Customer Engagement: A New Take on Loyalty

Introduction: More times than not, <u>customer engagement</u> is a concept directly intertwined with customer loyalty. When consumers feel engaged with a particular brand, they become more likely to return to that brand time and time again. Force of habit is a powerful agent. The competitive field of retail necessitates a relationship with the consumer that keeps them returning to your business and not hopping over to your competitors. Fortunately, with the right tools and strategic insights, retailers can focus their marketing investments on high potential customer segments and can better inform decision-making in the critical areas of merchandising and operations.

Say goodbye to the notion that retailers should only reward customers for the purchases they make. Technology and social media are in a constant state of flux, so retailers should get ahead of this trend and seek opportunities to recognize and reward their customers for demonstrating brand advocacy beyond the purchase.

Not Just Points, Not Just for Purchases

Loyalty programs in many forms have been at the core of retail strategy for a long time and for a good reason, but an evolving retail landscape has revealed a broader definition of loyalty that needs to include 'engagement.' Say goodbye to the notion that retailers should only reward customers for the purchases they make. Technology and social media are in a constant state of flux, so retailers should get ahead of this trend and seek opportunities to recognize and reward their customers for demonstrating brand advocacy beyond the purchase.

Engagement Loyalty

Retailers can reward habits that will support their businesses by building **engagement loyalty beyond purchasing**. For example, if a customer watches a video on a retailer's website or checks in on social media from an open retail location, they can reward them with points. Or, better yet, reward them with a gift or high-value coupon. This strategy is built for modern, omnichannel brands and is highly adaptable for the fast-changing current environment. Consider the opportunity for a vertically integrated retailer to reward its customers purchasing outside of its retail channel. By integrating with the cameras on mobile devices, the customer could image third party receipts where branded items were purchased and earn loyalty rewards. A genuine **omnichannel loyalty program** of this sort offers brands the flexibility they need to keep customers engaged, even if or when some or all of its stores are closed.

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"As the consumer continues to evolve, our business must follow and innovate. With Oracle Retail, our physical and digital locations can now operate as part of a network to better serve our customer with unified stock management and unified shopping experiences across channels. Customers are empowered to engage with our brand as they choose," said Hans Hoegstedt, CEO of Miroglio Fashion.

Read more: Miroglio Fashion Deploys Oracle Retail Omnichannel Solutions in 7 Months

Entitlement Awards

Modern retailers are also taking classic strategies like **entitlement awards** to the next level by integrating them into their retail customer relationship management (CRM) systems. These awards are specifically designed to make customers feel appreciated and engrained in the fabric of a company and build on the classic premise of rewarding customers for spending money with them at pre-defined milestones. This policy is simple enough to enact; for example, when a customer spends a certain amount of money, that can trigger an offer such as BOGO. This behavior encourages customers to spend money, resulting in a reward that makes them feel valued. However, retailers don't need to feel boxed in by the idea that customers must spend money to receive entitlement awards—they can also reward them for merely being part of their loyalty program. A great example of this concept is the birthday gift; drawing on customer profile data, a retailer's integrated customer loyalty solution can automatically add a reward to each active loyalty member's account during their birthday month. These procedures encourage loyal customers to spend more money, and they also drive new customers to try retailers' products thanks to this added incentive.

Three Metrics for Success

Today's marketing efforts are deeply rooted in measurement, and loyalty is no exception. By assigning consumers data-driven scores based on their past behaviors, retail marketers can ground their loyalty programs in fact and prove return on investment. Part of a 'Next Practice' strategy, retailers are increasingly leveraging AI and machine learning technology to refine key success metrics:

1. **Projected Next Purchase Date:** Through this metric, retailers can look at the customer's purchase history and analyze their purchase patterns to identify the most likely date to make a particular purchase. In the simplest form, if a customer purchased on January 1, February 1, and March 1, the retailer could reasonably assume they will return on April 1. This enables retailers to guide their marketing initiatives around this projected next purchase date. So, if April 1 is approaching, they can send a friendly reminder letting the customer know they look forward to seeing them soon. Perhaps more importantly, if April 1 passes and the customer hasn't stopped in or placed an online order, the retailer can tailor a strategy that identifies the problem that kept them away and develops a solution to bring them back.

2. **Engagement Score:** A consumer's engagement score combines a wide variety of individual measurements, culminating in a core, identifiable score. This score looks at consumer activities such as frequency and quantity of purchases, loyalty program memberships, online purchases, and more to assign a rating of how engaged they are with a particular brand. However, retailers arrive at this score; it distills a myriad of factors down to a single, actionable metric that can guide their next steps with the customer.

3. **Customer Lifetime Value:** This score looks at a view of the past to inform the future. While this value maintains a level of similarity to the engagement score, it differs by predicting how a customer's past value translates to future value. Using previous data, a retailer can predict a customer's purchase trajectory (e.g., their lifetime value) and future engagement opportunities. They can then use this information to determine the options that will be the most effective to drive purchases with each specific consumer and how to increase their engagement scores. Examining the data that goes into this score allows the retailer to take a bottom-up approach, and then take the steps necessary to ensure that consumers are engaged.

While each analysis holds its unique value, they are deeply intertwined, allowing retailers to better understand their customers as individuals. Further, retailers with a unified retail data architecture spanning customer sales can cut out the legwork of calculating these critical metrics. Pulling sales data from a central database like a retail-specific CRM platform, a retailer can automatically determine and update these scores in real-time based on every purchase made. Taken a step further and with the proper dataflow, retailers could automatically account for engagements on social media or ecommerce visits in customer records, putting even more insight at marketers' fingertips.

Under the Hood of The Loyalty Engine

From the outside, building and maintaining customer loyalty may look like thoughtful shop keeping, but on the back end, there's a whole lot more that goes into engaging customers at scale. Take a look at the core features and functions that support a modern retail loyalty solution:
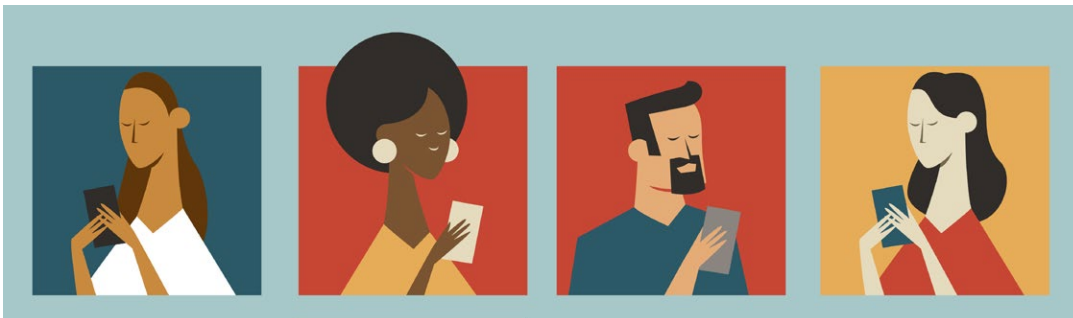
Extensible Customer Profiles: It's no secret that customer engagement starts with base-level customer attributes such as name and email address. Without this information, it is difficult to engage a customer. But why stop with the basics? Instead, when retailers gather information that will help them better serve their customers, they can easily personalize the data model in several different ways, then combine them to reach a target audience.

Think of "soccer moms"; there is not one specific trait that defines this group. Rather, several characteristics add up to make them who they are, each of which is important. In this particular instance, a retailer using Oracle Retail Customer Engagement could set rules to identify customers who are female, have children, and have previously purchased soccer equipment. Then they can use those rules to reach that specific audience by sending them deals that apply to their particular needs. Small snippets of data can quickly add up to create a comprehensive customer profile that will help the retailer in the long term.

Global fashion powerhouse Perry Ellis International upgraded from a six-year-old Customer Relationship Management System (CRM) to Oracle Retail Customer Engagement (ORCE) Cloud Services to create meaningful connections with its customers and deliver immediate gratification.

The Status Quo: The retailer was hindered by a heavily customized, legacy CRM system, and did not want to continue to develop its functionality in-house, on a case-by-case basis.

The Reason: The primary impetus for change at Perry Ellis International was the need for a nimble system that would keep them on pace with industry change. Also, the team found that a "built for retail" CRM solution was critical to this requirement.

The Results: Perry Ellis now has seamless integration across ORCE, ecommerce, POS, and customer service. ORCE enables a single, real-time, 360-view of their customers across all touchpoints. The clarity of data and the flexibility in adding different attributes helps marketing focus on actual marketing, not on trying to manage a system. The tool captures, analyzes, and organizes customer data. Perry Ellis can deliver a personalized shopping experience to its customers that is relevant and timely.

Read more: Perry Ellis International Drives Brand Loyalty

Segment Management: Building on these extensible customer profiles, retailers can better segment their target audiences. Once a segment is created, Oracle Retail Customer Engagement continually updates the segment's purchasing habits and metrics every time it runs. Think of this concept as the rings on a tree; with each purchase a customer within a segment makes, another 'ring' is added to the tree of information on that segment. A record is kept of these purchases, allowing the retailer to measure changes over time. This helps businesses understand whether target segments are declining or growing and how to engage them in a meaningful way that will affect the bottom line. Additionally, this practice brings value to retailers by identifying new segments as trends in customer habits emerge.

Enterprise-Wide Integration: Two heads are better than one, but only when they are working together. Instead of keeping data and insights siloed in separate POS and CRM systems, Oracle Retail Customer Engagement was designed to integrate seamlessly with Oracle Retail Xstore Point-of-Service. This integration offers retailers the opportunity to gather data about their customers that can come in handy long after an individual sale is made. It is fundamentally important to understand that with Xstore, the POS is not just a cash register. Instead, it is deeply intertwined with Customer Engagement to help retailers understand their customers' purchasing habits and drive loyalty. With these solutions, retailers can examine customers' previous routines, and optimize loyalty offers specifically for them, giving sales associates an extra tool at their disposal to ensure that customers receive the best possible service.

" **Office Depot Mexico has also leveraged Oracle Retail modules to improve the engagement and experience of its customers. By marrying the data from Oracle Retail ERP systems with the Oracle Retail Insights and Customer Engagement CRM applications, Office Depot Mexico seeks to gain a deeper understanding of each customer and be better able to engage them through relevant, timely offers and in-store interactions tailored to their unique needs, preferences, and consumption habits.** "

Read more in *Chain Store Age:*
Office Depot Mexico ties merchandising to customers

Office DEPOT.

Embedded Intelligence: Using advanced intelligence informed by retail science, Oracle Retail Customer Engagement enables retailers to implement strategic initiatives that drive predicted customer actions. This allows retailers to look at their customers from both the top-down and bottom-up, resulting in more opportunity to dissect trends and present them in an actionable manner. Oracle's technology analyzes consumers' past behavior to predict their future activities, then uses that analysis to support retailers in their initiatives to engage consumers better.

Data Integration with Interactive Marketing Tools: By nature, retailers want to sell, and marketing is a vital part of how they drive customers to make purchases. By understanding customer wants and needs, retailers can market

to their target audiences more effectively. More data makes marketing engines smarter and leads to more effective marketing programs that leverage a higher degree of personalization. Of course, just as xeroxing the same page again and again will result in a deteriorating image over time, recreating or reassembling segments, customer profiles, or raw data points only impedes the process. To solve this, Oracle Retail Customer Engagement seamlessly integrates with marketing platforms to put their data to work faster and more effectively.

Solution Core Components

Oracle Retail Customer Engagement Cloud Services is a suite of integrated cloud services designed to drive incremental revenue and profitability for today's retail enterprise. The modules in the suite empower the user to build customer loyalty, increase average spend, and encourage repeat purchases. Here's how:

Customer Management and Segmentation: Consolidate, cleanse, and organize siloed customer data, from contact information to purchase history across all channels. Mine the data, build strategic insight, and identify and exploit areas of opportunity.

Loyalty and Awards Management Cloud Service: Configure loyalty and stored-value program management capabilities to identify, reward, and retain loyal customers. Increase customers' lifetime value to help accelerate revenue growth.

Campaign and Deal Management: Leverage customer data to turn insights into targeted and personalized promotions that accelerate growth in revenue and profitability. Harness this valuable data to personalize communications and increase response rates.

Gift Cards Management: Unleash creativity with a flexible, scalable, and reliable gift-card solution. Whether traditional gift cards, electronic merchandise credits, or promotions are part of an engaging promotional strategy, this flexible platform supports the business requirements.

Nearly half of shoppers (48%) say it is important to get offers or discounts which are better than what anyone else can get based on their loyalty.

Read more: Setting the Bar: Global Customer Experience Trends

Conclusion

Customers today have more options and information than ever before. They're not only in the driver's seat but have taken the wheel, and if a retailer doesn't meet their expectations, they'll simply set a course elsewhere. As they pivot to meet customer demands, retailers must understand their consumers on a new level if they want to keep up. Fortunately, there are steps retailers can take to not only grasp and meet their customers' demands but also to engage them to drive loyalty in the long run, and these all begin with understanding the target market through data.

Retailers need the means to capture, organize, and analyze customer actions and information and the agility to target and reach them in real-time. Oracle Retail Customer Engagement presents a single, 360-degree view of customers in real-time for all touchpoints across the enterprise, empowers retailers to enable superior shopping experiences, and build customer loyalty.

Want to learn more...

Request a 1:1 Demo to see how you can personalize the customer experience.

For more information about Oracle Retail Customer Engagement Cloud Services, please visit **oracle.com/retail** or email **oneretailvoice_ww@oracle.com** to speak with an Oracle representative.

ORACLE

About Oracle Retail:

Oracle provides retailers with a complete, open, and integrated suite of business applications, server and storage solutions that are engineered to work together to optimize every aspect of their businesses. Twenty of the top 20 retailers worldwide — including fashion, hardlines, grocery, and specialty retailers — use Oracle solutions to drive performance, deliver critical insights and fuel growth across traditional, mobile and commerce channels. For more information, visit www.oracle.com/retail.

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