organization that serve the customer. Project teams must take two important precautions:

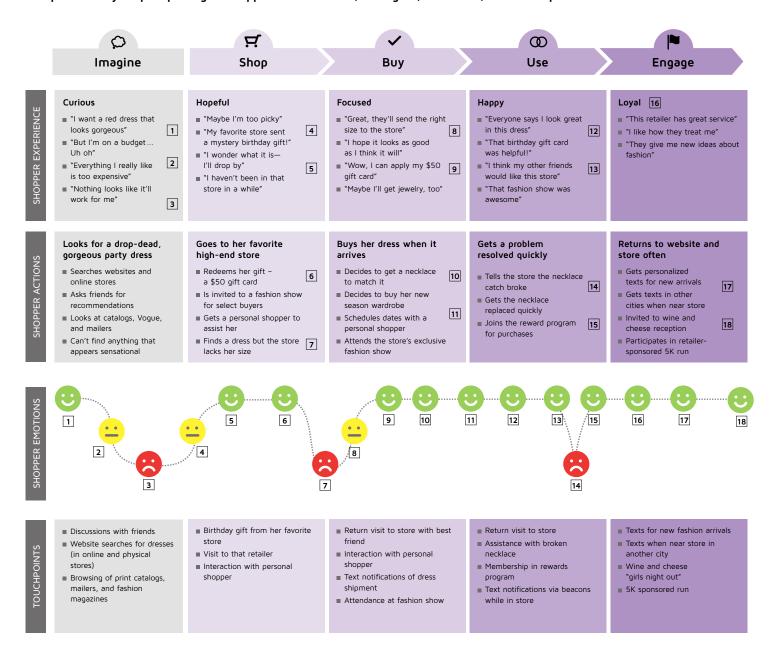
interaction. Organizations need to differentiate between the complete customer lifecycle and a relatively small number of high-value customer journeys. Developing the journey strategy is paramount for identifying a limited number of journeys that highly influence both customer satisfaction and value (revenue) for the organization. Mapping all of the customer interactions from cradle to grave might be possible and useful but it is a mistake to then try to fix (or even pay attention to) every one of them.

■ Align customer experience teams' efforts
with the journey strategy so they won't
become overwhelmed or go off-course. If the
customer journey strategy has a wide scope,
then journey maps should be broken down into
specific products/services, specific channels,
and specific parts of the organization or
implementation phases.⁴

Figure 1 provides a simple example of a customer journey map that identifies the stages in the shopper's journey, the retail channels used, the customer interactions, and the customer's thoughts. Brands can use these journey maps to discover roadblocks, identify customer frustration points throughout the journey, and determine steps that can and should be improved.

Developing a journey strategy will allow organizations to map out all of the interactions in the customer journey lifecycle and identify a limited number of journeys that highly influence both customer satisfaction and value (revenue) for the organization.

Figure 1
Sample Journey Map Depicting A Shopper's Interactions, Thoughts, Emotions, and Touchpoints



Be Prepared: CMOs Will Encounter Challenges with Journey Strategies

Journey strategies provide significant value to organizations that are focused on delivering exceptional customer experiences, bringing journey mapping to the forefront as an important tool in the CEM program. However, retail CMOs will encounter several challenges as their organizations move to develop their journey strategies and build out their maps:

- Customers want to control how an organization engages with them. As a result, marketers need to shift their approach from campaigns that typically run over fixed time periods and fixed channels to more flexible solutions that can operate in customer time in the channel where the customer finds herself. The cross-channel benefits that can be achieved - by combining mobile locationbased campaigns with e-mail campaigns, for example - far outweigh the benefits of singlechannel, fixed-time campaigns.⁵ Applying a journey-mapping approach will help to identify the cross-channel touchpoints.
- Marketing campaign effectiveness can be very poor if it is ad hoc and not based on customer-provided data. In the rush to do something quickly, and given the heavy emphasis on big data, CMOs may lose sight of the relevant customer intelligence already at their disposal. Sometimes, collecting more data is not necessarily better; sometimes,

using what you've already got is expeditous, cost-effective, and very helpful. Unfortunately, companies often ignore small data opportunities in an attempt to focus on big bang, big data implementations. Successful CMOs start with the right data, which in many cases they already own, before trying to focus on collecting big data. They do this by focusing on accurate marketing analytics supported by predictive intelligence in order to get answers to the problems they seek to solve.

With the C-suite focus on CEM, it's easy to become overly fixated on digital.

Implicitly, the term "digital" refers to the sweeping changes brought about by digital computing and communication technology during (and after) the latter half of the 20th century - specifically, megatrends like the rampant growth of the web, cloud, mobile computing, social networks, e-commerce, and now cognitive computing. Today, digital has become business as usual for marketing. To significantly impact the customer experience, digital must be viewed as an integrated, holistic strategy and not as completely separate from the rest of marketing. CMOs must reduce the number of digital silos and build a shared journey strategy where digital is an integral part of the overall customer experience.

Unfortunately, companies often ignore small data opportunities in an attempt to focus on big data implementations.

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Journey Strategies Create Challenges by Attempting to Span Business Silos

Organizations must be able to serve customers and prospects across all channels and virtually any device, creating personalized omnichannel customer experiences across all business units. This approach requires a mature journey strategy, a high degree of knowledge and experience, and a serious amount of fortitude. Due to the many available customer touchpoints, or points of interaction (POIs), customer journeys are no longer linear. A customer can perform a web search on a product, visit a store for a demonstration, watch a YouTube video about the solution, and buy the product online almost in parallel - or with the time required significantly collapsed. No matter how much organizations want customers to behave and follow the journey laid out for them, customer interactions are no longer black and white, sequential, or as tidy as traditional funnels. Realistically, organizations must embrace the complicated, cyclical, and often quirky nature of a customer's interactions with their stores, call centers, and e-commerce sites.

Marketing leads most customer experience initiatives (although customer experience executives and other newly titled individuals are also making headway), yet many of the interactions a customer has with an organization's products and services are beyond the CMO's control. Typically, marketing must convince various functional silos (e.g., store operations, e-commerce, and IT) within the organization to work together and buy into the journey strategy, particularly given that the journey-mapping process could reduce duplication in multiple customer experience projects.

Figure 2 punctuates the importance of aligning external, customer touchpoints (<u>outside-in</u>) with internal processes that support those customer

Figure 2
How the Customer Journey and Internal Functions Work Together



interactions (inside-out). Without gaining the support of business function leaders, such as the VP of store operations or VP of e-commerce, it will be hard for the CMO or other customer experience leader to truly implement the customer journey strategy. By leading or collaborating in the effort to create cross-functional silos that support customer POIs, marketing can also identify opportunities to integrate customer data throughout the organization (i.e., information that is outside marketing's purview) to get a better view of what drives customer behavior during the buying, servicing, and support journeys.

Whenever possible, the CMO should collaborate with other functional executives to identify internal processes that align directly with customer interactions, and seek to implement cross-functional, customer-centric processes that integrate the organization's silos into a holistic customer journey. This is a tall order and well beyond the reach of any CMO without extensive collaboration and leadership across the C-suite.

Start by Following Best Practices

Attempting to focus on every single customer touchpoint is an impossible and fruitless task; instead, journey teams should concentrate their efforts on identifying the highest-value touchpoints and making sure these interactions provide great customer experiences across the journey. Below are key best practices to observe when starting to build a customer journey strategy and a supporting journey-mapping practice:

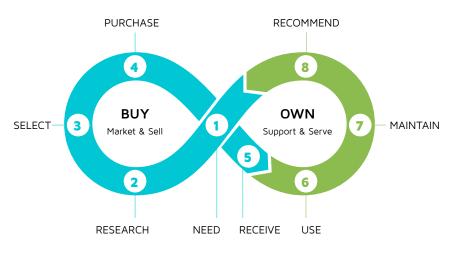
Know where the customer is in the journey.

With the customer in control, it's vital that the organization listen to what he or she is saying about wants, needs, expectations, and preferences. Listen for those cues, and understand where every customer is in his journey with your organization. Focus on the moments of truth that matter for customers when they engage with your organization during their journey, and make it easy for each consumer to move to the most relevant journey.

Consolidate your customer data to better understand who and what customers seek.

Specifically, use your data about where the customer is in her engagement with your organization to map her actions to your internal processes and services. (See Figure 3.) If the customer is at the research stage (#2 in Figure 3), offer products that move her to the select and purchase stages (#3 and #4), where she will make a decision and then buy. These lifecycle stages can be further broken down through journey mapping to document the enterprise's processes for engaging with customers.

Figure 3 **Customer Lifecycle Management**



- of the channel. Building the complete customer journey while using organizational, application, and information silos is fraught with risk. That's because each functional group supporting the POIs in the journey may have developed very different ways of supporting customers. The user interfaces may vary widely, making the customer's journey between touchpoints a jarring experience. Or, customer-provided data may not be persistent across touchpoints, requiring the customer to repeatedly provide the same information to a customer service representative or on the website.
- Include all channels and every area of the business with the highest value for customers. This means utilizing everything at your disposal, including emails, SMS messages, push notifications, digital and traditional ads, web experience, in-store, store

associates, traditional and mobile apps – as well as emerging channels like the internet of things – to reach customers on all digital channels. Then build interactions that extend beyond marketing to every area of the business that aligns with the customer experience.

- Don't overanalyze when implementing the journey. Once all the planning has been done and it's time to implement, don't overanalyze. For example, don't waste time creating beautiful diagrams or spend endless hours trying to create the perfect journey. Developing a journey strategy requires an evolutionary, phased approach, best done by automating processes and interactions to move at the customer's speed. Use an automation tool to engage customers at scale, as handcrafted one-on-one relationships are cost-prohibitive and not really possible today. Develop logical decision trees that allow the shopper to move through different paths based on his or her behavior and preferences. As shoppers interact with the organization during the journey, they should be automatically routed down paths that best fit their behaviors, requirements, and expectations.
- Re-evaluate the highest-value POIs frequently and focus on updating them.
 Build logic into interactions that automatically
 - Build logic into interactions that automatically move customers down different paths based on how they engage with a message or based

- on attributes in their customer profile, like title or geography. Test different types of channels and different messages to see which perform the best. Develop a "crawl, walk, run" strategy. Your first customer journey may be as simple as a series of three emails. Then, once engaged with the customer, the project team can add additional communications across an increasing number of channels depending on customer behavior and products and services consumed.
- Measure and adapt the journey using analytics and metrics. Analyze every interaction to offer the best experience possible by examining metrics for what is and isn't working. Continually assess where bad experiences are creating problems, and design a more positive experience. Use journey analytics to help evaluate customer engagements across all channels. Set goals for every interaction and continually monitor how customers perform against these goals. Modify interactions where necessary to better meet customer needs. Companies with customers who are more satisfied deliver measurable results; these customers spend more money, are more willing to recommend the brand, and are less likely to churn.

Develop journey maps that allow functional executives and key customer experience management leaders to visualize all customer touchpoints and channels that have the highest value for the customer.

Case Study: Rack Room Shoes' Customer Journey in Support of Digital Transformation

Rack Room Shoes is a major retailer that provides high quality shoes at an affordable price. Two years ago, the company embarked on a digital transformation initiative, which encompasses the following: CRM analytics; customer journey mapping; omnichannel; email, social media, texting, and mobile channels; and artificial intelligence – all to drive better customer communications. The catalyst was a branding focus to increase customer lifetime value. And while customer journey mapping is core to the firm's transformation strategy, the CRM and marketing teams were first required to build a robust customer database before engaging in customer journey strategies.

According to the CRM manager, "in retail, discounts are always part of the strategy," and rewards clearly drive increased revenue for Rack Room Shoes. For example, customers redeeming a \$10 birthday reward spend, on average, \$42 more than customers that do not redeem their rewards. Over the lifetime of a customer, individuals using rewards spend significantly more with the stores than those who do not participate in the program. As a result, the firm has learned through customer journey mapping how to communicate best with customers regarding discounts and rewards, and what to avoid. In the past, the company sent six e-mails to customers who signed up for rewards; since then they have learned that fewer emails make a better number of touchpoints. At the same time, the retailer thinks customers may also respond favorably to a "surprise and delight" strategy. The firm plans to pilot-test either offering unexpected gifts with no customer commitment required, or recognizing "customers of the year."

Two teams have been created to drive the company's strategy forward for increased customer lifetime value: 1) the CRM analytics team, which looks at strategy, and 2) the deployment team, which focuses on building and developing solutions. The CRM analytics team has focused on these areas:

- Developing a strong rewards program that entices customers to buy more while also creating greater customer loyalty.
 - This rewards program drives all customer communications and customer journeys, including how the retailer communicates every offering to its customers. For example, when customers enroll in the rewards program (which provides a \$15 reward for each \$200 spent), they start receiving messages and additional rewards, depending upon their shopping patterns.
- who join the rewards program. A first touchpoint occurs with every customer at the point of sale, by asking if the shopper would like to join the rewards program. Once a shopper enrolls and earns a reward, Rack Room Shoes sends three separate touchpoint reminders over a 60-day period encouraging the customer to spend the reward. Feedback has shown that customers value this level of follow-up because it helps them remember to cash in their rewards.
- Using social, SMS, and email channels to communicate with customers based on their preferences. While supporting several channels, Rack Room Shoes has learned that Facebook offers several advantages.

Specifically, the company finds that Facebook is a better channel for re-engaging disengaged customers, and it is an easier channel to use than email for customers who are already engaged with the firm. As a result, Rack Room Shoes is currently exploring dynamic messaging via Facebook to communicate about birthday rewards and/or to contact frequent shoppers. The retailer is also adding a fourth channel using mobile apps, based on what it has learned through customer journey mapping.

- shoppers. Customers with high rewards get higher priority for call center routing whenever they call the retailer's contact center, simply by moving to the top of the queue. Only about 5% of customers call (usually about a shipping and e-commerce order), but they are usually high value customers and are treated as such.
- Enlisting artificial intelligence with learning algorithms to help guide communications with customers. The results from testing AI have been encouraging. During a recent two-month period, Rack Room Shoes saw a revenue lift, a 120% increase in the open rate for communications, and an 80% increase in the customer click rate.

One of the key lessons learned from Rack Room Shoes' customer strategy is the basic requirement for patience. The team has learned these lessons:

- notes, "If you want to influence behavior, you need to understand the customer's current journey, and that requires customer data." He emphasizes that patience is essential because effective journey mapping requires about two years of data collection. As he points out, "the last thing you want to do is give discounts for the wrong thing. [Retailers] must use data to compare the before and after."
- Statistics about purchases are crucial.
 - Flying blind without purchasing data means the project team will not know what impact customer journeys will make. For example, the retailer needs to know why the customer makes the first, second, and third purchases in order to understand how to move the customer from one purchase to another.
- Content creation is a big challenge. Retailers need a lot of content for the customer journey strategy to pay off. And the content must be tailored to the channels and the company's omnichannel strategy. Essentially, the website experience and other channels must match the rewards experience.

If you want to influence behavior, you need to understand the customer's current journey, and that requires customer data.

Build Awareness, Use Data, and Focus on Results to Achieve Success

Customer journey strategies and journey mapping are essential aspects of CEM and digital transformation initiatives. Gaining mastery of journey strategy is essential for marketing and customer experience teams. When initiating a journey strategy, follow these steps to obtain the greatest benefit from using journey maps:

- 1. Consolidate customer information. Instead of looking at just part of a transaction or experience, use the customer journey tool to document the full end-to-end customer experience, while also collecting comprehensive customer data and information for customer journey decision-making.
- 2. Educate senior executives. Many C-suite executives are unaware of or do not understand how to develop a journey strategy. Develop a plan for educating senior executives, and even board members, in CEM and the need for a journey strategy before selecting any tools or technologies. Proactively collect customer feedback through a formalized voice of the customer program that provides alerts from customer services and sentiment in social channels.

3. Use journey maps as a communication and collaboration tool. Journey maps are more than attractive diagrams; they provide valuable data and also offer an effective way to communicate throughout the organization about how customer journeys currently work and how they should work. Don't get sidetracked by visualization aesthetics but instead focus on gaining insights and reaching consensus while communicating across the organization. This includes focusing on the customer data gathered through the journey and making sure it is accurate, actionable, and high-impact.

The art of a successful journey strategy is understanding how to put the customer at the center of everything. The customer journeys for an organization's brands are in the customers' control, not the company's. Remember at all times that customers have the power to decide 1) how they want to interact with your organization, 2) what they want to engage you for, 3) which channel they want to engage in, and 4) what time they want to engage.

Organizations that are successful in using journey strategies have high-performance marketing teams that have adopted a customer journey strategy as part of their overall business strategy.

Endnotes

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