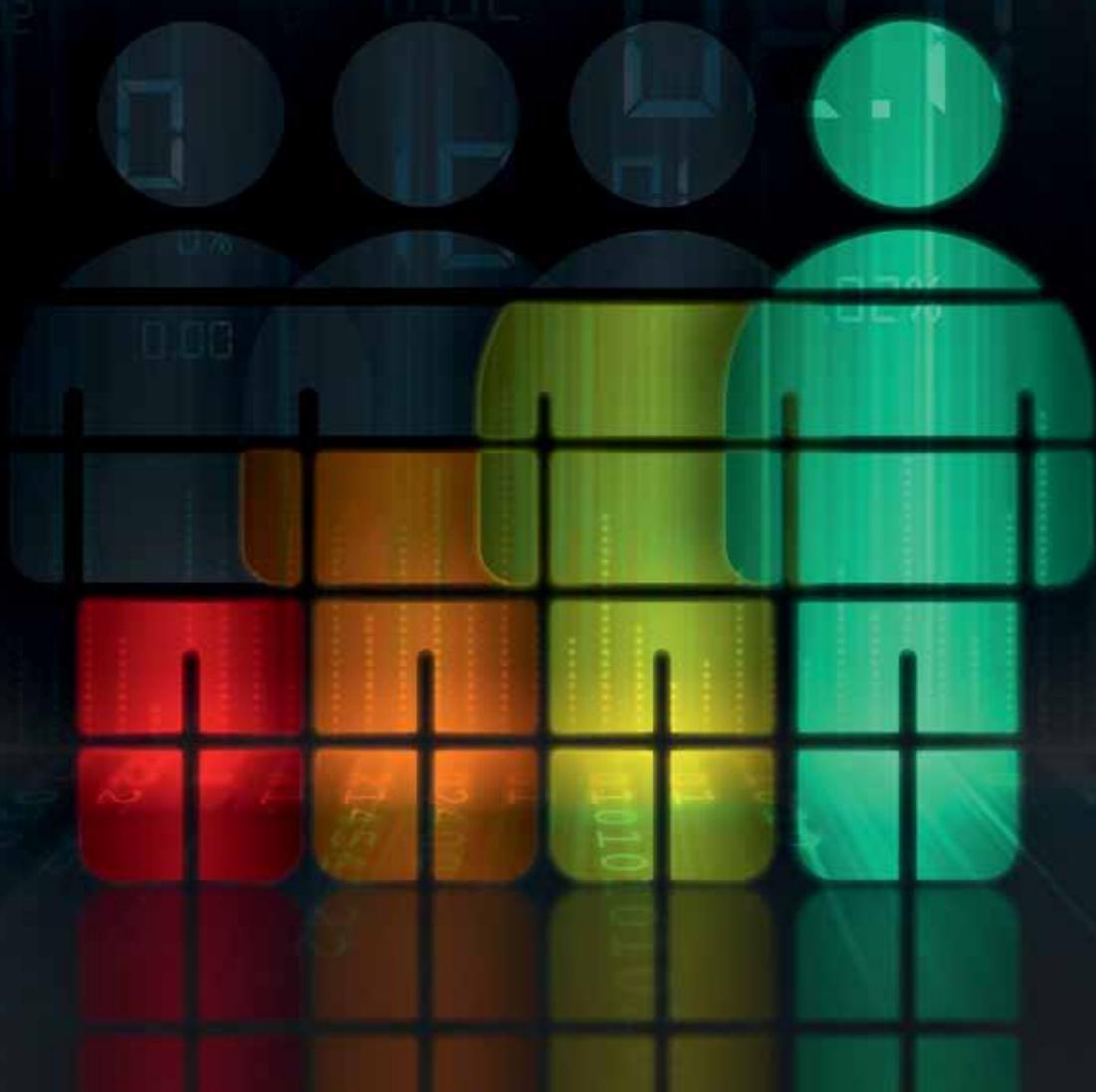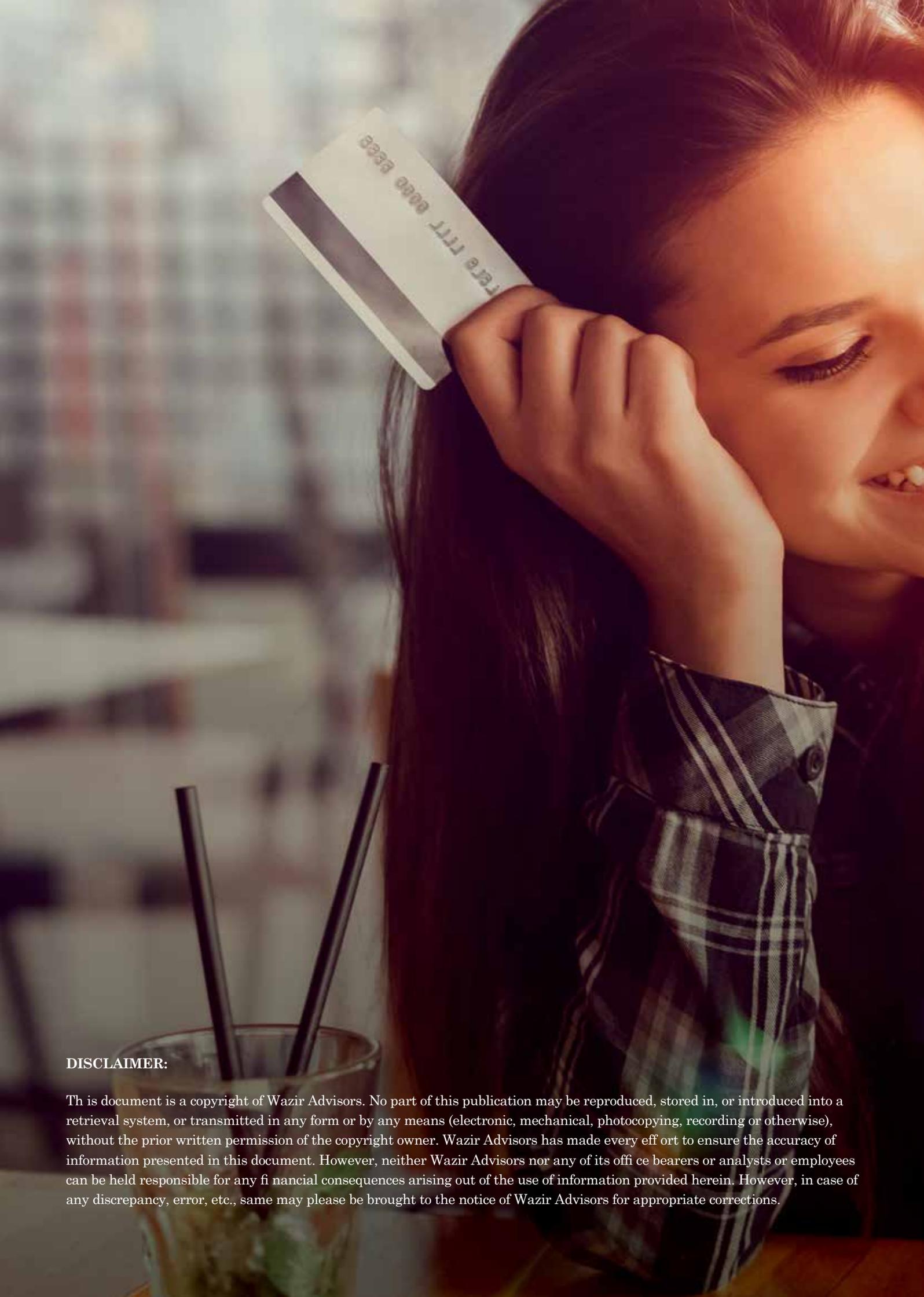# The Edge

by **WAZIR** ADVISORS **&** **CAPILLARY** OmniChannel Engagement & Commerce

Customer Potential Maximization (CPM)
Through Digital Transformation

Customer Potential Maximization (CPM) Through Digital Transformation

New customer acquisition costs are exponentially increasing and with the growth in retail market and entry of new players there is no plateauing in sight, at least in the near future. It is thus imperative that brands and retailers actively focus on and engage with existing customers to maximize revenue from them at a much lower cost than run after new customer acquisitions.

This requires reflecting upon current strategies with a renewed focus and fresh mindset.

From decades we have been hearing about how CRM programs have helped marquee brands and retailers create a loyal set of customers, who contribute a high percentage to their sales and for whom internal analytics shows exemplary results – high repeat rate, a much higher average bill size and other metrics. However, let us for this time concentrate not on the comparative metrics of how much more valuable these customers are vis. a vis. others, but on the potential lifetime spend of the customer and how much he or she is spending with a single brand or retailer. The results will surprise us how a single brand or retailer, even within the category it operates in, captures a very small share of the overall customer spend. Thus, there is much more potential in the customer than brands and retailers are able to seize and while it

may be fantasy to capture a hundred percent, the paranoid pursuit to reach there is really what is required in today's hyper competitive and hyper cluttered consumer markets.

Through this whitepaper, Wazir in collaboration with Capillary Technologies looks at how brands and retailers can leverage smart technology to maximize the potential of their current customer base and achieve an ROI far superior to other initiatives taken by them. The whitepaper looks at how brands and retailers can engage with customers at the most appropriate time, through the right channel and with the right message/ offer, whereby the communication is of value to the customers and not another piece of marketing noise. Digital transformation is opening new frontiers and making possible what earlier was only in the realms of fantasy, and it is now available to all at costs that are miniscule when compared to returns. This paper elaborates on how brands and retailers can maximize customer potential by going through a digital transformation and also presents a self-evaluation framework, where business owners can self-analyze, where they are on this curve of "Customer Potential Maximization" and if they would want to ride the same and achieve superlative results.

Retailing Is A Tough Business And Pennies Count

Except for a few brands and retailers globally, most are not making consistently high profits. The ROA (Return over Assets) or ROI (Return over Investment) may be good, but in terms of PAT(Profit After Tax), the peak of the bell curve will be around mid to high single digits, depending on the category. Specifically for India, where the market is still evolving, the scenario may still be more challenging because of the following reasons:

- High real estate costs, further expected to head north due to lack of quality supply driven by the recent dull performance of the real estate sector.

- Lower retail productivity- revenue per sq.ft.

- Compressed time frame for market development, whereby almost all channels are in a growth phase and trying to squeeze share from one another, as against the western markets where organized retail was quiet mature when online retail started.

- Skyrocketing costs of mass media, traditionally used by brands and retailers to capture consumer mindshare.

- Ever evolving young Indian consumer and his "influence group" that is rapidly changing. What is relevant today, becomes irrelevant tomorrow and hence the need to continuously upgrade and adapt. Further, the consumer has evolved and now demands anytime, anywhere retailing. This adds a new challenge to brands and retailers.

In the above reality, it is but vital for brands and retailers to get more out of their current assets, than to look for new ones - more out of the same stores than opening new doors; more of the current customer than look for new ones, and so on. The good news is that there is a new force in the form of technology that is now available and affordable to be deployed to assist brands and

retailers in their efforts.

Understanding Customer Lifecycle And Potential Maximization Through Digital Transformation

Customer lifecycle/journey with the brand or retailer essentially consists of 4 key stages, as shown below, with each stage further broken into various sub-stages, as detailed later:
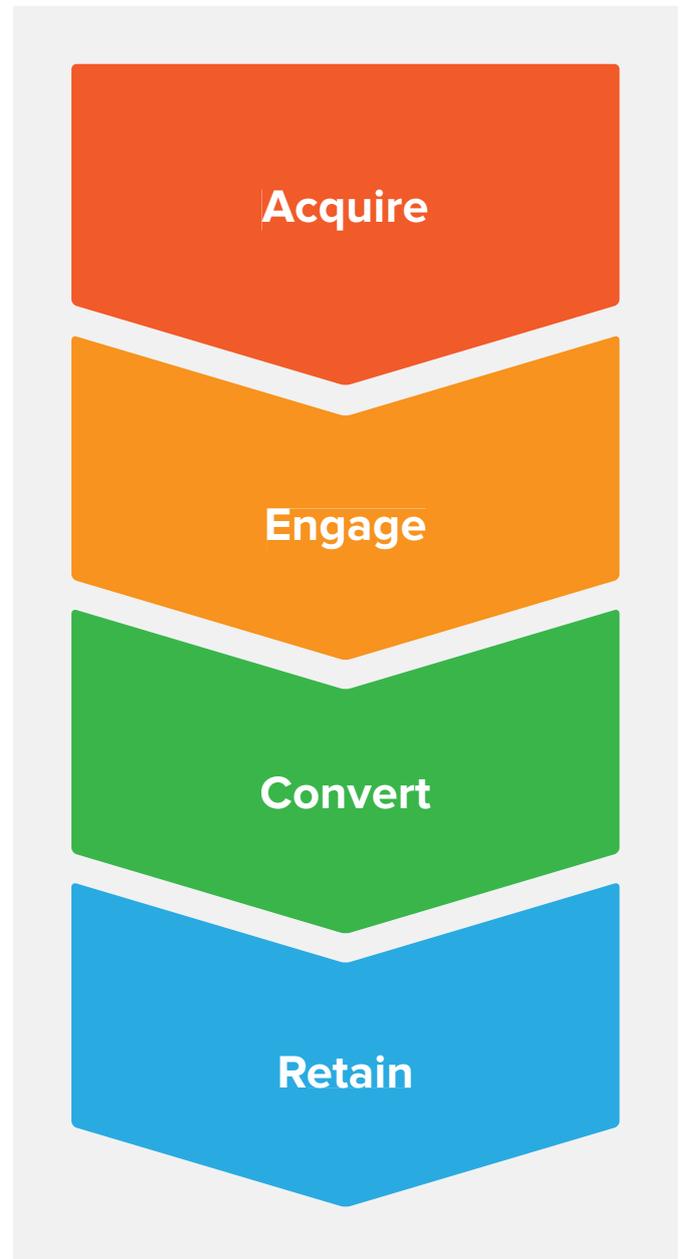
Various digital interventions at each stage of the lifecycle can be deployed to improve operational efficiencies as well as achieve better business outcomes. Let us look at the same, stage by stage.

Acquire
Need For A Shift In The Marketing Strategy And Smarter Marketing Campaigns

Two negative factors have driven a positive change in consumer marketing. First the death of mass media effectiveness (for most brands & retailers) and second their increasing cost that is pushing brands and retailers to look at other cost effective means.

Increasingly, brands and retailers can merge digital and social data with Point of Sale shopper data to understand the customers and their behavior much better. If inclined towards "customer centricity" a brand or retailer can then micro segment, target and interact with customers on a one to one level. This can nurture a long lasting and fruitful relationship, serving the customer for radically stretched period of time, if not for life.

Traditional big bucks marketing through mass media, can thus be avoided and brands and retailers can go where consumers are and communicate with them through multiple online and offline channels. Better still, customers give brands and retailers direct feedback on what they like and dislike, which can help a brand device its strategy.

"Consumer marketing" needs to transition to "consumer engagement" and smarter campaigns with superlative ROI need to be designed, targeting the right customer at the right time with the right messaging to maximize potential realization.

Engaging that closely with consumers holds exceptional promise for the company. That of being able to establish a tighter relationship with the consumers than ever before and getting guided by them. This also marks the beginning of an effective shift in the marketing strategy from being customer acquisition and sales led to driving long-term customer engagement. Brands and retailers need to:

- Map customer footprints across media to understand purchase affinity, track their customers' life stages and recommend the right products at the right time, rather than blasting irrelevant messages.

- Enrich customer data and obtain accurate and complete customer profiles. Integrate and Manage all CRM and social media activities from one tool.

- Create relevant and personalized Omni-Channel marketing campaigns through customer segmentation.

- Optimize marketing expenditure by targeting the right customer at the right time with the right messaging.

- Become a lifecycle marketer by:

  – Establishing unique time-lines for reaching out to every customer segment.

  – Converting visitors to customers through unique re-marketing frameworks.

  – Executing automatically triggered campaigns for specific customer behavior.

  – Reduce spam and increase reputation scores by sending the right message to the right customer.

In a survey conducted by Wazir across eight cities, two third of Indian consumers (69 per cent) said they would prefer brands & retailers that connected and interacted with them on an individual basis, and understood their distinct needs. Over sixty per cent of respondents agreed that they would also make additional purchases from a retailer / brand that communicated with them on a personalized level, if the offering is relevant to their requirements.
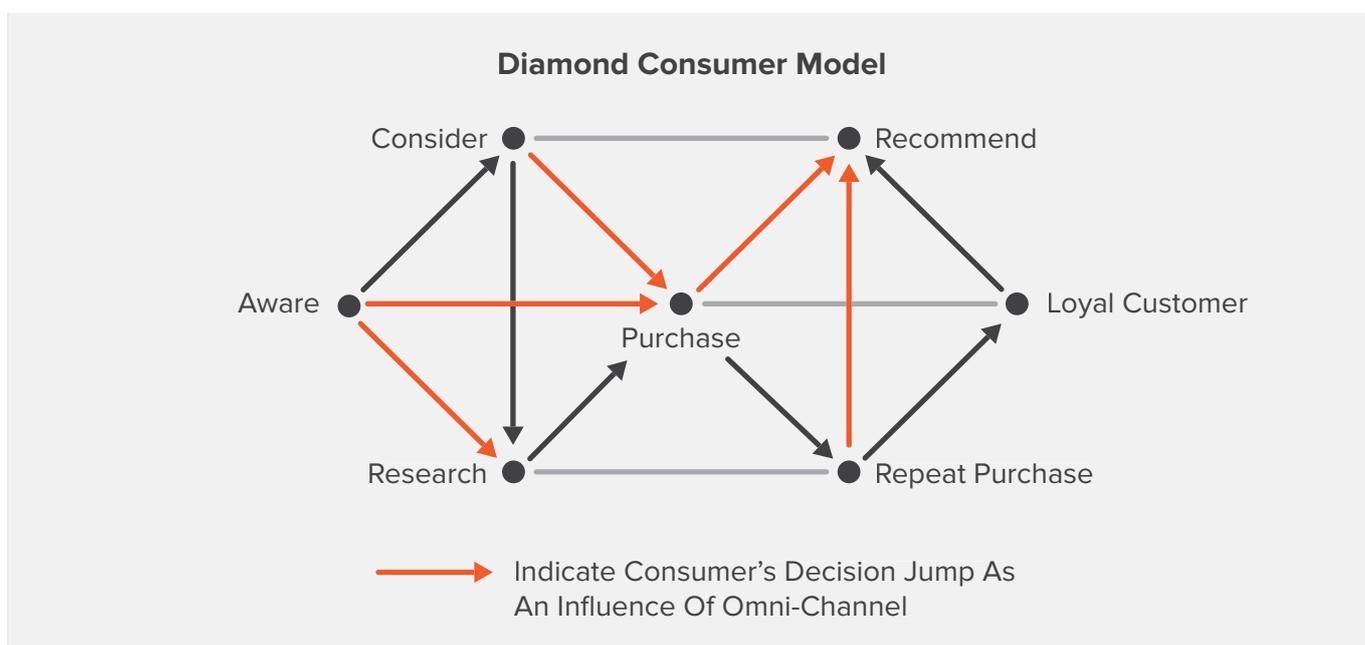
Engage
Death Of Conventional Buying Cycle And Rise Of Omni-Channel Engagement

The traditional consumer engagement cycle is taking a new shape. Given that the consumer often compresses stages, and at other times skips them altogether, the journey ceases to be linear and is fairly amorphous by nature. The Internet of things has reduced the interest and research phase of the buying cycle from months to just a few minutes.

The hitherto linear consumer engagement journey has become amorphous and is giving birth to an ecosystem of Omni-Channel engagement that necessitates brands and retailers to facilitate and catalyze it to realize the full potential of their customers.

In the connected world, a buying decision can be made much more easily and convincingly leading to a quicker decision. The aware – consider- research phases of the traditional buying cycle happen simultaneously and not in linear progression. An 'aware' consumer might

start 'considering' buying a product because of inherent need (influenced a lot by peers in social world and content) in a short span of time. The research phase might be very quick (if it takes place) or the consumer might jump on to buying the product directly (impulsive buying). In the post-purchase phase, a customer is highly likely to recommend the product even before making multiple purchases.

3 | The Edge

Businesses of the future, will have to really redesign their consumer engagement programs in line with the new consumer decision journeys and will have to leverage technology tools to not just engage, but "engage effectively". Omni-Channel world provides easy and interesting options such as social media sharing, which is a very powerful means to create word of mouth. Messages and engagement across Omni-Channels and across different phases of the consumer buying cycle will create a differential customer engagement and brands and retailers will need to catalyze and facilitate this.

The following table indicates the role of various channels across the buying cycle.

Omni-Channel Engagement At Different Point Of Consumer Journey

An Omni-Channel store front can enable brand engagement and sales across the buying cycle.

Search engines play a crucial role in the search of product information. Online reviews about the brand and products influence buyes in the research phase.	**Aware**
Recommendations on social media are very powerful - 77% of the consumers said they get influenced by the friends' recommendations on facebook.	**Consider**
Price comparision engines are good tools for checking the best online destinations for buying. This is a big hit amongst the price sensitive customer. Social media (Twitter) has emerged as the real-time customer engagement platform where one airs everything from complaints to recommendations!	**Research**
Coupons (redeemable online) play a crucial role in the last leg of purchase journey.	**Purchase**
Next Best Product/offers: predictive modelling based on previous shopping data, demographics is key to understanding what the consumer will buy next. Loyalty programs are an important piece of the puzzle in the post purchase world. They incentivize the consumers to come back again for earning and burning reward points.	**Repeat Purchase**
Mobile applications are best bet to engage with existing customers. They enable brands and retailers to track consumer behaviour and push relevant offers.	**Loyal Customer**
Beacons based in-store promotions are targeted for active loyal customers. One can push relevant offers to a smartphone when the customer steps into the store! Social media is indeed the best place to induce consumers to share their recommendations also get reviews about the brand / product.	**Recommend**

Convert & Retain

I. Integration of Analytics, Customer Engagement & CRM For Growth And Customer Delight

Today's multi-channel digital world demands that companies take a proactive approach to engaging customers across the channels they prefer to use, and convert the consumer need into purchase and recommendation, through the shortest possible route. It's no longer just a best practice – it's essential to remaining competitive in an increasingly customer-centric marketplace. Companies thus need to implement a robust engagement and analytics suite to "effectively engage" with and retain their customers.

Customer engagement analytics aggregates all of a company's customer interactions, transactions, and feedback along with POS and agent data to provide an end-to-end picture of the customer journey. For businesses, big data and advanced analytics can offer winning insights. Leveraging such insights can drive product innovation; track and improve the impact of product launches in real time; develop nuanced customer insights; design more effective pricing and merchandising decisions; optimize inventory, increase revenue; and collaborate better for organizational success.

Customer Analytics suite can help brands and retailers segment customers based on demographics, purchase affinity, and purchase preferences to predict customer shopping and interaction patterns. By effectively analyzing customer data, marketers can:

- Plan and execute targeted campaigns with reduced marketing costs and enjoy better outcomes from loyalty initiatives.

- Determine the right channel for segmented/personalized campaigns and witness higher campaign performance.

- Personalize shopper experiences in and out of store, including recommending products, rewards and offer through use of intelligent couponing (right consumer- right offer- right channel-right time) to increase walk-ins, sales, basket size and consumer satisfaction.

- Can help bring back dropped out or inactive customers.

- Create models that predict customer behavior and affinities. These can be used to identify and act on critical business opportunities and decisions including pricing, merchandising, product launches, regions to expand reach, cross sell and upsell to customers etc. driving favorable business outcomes for an organization while reducing operational costs.

- Further, predictive analytics can be used to enhance marketing performance and ROI.

Customer Analytics

Propensity Modeling

Campaign Recommendations

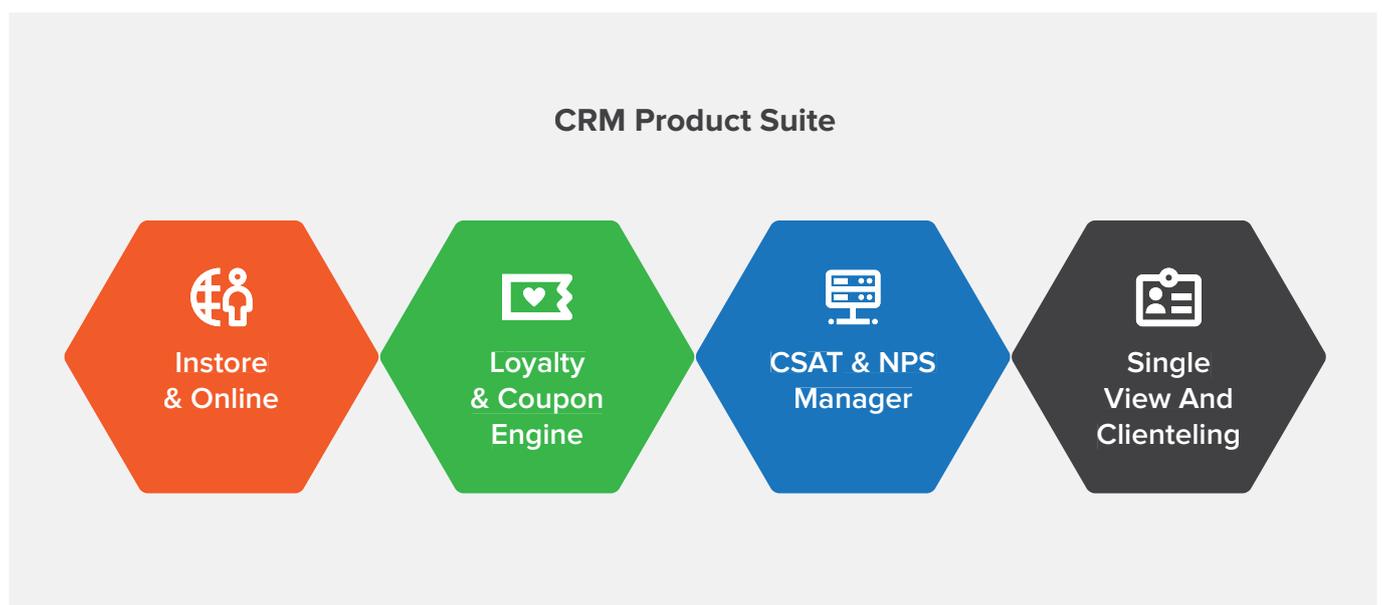Intelligent Couponing

Customer Segmentation
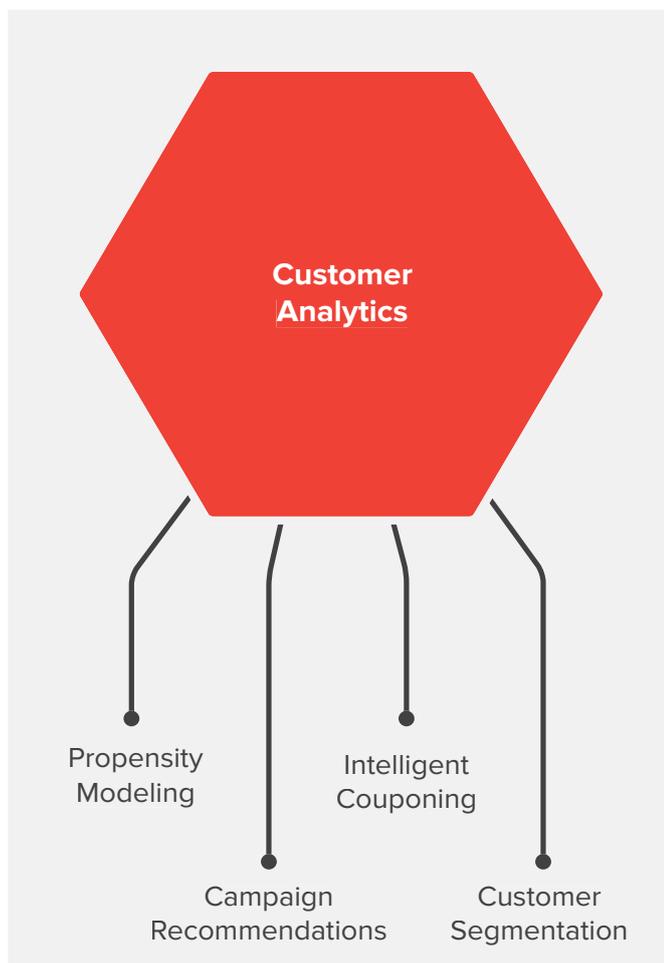
Integrating Analytics with Customer Engagement and CRM is the next step. Intelligent Customer Engagement (ICE) suite of software solutions integrates everything that retail marketers require to engage with their customers, weaving social and mobile experiences into any e-commerce platform or point-of-sale device from legacy terminals to the latest POS devices and mobile tablets, and online shopping platforms. The ICE™ suite is supported by the Customer Engagement Management platform and is designed to provide the flexibility to meet a retail marketer's growing needs.

The confluence of Data Analytics, Customer Engagement and CRM is taking engagement and experience to a new level, helping companies to transform disengaged customers to brand loyalist through segment based, targeted lifecycle campaigns. With the use of these tools: CRM / Customer predictive model / Marketing & Strategies decision engine, companies can increase their profits and reduce the cost of conventional hit and trial marketing strategies.

Further integration of Customer Engagement and CRM will help in making personalized recommendations, experiences, and rewards for customers. This will enable creation of world-class loyalty programs to delight customers at every interaction and will assist in capturing and analyzing customer feedback to continuously improve and excel in customer engagement initiatives.

A new age CRM program should be able to:

- Create card-less rewards system with hassle-free enrolment.

- Set up a centralized program that allows customers to earn and burn points across online and offline channels.

- Track online and offline consumer footprint.

- Track own store and distribution transactions footprint of consumers.

- Track customer KPIs such as earn-burn ratio, registrations, financial health, etc.

- Provide single view of customer and clientele. Should empower store associates with complete customer data from multiple channels.

- Use tablets and other devices to convert associates into product experts, leveraging predictive analytics.

- Facilitate better customer service and engagement and enhance Net Promoter Store and Customer Satisfaction Index/ Score.

CRM Product Suite

Instore & Online

Loyalty & Coupon Engine

CSAT & NPS Manager

Single View And Clienteling

Customer Engagement Management

Customer Engagement Management Platform
_____

Data Augmentation & Enrichment

Configurable Engine

Personalized Engagement

Open APIs

Real-time CRM

Secured (ISO Certified) Data Warehouse

Role-based Security Management

Capabilities
_____

Store Clienteling

Social Marketing

Mobile Marketing

Ecommerce Marketing

KPIs, Dashboards And Reports Managment

Customer Satisfaction & Feedback

Customer Segmentation

Campaign Management

Lifecycle Marketing

Loyalty Management

Value-Added Services

Personalize And Targeted, Omni-Channel Engagement
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Social Media

E-commerce

Third Party Data

POS & Tablet

Mobile Web, Apps & Text

Email

New Customer

Active Customer

Loyal Customer

Inactive Customer
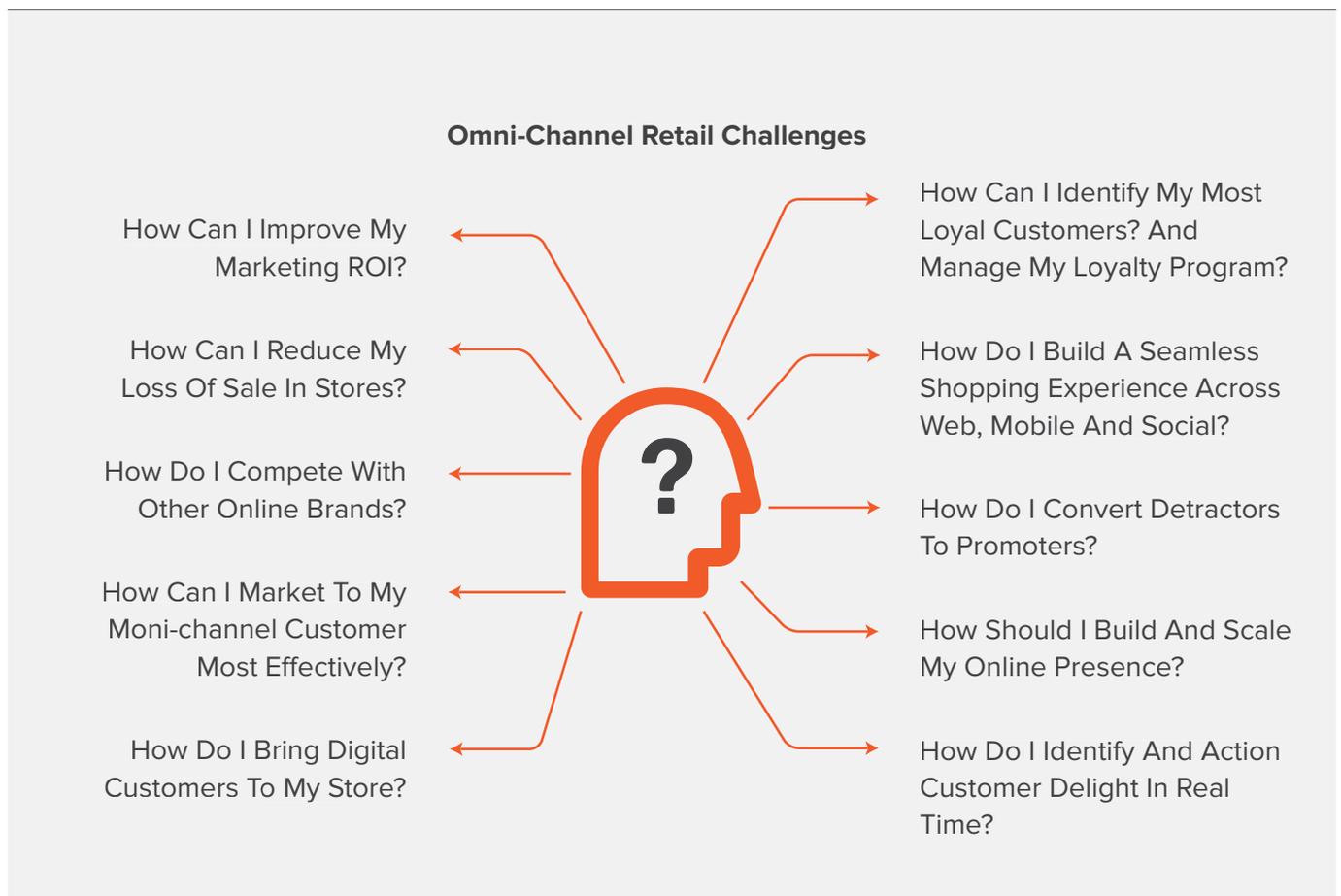
Convert & Retain
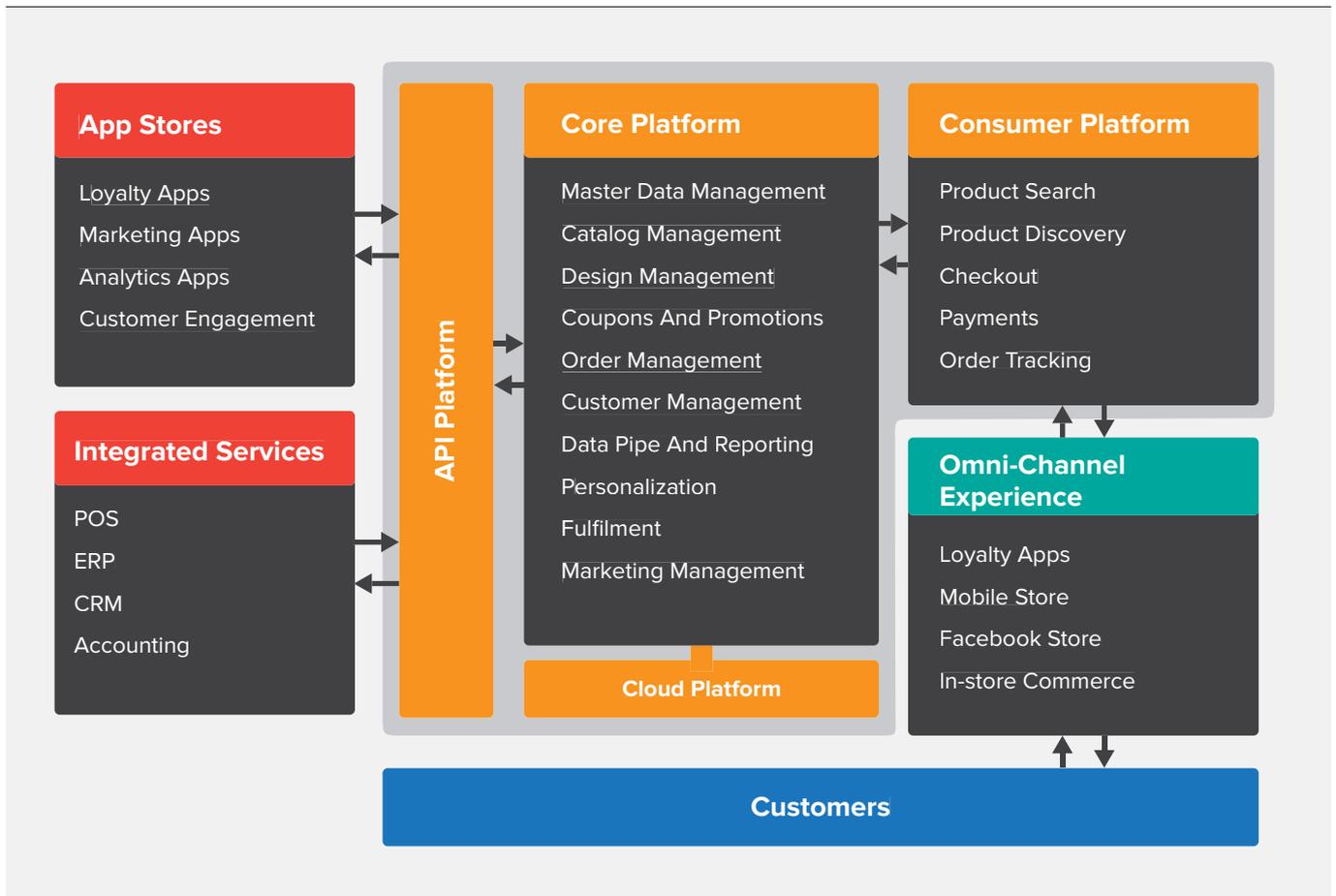## II. Omni-Commerce And Offline-To-Online (O2O)

Today's consumers demand a seamless brand and shopping experience across physical stores, mobile, web, and social channels. With growing real estate and marketing costs, staff attrition, and lack of skilled manpower, brands and retailers are exploring new ways for expanding their business and the online channels offer a great option.

Omni-Channel commerce enables brands and retailers to reach customers without any physical boundaries and engage with them across the buying cycle. Additionally, it reduces customer acquisition costs and provides ways to measure ROI. There are various pre-packaged enterprise Omni-Channel commerce solutions like MartJack that helps large retailers and global brands make the digital transformation with ease.

The platform has to be agile, flexible, and encompass all the features that a business requires to run an e-commerce store successfully. These include:

- Master data management
- Catalogue management
- Content management
- Marketing management
- Store/ Location commerce
- Order management
- Customer management
- Analytics and reports

Omni-Channel Retail Challenges

How Can I Improve My Marketing ROI?

How Can I Reduce My Loss Of Sale In Stores?

How Do I Compete With Other Online Brands?

How Can I Market To My Moni-channel Customer Most Effectively?

How Do I Bring Digital Customers To My Store?

?

How Can I Identify My Most Loyal Customers? And Manage My Loyalty Program?

How Do I Build A Seamless Shopping Experience Across Web, Mobile And Social?

How Do I Convert Detractors To Promoters?

How Should I Build And Scale My Online Presence?

How Do I Identify And Action Customer Delight In Real Time?

App Stores	API Platform	Core Platform	Consumer Platform
Loyalty Apps Marketing Apps Analytics Apps Customer Engagement		Master Data Management Catalog Management Design Management Coupons And Promotions Order Management Customer Management Data Pipe And Reporting Personalization Fulfilment Marketing Management	Product Search Product Discovery Checkout Payments Order Tracking

Integrated Services

POS
ERP
CRM
Accounting

Cloud Platform

Omni-Channel Experience

Loyalty Apps
Mobile Store
Facebook Store
In-store Commerce

Customers

For offline brands and retailers a part of the Omni-Channel approach is going Offline-to-Online (O2O) – a business model that draws potential customers from online channels to physical stores. This has caused a strategic shift in the retail ecosystem as consumers can now browse products online before making the final purchase in brick-and-mortar stores. Also, this is giving birth to a plethora of new formats that will usher the future of retail.

O2O Commerce also enables offline customers to transact at online channels through the Endless Aisle – in-store kiosks that facilitate customer self-ordering, eliminating instances of product unavailability. O2O has led to the birth of virtual marketplaces and mobile wallets, challenging brands and retailers to align their efforts with disruptive technologies and acquire relevant insights into customer purchase behavior.

O2O solution suite helps map buyer behavior across the online and offline worlds, offering customers a seamless anytime, anywhere shopping experience. It further offers various benefits for the brands and retailers as well as consumers:

For the brand and retailer:

- Centralized and cross-channel view of inventory.

- Execution of targeted and relevant promotional campaigns across multiple channels.

- Single cataloguing and inventory management across multiple marketplaces.

- Customer Loyalty Rewards Setup integrated with Mobile Wallets and POS.

For the consumer:

- Seamless cross-channel shopping experience.

- Personalized recommendations based on past purchases and behavior on website / mobile app.
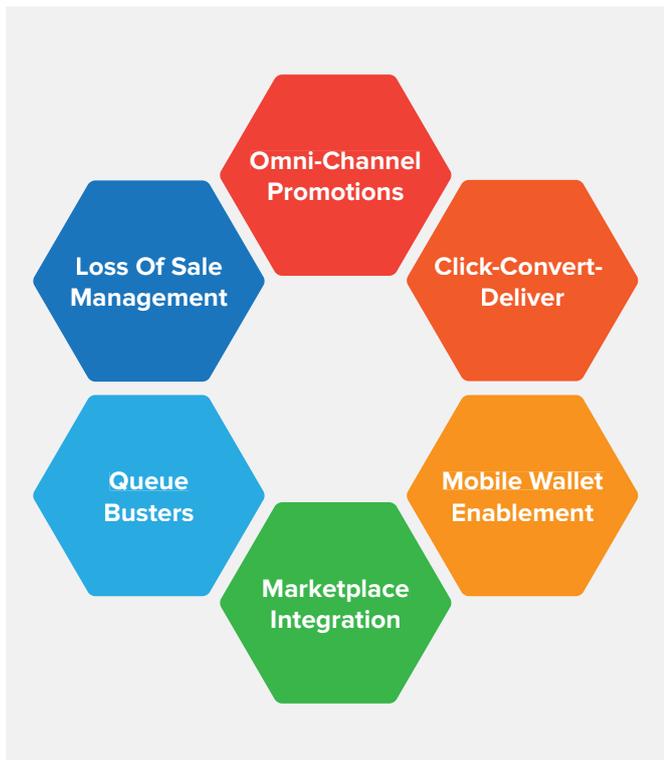
- Access to central and cross-store inventory.

A truly comprehensive Omni-Channel Commerce solution needs to have the following functions to maximize customer potential.

- **Loss of Sale Management & Endless Isles**
  – Centralized view of inventory to prevent loss of sale at stores due to missing sizes, styles, or colors.
  – Ease of browsing product listings on in-store kiosks or endless aisles.
  – Option to enable customers to pick up from brick-and-mortar stores or have products delivered to their location.

- **Omni-Channel Promotions**
  – Cross-channel marketing enabled by integrating offline and online customer behavioral footprints to drive product recommendations.
  – Increased customer outreach through multiple channels – SMS, email, mobile app, web, mobile notifications.
  – Location intelligence to drive customers

in store via mobile alerts for product launches and / or only-in-store and limited time offers.

- **Queue Busters**

Increased operational efficiency at stores by providing customers with self-checkout or assisted checkout options:

  – Self-checkout solution covering the entire checkout flow – scanning product barcodes, applying promotions, generating invoices, and making payments – using the Mobile App.
  – Assisted checkout solution to enable customers to scan products and generate virtual bills with billing terminals used only to make payments.

- **Click-Collect-Deliver**
  – Simplified delivery mechanism – home delivery or in-store pickup for purchases made on the web store, mobile app, marketplaces, and brick-and-mortar stores.
  – Unified shopping experience across all retail channels – online, social, mobile, and marketplaces.

- **Marketplace Integration**
  – Option to list and sell products seamlessly on multiple marketplaces (e.g. Flipkart, Amazon, Snapdeal).
  – Centralized view of inventory across marketplaces, the online store, and brick-and-mortar stores.
  – Option for in-store pickup of orders processed through marketplaces.
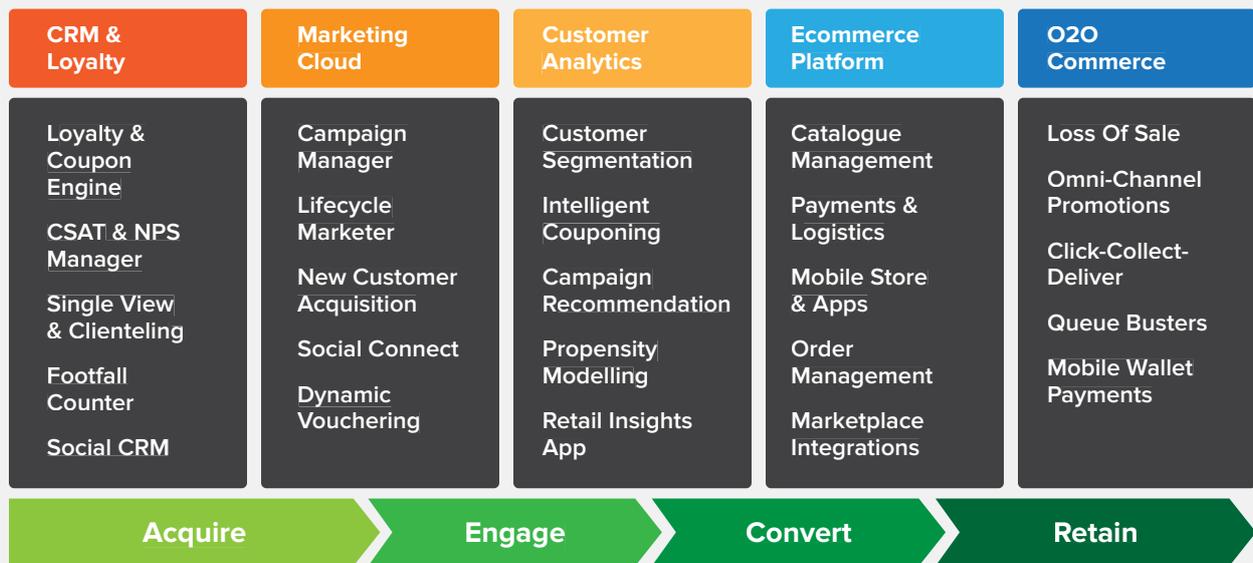
- **Mobile Wallet Enablement**
  – Pre-integrated multiple mobile wallets at offline stores via In-Store solutions.
  – Facility to redeem points as well as earn cash back.

An Omni-Channel engagement and commerce solution can help brands and retailers in the following way:

70% - 80%
Customer Sign Up For CRM And Loyalty Programs

< 60% Days
Online Brand Launch With E-commerce Platform

20%
Fall In Cart Abandonment Rates

15%
Reduction In Loss Of Store Sales

3% - 5%
Increase In Same Store Sales Leading To 4-6x ROI In Margins Generated

2% - 5%
Boost In Offline Store Sales

10% - 15%
Increase In Spend Per Customer

100%
Hike In Campaign Response Rates

Customer-led, ROI-focussed Digital Transformation

CRM & Loyalty	Marketing Cloud	Customer Analytics	Ecommerce Platform	O2O Commerce
Loyalty & Coupon Engine	Campaign Manager	Customer Segmentation	Catalogue Management	Loss Of Sale
CSAT & NPS Manager	Lifecycle Marketer	Intelligent Couponing	Payments & Logistics	Omni-Channel Promotions
Single View & Clienteling	New Customer Acquisition	Campaign Recommendation	Mobile Store & Apps	Click-Collect-Deliver
Footfall Counter	Social Connect	Propensity Modelling	Order Management	Queue Busters
Social CRM	Dynamic Vouchering	Retail Insights App	Marketplace Integrations	Mobile Wallet Payments

Acquire → **Engage** → **Convert** → **Retain**

Perceived Roadblocks To The Whole-Hearted Embracing Of Digital Transformation

Level Challenges

- The biggest challenge is the lack of opportunity spotting by executives and the commitment to spend time and effort on making the assessment and roadmap.
- One of the other roadblocks is the buy-in from the management as they are still not confident about the way forward.

- *"E-commerce seems to be fad and eventually it will go away."*
- *"Currently online is not a threat, so not a focus area."*
- *"Let's wait and see how our competitors are doing."*
- *"We are considering it as a serious proposition but still figuring what is the strategy and roadmap."*
- *"We are not sure of the investment horizons for Digital Transformation."*

Operational Level Challenges

- The biggest challenge from an operational perspective is lack of expertise and knowledge. Majority of the community still thinks Omni-Channel is a very investment heavy proposition.
- Other challenges are more realistic considering Omni-Channel retailing is still in infancy - such as technology, manpower, etc.

- *"It is expensive to set up Omni-Channel business."*
- *"Which Omni-Channel technology / platform is best fit for Indian context"?*
- *"We don't have experts or manpower within the organization."*

Select Case Studies

1. One Of The Largest Retailer And Leading Manufacturer Of Footwear In India Increased Its Customer Retention Rate To 34% By Converting 20,000 One Time Customers To Repeaters Through Targeted Loyalty Campaigns

The Opportunity:

One of the largest footwear brand in India wanted to increase the repeat purchase and retention rates of its one time customers and convert them into repeaters. It also wanted to pre-define their purchase visit pattern by analyzing their brand preference, brand penetration and price variations.

The objective was divided into individual strategic sub-objectives and a stepwise approach was taken to execute them.

The Solution & Benefits:

Customer and data analytics tools were used to create a customized loyalty program.

| | Objective: Increase Repeat Purchase & Retention Rate | I. Understand Customer Segments And Analyze Their Respective Product Purchase Patterns / II. Analyze The Brand Preferences, Brand Penetration And Purchase Patterns Of Brand's Repeat Customers | Campaign Execution At Pilot Level | Scale The Campaign At Other Stores |
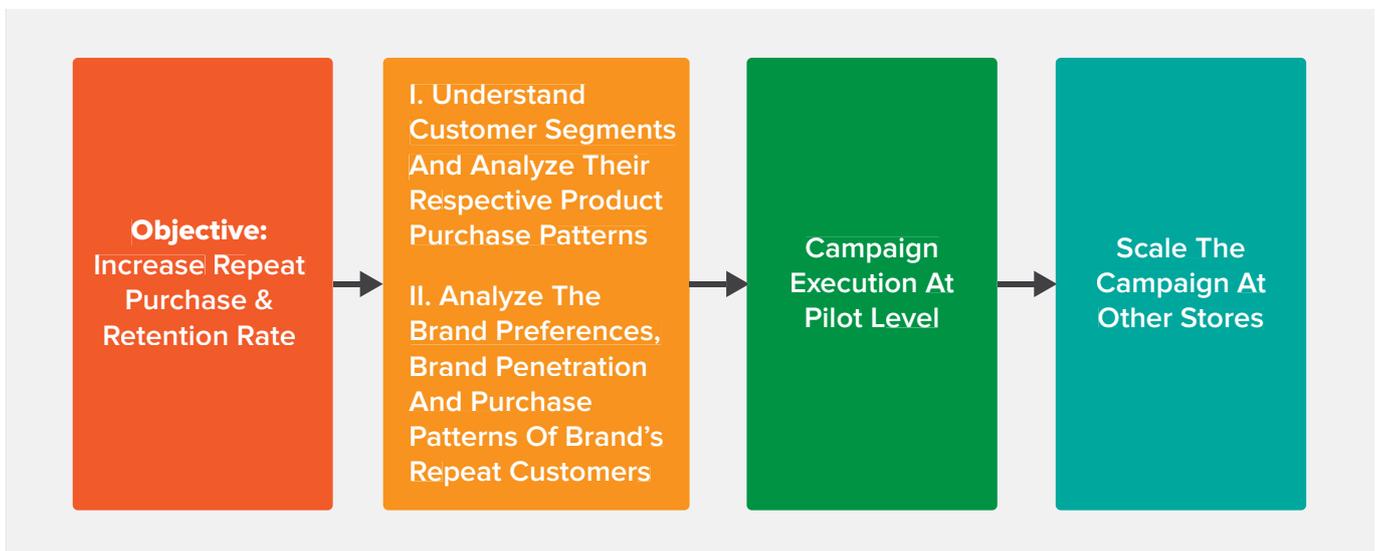
	Solo Women		Solo Men		Couple		Family	
Brand	**Customer Base**	**Average Purchase Price**	**Customer Base**	**Average Purchase Price**	**Customer Base**	**Average Purchase Price**	**Customer Base**	**Average Purchase Price**
Overall	**11%**	**834**	**10%**	**1,096**	**31%**	**968**	**48%**	**715**
Sub-Brand 1	14%	639	9%	627	38%	622	40%	593
Sub-Brand 2	8%	667	9%	1,399	25%	1,066	59%	662
Sub-Brand 3	15%	383	9%	297	37%	344	39%	337
Sub-Brand 4	6%	245	10%	252	35%	254	49%	234
Sub-Brand 5	17%	1,842	3%	2109	45%	1,874	35%	1,838
Sub-Brand 6	20%	685	6%	1,176	37%	869	36%	780
Sub-Brand 7	5%	1,135	12%	1,206	36%	1,179	46%	1,097
Sub-Brand 8	24%	1,670	4%	1,616	34%	1,648	38%	1,581
Sub-Brand 9	3%	3,478	18%	3,415	44%	3,355	35%	3,270
Sub-Brand 10	-	-	23%	1,416	45%	1,427	32%	1,445

I. The team analyzed repeater's first visit basket (sub-brands), product, and price points. After assessing various customer categories of the brand, the team bifurcated its customers based on their demographics – Solo Women, Solo Men, Couple and Family.

Several observations recorded were as follows:

- Couples purchased more from premium brand in first visit; sub-brand 5, sub-brand 9 & sub-brand 10.

- Family customers were likely to buy a value product of sub-brand 2 range in their first visit.

II. The team assessed the most preferred sub-brands and the average purchase price for the second customer visit with respect to specific customer segments. In each customer-segment, based on their brand preferences in the first purchase, the team found out the top three correlated brands that were bought in their second visit.

Several observations recorded after step II were as follows:

- **Solo Women Buyers:**

  – Those who have bought value product in first visit continued to buy product of similar (or lower) average price point in their second visit. The main target here was to improve their APP (average purchase price) by making them buy more instead of suggesting an expensive product.

  – Customer who have bought premium product in first visit, tend to buy higher average purchase price products from same or other premium brands in their second visit. Here the target was to improve the purchasing power of premium products for potential buyers.

- **Solo Men Buyers:**

  – Brand loyalty was observed among Solo Men but the average purchase price decreased with respect to the same brand in second visit.

  – Sub-brand 10 and sub-brand 6 were demand-specific brands, they had very low brand stickiness.

  – Sub-brand 9 buyers were the customers with higher purchasing power.

- **Couple Buyers:**

  – No matter what brands couples have purchased in first visit, they were found to migrate to sub-brand 1 and sub-brand 2 in their second visit.

  – Very low brand loyalty was observed and family buyers also behaved in similar manner.

Based on these observations and more, a brand retention campaign was run over a select period targeting couples and family members. Initially the campaign was focused on few stores and later deployed to over a 1,000 stores Pan-India.

Overall ROI and brand retention recorded from this campaign were as follows:

Target Group	Targeted	Responder Hit Rate
Couple	86,000	2.2%
Family	78,000	2.7%
Solo Women	160,000	1.8%
Solo Men	174,000	1.4%

With a focused effort on executing recurring and targeted campaigns for brand's one time customers, the footwear retailer was able to increase the second visit retention rate from 30% in Dec'15 to 34% by Dec'16 as against the benchmark of 31% in footwear industry. Furthermore, the increase in retention rates for subsequent visits were also increased as follows:

Retention Rate	3rd Visit	4th Visit	5th Visit	6th Visit	7th Visit
Old	13%	7%	4%	2%	1%
New	16%	9%	7%	5%	3%

In total, nearly 20,000 one time customers were converted into repeaters resulting in large financial gains for the retailer.

2. One Of The Leading Men's Formal Apparel Brand In India Achieved 65% Retention Rate Through New CRM Program

The Opportunity:

One of the leading men's formal wear brand with more than 350 stores in India, wanted to implement a CRM and loyalty program efficiently and increase its customer retention rate.

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i. Collecting Information

Ensuring that systems were updated with latest details of purchase patterns, customer behavior & preferences of customers.

▼

ii. Accessing Information

Creating and ensuring access to an up to date centralized customer database that allows to run all systems from same source.

▼

iii. Analyzing Customer Behavior

Identification of purchase patterns, customer behavior & customer profiles for developing sales strategies to target specific segments of customers.

▼

iv. Marketing More Effectively

Planning & execution of marketing campaigns based on customer needs, desires & self-perception to target & reward loyal customers.

▼

v. Enhancing Customer Experience

Quick identification & resolution of customer complaints along with implementation of customer delight campaigns.

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The Solution & Benefits:

The brand's objective was accomplished through campaigns devised with a bottom-up & customer centric approach.

Following is the sample set of CRM campaigns implemented over the period of one year:

- Customer First Campaign: Customers were targeted with a precise communication by presenting them exactly what they want, at the right time and results achieved were as follows:

  – Customer database grew at a healthy rate of 6% year-on-year.

  – Customer acquired through this campaign had 65% or higher retention rate than regular customers.

- Delivering True Omni-Channel Experience: Communication guidelines were designed keeping in mind that customer will interact with the brand multiple times before making the decision to purchase, rendering the final channel far less significant than the entire journey. For example, in the SMS messages communicating about new collection, we mentioned a link to the brand's e-commerce website where customers could choose to shop online and pick their items from the store. Results:

  – Achieved healthy repeat business of 55% sustained throughout the years that has helped brand across all business cycles.

  – Repeat business continues to grow at 7% higher than the overall business.

Following were the results for select CRM based campaigns that were executed over the past 12 months in select stores:

Campaign	Target	Incremental Customers	Incremental Revenue
Onam	Differentiated offer for Active and Inactive customers - Customers were divided as Discount Seeker, Redeemer and Full Price buyers - Relevant offers based on the customer behavior were sent.	1,400	Rs. 35 lacs
Micro Segment EOSS W5	Top 20 stores with differentiated offers based on Discount and Average Basket Size Customers were segmented based on Discount and Basket Size behavior as (High, Medium and Low) that they have exhibited in their buying behavior. Discounts were allocated accordingly.	2,400	Rs. 80 lacs
Micro Segments EOSS W6	Top 70 stores with differentiated offers based on Discount and Average Basket Size. Similar segments were created as above.	4,300	Rs. 145 lacs

3. A Popular Kids And Baby Products Brand Achieved Aggressive Incremental Sales Through A Customer Life Stage Tagging And Micro-Segmentation Program

The Opportunity:

A popular kids & baby products brand had a limited average customer lifecycle value (CLV) of just 3-4 years. The brand had to engage with a dwindling customer base for which the brand had no data. Objectives were to:

- Actively engage with customers during this short time span and convert one-time visitors to repeat visitors.

- Sell the right product to the right customer at the right time-by tracking the specific life stage of babies (3 months, 6 months, etc.).

The Solution:

- We helped the brand track customers through their different life stages and enabled the brand to offer life stage specific products.

- Products were tagged according to different life stages of babies (0-3 months, 6-9 months, 9-12 months and so on). Some products which were purchased irrespective of age of babies were remained untagged. Hence, those consumers who purchased tagged products became tagged customers and those who purchased untagged products became untagged customers.

- An algorithm was created to track products purchased by customers during different life stages. Using this algorithm, the brand was able to run targeted campaigns and offer the right products to the right customers at the right time. For e.g. quick dry sheets were purchased mostly by customers with new born babies. This information was picked up by the algorithm and it was used in two different ways. Firstly, products that were meant for babies in life stage of 0-3 months were recommended to those customers who purchased quick dry sheets. Also, the quick dry sheets were recommended to pregnant women (prospective consumer).

- To ensure engagement with untagged customers, 16 customer micro-segments were also created based on purchase behavior, product preference, lifetime value, visit frequency, demographics, and other behavioral markers. These micro-segments enabled the brand to execute highly focused messaging to a wider base of untagged customers.

- With this database, the brand created a propensity model to identify the possibility of converting one-time customers to repeat users, based on their very first purchase.

Finally, the client was successful in executing focused strategies for these customer segments.

The Benefits:

The brand witnessed several benefits like:

- Increased customer retention through this life stage tagging and segmentation:

  - 100% increase in the frequency of their visits over the course of a year.

  - Approximately 6% increase in average transaction value by tagged customers.

  - 120% increase in the average spend per tagged customer.

- Conversion of disengaged customers to brand loyalist: Brand was able to convert a large number of disengaged customers to active brand loyalists.

- Superlative marketing ROI: Brand enjoyed Rs. 147 incremental sales for every rupee spent towards the customer communication investment.

4. India's Well Known Menswear Brand Registered Increased Customer Retention With Customer Segmentation And Personalized-Targeted And Non-Targeted Campaigns

The Opportunity:

The premium apparel brand was looking to uplift the sales volume of its India operations. The client specifically wanted to:

- Ensure greater customer retention through sustained engagement by increasing its:

  – Average Basket Size (ABS)

  – Average Basket Value (ABV)

  – Average Purchase Price (APP)

The Solution:

The brand specifically wanted to:

- Identify its primary customers

- Define the degree of personalized promotions to fortify and reinforce brand loyalty

We, along with the brand, planned and executed a strong marketing strategy. Comprehensive customer profiles were created, which helped in deep understanding of customer behavior patterns over a period of time. This helped drive four highly focused campaigns:

- Bill Value Booster Campaign

- Points Redemption Campaign

- One Time Customer Basket Campaign

- Frequency Booster Campaign

In depth analysis revealed that one-time visitors could be converted into repeat visitors by personalizing and offering the right basket instead of offering aggressive discounts. For e.g., the apparel brand executed a "One Timer Basket Campaign" that helped convert one-time visitors into repeat visitors.

The brand also executed a campaign to boost the average bill value (ABV) by aggressively driving personalized incentives during festival seasons. In this campaign, customers were segmented based on their previous bill value and were

wooed with customized points redemption offers and coupons.

The Benefits:

The brand witnessed several benefits:

- Increase in Customer Retention:

  – In-depth analytics disclosed that while the possibility of customer drop outs post their first visit was about 60%, it could be reduced to 30% post the second visit. This insight helped the brand to smartly promote appropriate products to customers with repeat visits.

  – The brand registered increase in customer retention by 2% in 2015 and about 5% by 2016.

- Rise in repeat visits and visit frequency: Through frequency booster campaign-

  – Brand saw an increase in the average customer visit by 4%.

  – Average spend per customer increased by 6%.

- Increase in incremental sales revenue:

  The brand enjoyed an additional 10% revenue from targeted and non-targeted (Store Inaugural, Anniversary, etc.) personalized campaigns.

5. World's Leading Retailer, Pioneers In B2B E-Commerce, Empowering Small Retailers To Buy Online

The Opportunity:

The retail giant wanted to cash in on the extensive B2B e-commerce opportunities in India. As part of its digital initiative, the brand wanted to set up a comprehensive e-commerce solution that would enable retailers to order products online in bulk from its multiple offline stores located across India. Since the B2B industry faces multiple fluctuations on a daily basis, the brand sought an agile and flexible e-commerce solution provider capable of delivering in near real time.

The Solution:

We took the brand's offline stores online. A tailor-made solution was developed to offer retailers the convenience of order placement using the web store, mobile site, or the mobile app and delivery, along with multiple payment options such as Cash on Delivery (CoD), Internet banking, etc. Retailers could either have the products delivered at their doorstep or pick up their order from chosen offline stores.

The Benefits:

• A tailor made solution for B2B E-commerce: The main highlights were: Classical B2B commerce operations such as volume based pricing, customized user experience specific to the user's business category, automatic calculation of shipping price, etc. This empowered small retailers who were the customers of the retail giant, order merchandise without coming to the stores, thereby saving on time and effort which they could now put in on growing their own business.

• Increased customer retention & revenue: A customized solution helped the brand retain customers and increase sales revenues.

• Integration with Store's ERP: It also helped in integration with the store's physical ERP system which enabled store inventory, prices, member lists, offers, and deals to be updated in near real time – this created a circle of trust for online buyers.

6. Leading Pizza Brand Spearheads The QSR Commerce Game Through SoLoMo (Social, Local, Mobile) Commerce Strategy

The Opportunity:

One of the world's leading pizza brand wanted to jump onto the food delivery e-commerce bandwagon by implementing a mobile-first e-commerce strategy for its customers in 13 countries across the Middle East. The brand wanted to deploy a solution that offered in-depth pizza customization along with a unique visual experience.

The Solution:

The pizza giant wanted to implement a regional ordering solution to cater to the requirements of customers in 13 countries. We created a scalable solution, which could be customized to the specific needs of a country. The process of order selection was simplified and uniform consumer experiences across different channels was also provided.

Customers were given the option to either pick up their order from the nearest brand outlet or have it delivered to their location.

The Benefits:

- The "Build your own pizza experience": Through the 'Pizza Builder' feature, customers could build their own pizzas by selecting their choice of base, crust, toppings, and sauces from a plethora of options.

- Industry best QSR commerce innovations: Enabled intelligent suggestions/ recommend food items based on what consumers add to their shopping cart. This helped increase the average order value. Also, the brand launched map based consumer address detection for delivery and map based store locator to show the nearest brand outlets.

- Putting the SoLoMo (Social, Local, Mobile) Strategy into practice: Customers could log into the site using their Facebook and Google Plus profiles.

  - This eased the sign-up process for non-registered customers (guests).

  - Created a fully-functional multi-lingual site in local language targeted at the local audience.

  - Designed a mobile-first user experience for the site based on global brand guidelines and best practices.

35 Point Self-Assessment Form

Please answer the questions below and give the ratings based on the "Rating Guide" provided. At the end of the table, calculate your score by following the instructions provided.

Rating Guide	
Parameter / If your answer is	**Rating**
No / Unsatisfied / Don't track / Low	0
Maybe / Very little / Do it, but not fully / Can certainly be better	1
Yes / Completely / Fully Satisfied / Can't be better	2

Sr. No.		Evaluation Parameter	Rating
1. Strategy	I	Do you have a 1 year / 2 years / 3 years Omni-Channel roadmap?	
	II	Does your company has a dedicated team for Omni-Channel / Digital Transformation? OR you are planning to build one in 2017?	
	III	Have you earmarked a budget for Omni-Channel strategy implementation in 2017?	
	IV	Do you have a robust customer engagement strategy (CRM, Analytics, and Campaigns) in place?	
2. CRM & Loyalty	I	Do you have the customer data of more than 75% of customers who have shopped in 2016?	
	II	Do you have detailed / rich profiles of your consumers? (Birthday, Gender, Past Purchases)	
	III	Do you capture customer data (footprint and / or purchase data) across online and offline?	
	IV	Does your CRM program run at your own stores as well as others that retail your brand / Store in Store/ Franchise?	
	V	Do you have an active loyalty program?	
	VI	Has your repeat customer base consistently increased over the last 2-3 years?	
	VII	Has the basket size / frequency of purchase of repeat customers increased over the last 2-3 years?	
	VIII	Can your customers earn and burn reward points across channels?	
3. Customer Analytics	I	Does your Store Sales Associates / Customer Associates get a single view of the customer across channels?	
	II	Do you have a robust analytics platform that can handle large amounts of data with proficiency?	
	III	Do you generate meaningful insights from your data and take business decisions based on the same?	

	IV	Do you have a customer engagement platform, which brings together CRM data, Customer Analytics and all the marketing campaigns?	
	V	Have you seen the direct impact of using / applying customer analytics into your business?	
	VI	Do you use any models (such as RFM- Recency, Frequency, Monetary) for creating customer segments?	
4. Social	I	Do you have strong social presence? - great follower base and engagement	
	II	Does your CRM get plugged into your social media for data capturing?	
5. E-commerce	I	Do you have a brand e-commerce store that contributes to a good percentage of your revenue?	
	II	Do you provide a single view of catalog, inventory, promotions across your brand e-commerce store, Mobile store and Mobile App (If present)?	
	III	Is your e-commerce platform fully agile and flexible and with all features similar to a good pure play online retailer?	
	IV	Does your e-commerce platform offer extensible API platform for third party system integration?	
6. Omni-commerce	I	Do you provide options such as Pick up at Store / Ship from Store?	
	II	Do you have an integrated Omni-Channel Order Management system - connecting own e-Commerce store and marketplaces?	
7. Customer Experience	I	Do you track Net Promoter Score (NPS) or Consumer Satisfaction (CSAT) Surveys?	
	II	Has your NPS / CSAT Score consistently improved over the last 3 years?	
8. Marketing Cloud	I	Do you do send targeted promotions / campaigns?	
	II	Are there automated campaign / messaging triggers e.g. if a customer has not purchased for a given frequency does he/she get a reminder / we miss you message?	
	III	Does your customer engagement solution give recommendations for personalized consumer interactions?	
	IV	Does your system support dynamic vouchering?	
9. Return On Investment (ROI)	I	Is marketing spends well balanced between various media types including digital initiatives?	
	II	Is your marketing ROI measurable, with a high level of trust?	
	III	Are you satisfied with your marketing ROI?	

How To Calculate Your Score?

1. Multiply the sum of scores obtained from question no. 1. (I), 1. (II), 1. (III), 1. (IV), 2. (I), 2. (V), 2. (VII), 3. (II), 3. (IV), 4. (I), 5. (I), 6. (II), 7. (I), 8. (II), and 9. (I) with 2.

2. Multiply the sum of scores obtained from rest of the questions with 1.

3. Add all the above score to obtain your final score.

....

Your Aggregate Score: _____

....

If the score is 80 or above:

Congratulations, you are on your way to "Customer Potential Maximization". We will love to hear your views about your journey and if we can assist you in any way.

If the score is between 60 and 80:

Well there are many things that you are doing right, but can fix more to achieve the maximum potential. We will love to be your partners in this journey.

If the score is less than 60:

Please give us a call and you will be surprised how easily and cost effectively we can help you increase your sales, in a short span of time.

At Wazir, we specialize in advising Indian and International companies to conceptualize, create and compete in consumer facing sectors.

From Indian to International corporates, from Private Equity groups to family owned businesses, our work centers around enabling our clients make the right moves – from strategy, to implementation, to value delivery and in forging beneficial alliances.

We possess more than 1,000 man years of cumulative team experience across industries, geographies and economic conditions. We leverage this to value add and get that edge in your business. Powered by our deep insights into the Indian consumers, spread across age, social strata, gender and geography, we put the consumer at the center of the decision making process and bring a unique outside-in perspective, imperative for success in a hyper competitive market.

The industries below have been our primary focus for the past several years.

- Retail
- Packaged Consumer Goods
- Fashion & Lifestyle
- Consumer Electronics
- Beauty and Wellness Services
- Food & Beverages
- Automobiles
- Education
- Healthcare
- Financial Services

Capillary provides Omni-Channel Engagement and Commerce solutions that help consumer brands increase customer reach, engagement, sales and loyalty. The solution suite includes CRM & Loyalty, MartJack E-Commerce Platform, Marketing Cloud, Customer Analytics, and O2O Commerce.

Capillary connects 150 million consumers, enables 20,000+ stores and 250+ enterprise e-commerce implementations across 30 countries. Leading brands such as Unilever, Walmart, Landmark Group, Madura Fashion, Arvind Brands, Redtag, Calvin Klein, Gap, Courts, Clarks, Starbucks, Pizza Hut, and Puma work with Capillary to drive retail excellence.

Spread across 10 global offices, Capillary's 700+ strong team comes with decades of aggregated offline and online retail experience. Supported by a strong account management model, the Omni-Channel Engagement and Commerce Cloud suite helps brands build delightful Omni-Channel experiences, identify and act on shopper insights, improve ROI and customer loyalty and become future-ready customer companies.

Founded in 2008, Capillary is backed by Warburg Pincus, Sequoia Capital, Qualcomm Ventures, Norwest Venture Partners, and American Express Ventures.

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Baqar is a seasoned retail professional and entrepreneur with over 17 years of experience in retail strategy and operations, covering sectors such as Fashion & Lifestyle, Food & Grocery and Consumer Goods. Baqar specializes in retail startups and driving growth, having been involved in multiple startups in India and internationally, including those in the e-commerce space.

Baqar worked for over 10 years with a premiere Retail and Consumer Products consulting firm. As CEO, he then headed a men's value brand with 600 plus stores and 125+ Shop in Shops. Baqar was a part of the startup team and the CEO of www.styletag.com, an e-commerce startup in the premium/designer fashion and lifestyle space. As Co-founder & CEO, he then started an online social discovery and commerce platform.

Baqar currently works as Business Director with Wazir Advisors, advising retail and consumer products clients on strategy, operations and M&As.

Being one of the key role players at Capillary, Abhijeet has assisted the company in rapidly growing its footprint across the Indian retail market with significant customer wins and helped establish Capillary as an emerging market leader in the Omni-Channel Customer Engagement & Commerce space.

During his stint at Capillary, Abhijeet has been helping CXOs, Marketing Heads, and Retail Heads at some of the largest Retail & Consumer brands in Asia in their journey towards understanding their customers better and achieving Digital Transformation through Single View of Customer.

Prior to Capillary, Abhijeet has worked with Larsen & Toubro in the area of Hydrogen Economy and alternative energy; and has been a Process Improvement consultant to heavyweights such as ACC and TVS during his stint at Renoir Consulting. Abhijeet holds a bachelor's degree in Chemical Engineering from the Indian Institute of Technology, Kharagpur.

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