



Retail Reconsidered

Show Me the Data

**KL Stores: A case study series
exploring innovation in retail**

Retail reconsidered

Part 3: Show Me the Data



With Black Friday around the corner, the pressure is on for retailers to stand out and be at the forefront of customers' minds. However, with an increasing number of high street stores closing its doors, it has become clear that many retailers are struggling to meet the needs of their customers.

But how can retailers understand what their customers really want? The solution is customer data. But not just collecting huge volumes of meaningless data. Retailers must focus on collecting and harnessing data that is valuable in understanding the types of products their customers buy, when they buy them and what channel they use to buy them. According to a study by Alteryx and RetailWire, 60% of retailer and brand manufacturer participants claim that they are just “getting there” when it comes to harnessing the customer data they collect.

Customers are demanding much more than just a product. They're looking for a retail experience, and more importantly, an experience that is relevant, memorable and is tailored for them. The successful retailers in the industry are those that are collecting valuable customer data and then utilising it in innovative ways to not just sell their products but to build a long-lasting relationship with their customers.

In this article, we return to our KL Stores case study and a meeting between Andrew (the CEO) and Aneka (the Chief Data Officer) to discuss how KL Stores is already collecting and using customer data and what else it can do to understand its existing customers' needs and habits and how to attract new customers.

And back to the meeting room...

Andrew - We already collect data from our customers so don't we know them already?

Aneka - Yes, we collect information like our customers' name, address and email address on our KL Stores' website but we aren't making the most out of collecting data from our customers in our brick and mortar KL Stores. Understanding our customers isn't about just knowing their name and bombarding them with email marketing, it's about ensuring their whole customer journey is positive and tailored to them.

Andrew - Ok, so what's all this about a shopping “experience” and how can we create this in KL Stores?

Aneka - With so many brick and mortar stores closing down due to the rise in online retailers dominating the market, we need to work even harder to ensure our customers have KL at the forefront of their minds. Other retailers have adopted what's called an “omni-channel approach” which allows customers to shop online, by telephone or in a physical store and still receive the same seamless customer experience depending on the channel that's convenient for them.

Andrew - So what kind of tools can we consider putting in place in KL Stores to make this happen?

Aneka - Well, here are a couple of things we could consider:

1. **Innovative loyalty scheme** - research shows that the average UK shopper owns three loyalty cards so we could create a scheme to understand our shoppers' habits and send them more targeted and personalised offers.

- **Tesco**, the pioneers in loyalty cards, have created a new Clubcard Plus programme where customers pay a monthly fee in return for premium features like an in-store 10% discount on up to two shops a month.

2. **Beacon technology** - we can put small Bluetooth devices in our KL Stores which send alerts to our customers' mobiles when they're using our KL Stores app. We can use this technology to send discounts, promotions and upcoming events to our customers when they're in-store.

- **Urban Outfitters** uses beacon technology in combination with social media to allow shoppers to unlock offers by checking-in on social media when they're in store.

3. **Cart abandonment emails** - lots of our customers are putting products in their online basket on the KL Stores' website but then forget to actually purchase them. We could send emails with an image and product description of the item that was left in their basket in an attempt to drive the customer back to the website check-out.

- **Amazon** goes beyond this by using algorithms to personalise your homepage with tailored product recommendations based on your purchasing history.

Andrew - Are we sure our customers want to give us this information? We don't want to seem creepy by collecting all this information. How can we prevent this?

Aneka - Actually, we just need to make sure we are being clear and open with our customers about what we're doing with their information. Industry research has shown that most customers are willing to share more personal information in order to receive an improved shopping experience, as long as they know what their information is being used for and that their information is being protected. From my experience, it seems that customers are more comfortable with the idea of loyalty programmes rather than geo-location tracking which seems a bit more invasive.

Customers are becoming more aware of their data, how valuable it is to organisations and their rights in relation to their data. With customers demanding personalisation and innovation, retailers need to stay on the right side of the GDPR when using customer personal data. Key to the customer relationship is transparency - retailers need to tell customers what they're doing with their data and tell them this information in an easy and concise way. Retailers should consider presenting their privacy information in a more easily accessible way by using just in-time notices and adopting the tone of voice of the brand in all privacy information. Research from Deloitte shows that the majority of consumers take into account the quality and transparency of privacy policies when deciding the level of trust to place in an organisation to handle their data correctly.

Andrew - Is there anything else we need to think about when collecting and holding customer data?

Aneka - Yes, we need to remember how important our customer data is to us and protect it at all times! We should invest in effective security and authentication measures and breach detection software to prevent hackers from accessing our online systems in both our stores and website. We know how badly a data breach affects a brand's reputation and financial performance - just look at British Airways' and Marriott's recent data breaches!

Although customers are increasingly happy to give away their personal data in exchange for a personalised and improved shopping experience, they are fearful about their data privacy, particularly in light of recent high profile data breaches. KPMG's Consumer Loss Barometer shows that 19% of consumers would permanently stop shopping at a retailer after a data breach and 68% of consumers claim that the main reason for not shopping at that retailer again would be if they didn't have a solid remediation plan to prevent future breaches. This highlights the importance of retailers having strong back-end security systems to protect customer data and a robust data breach response procedure in order to minimise any potential harm to customers.

Clearly, for retailers wanting to stand out in the market and retain customer loyalty, customer data is a valuable asset. However, retailers need to be aware of the inherent risk in data and that, if not treated with care, it can have drastic consequences, both on brand and profits. Staying on the right side of the GDPR is key to retailers successfully using customer data whilst maintaining their trust and confidence in the brand.

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