customer analytics in a multichannel world

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07.30.2012
topics

- the multichannel landscape
- competing in multichannel: a foursquare case study of Apple
- developing analytics to build a strategic approach
The multichannel landscape: consumer behavior

Consumers **discover** new brands via social media.

Customers use devices to **optimize** their shopping experience in stores.

**Social Media Recommendations & Consumer Behavior**

Smartphone owners use their devices in stores to check prices and more.

- Nearly 3-in-4 consumers (72%) use Facebook to make retail/restaurant decisions.
- Half of consumers have tried a new brand due to a social media recommendation.

Credit: Empathica
even though a customer enters a store and chooses to purchase something, they may still opt to buy it online.

consumers are increasingly using stores for showrooming - researching and trying out a product but not buying it.

the factors driving showrooming include **PRICE** and **SELECTION**

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1 ClickIQ
e-commerce is capturing an increasing amount of retail sales

+ 6%-8% of retail sales and growing\(^1\)
+ $226 billion in e-commerce sales forecasted for 2012 and $327 billion for 2016\(^2\)
+ apparel & accessories forecasted to grow by 20% in 2012\(^3\)

\(^1\) U.S Census
\(^2\) Forrester, Inc.
\(^3\) allthingsd.com
the multichannel landscape: is this the end of retail?   (...NO!)

+ Traffic to brick and mortar retail locations is still strong

+ 17%-21% of in-store shopping will be mobile influenced by 2016

WHEN ARE YOU MOST LIKELY TO USE YOUR SMARTPHONE FOR A STORE-RELATED SHOPPING TRIP?

- More than a week before the trip: 10%
- More than 2 days before the trip: 17%
- One day or the night before the trip: 45%
- On the way to the store: 52%
- While shopping in store: 61%

credit: Deloitte Mobile Influence Survey

credit: Empathica
the multichannel landscape: is this the end of retail? (...NO!)

+ smartphone shopping drives in-store conversion and increases basket size\(^1\)
+ smartphones influence 5.1% of retail purchases, which translates to $159 billion in forecasted sales for 2012\(^2\)

+ influence of mobile devices on in-store sales far exceeds e-commerce and mcommerce sales

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credit: Deloitte Mobile Influence Survey

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1 Deloitte Digital
2 ibid.
the multichannel landscape: the challenge

+ the challenge is how to make brick and mortar locations a competitive advantage in a multichannel customer journey

credit: The Open Brand by Kelly Mooney
the multichannel landscape: current approaches

Target
+ exclusive merchandise
+ expanded online inventory
+ apps to create shopping lists and get targeted discounts

Best Buy
+ replaced bar codes with special tags
+ free and fast shipping
+ matching competitors’ online pricing

Walmart
+ Order online and pay in-store with cash

The Container Store
+ Order online and pick up in store or at the drive thru

Nordstrom
+ Order online and pick up the same day at a store
the multichannel landscape: a new approach

retailers are trying to compete with e-commerce on price and availability

could brick and mortar retailers also use their stores as a competitive advantage to offer a better experience driven by
+ personalization
+ customer service
+ loyalty
+ curation/discovery

this approach starts by engaging technology savvy customers and collecting and analyzing the right data
foursquare is one medium in a multichannel approach because it bridges the online and in-store shopping experience.

Consumers can use foursquare to:
+ “check-in” at a location and tell friends where you are
+ recommend the location with “tips”
+ search for restaurants or other places of interest
+ receive content and promotions from the location
+ curate and share favorites with friends via lists

competing in multichannel: a foursquare case study
foursquare data can be valuable

+ it tells a retailer who their loyal mobile savvy customer base is
+ can be linked to a retailer’s loyalty and purchasing data to drive marketing efforts and data collection
+ can be used to measure competitors’ strength in statistical models
+ can be used to identify areas within cities that have an online engaged consumer base
competing in multichannel: a foursquare case study of Apple

why Apple

+ consumer electronics generates the most e-commerce sales
+ Apple is perceived to have a technology savvy customer
+ Apple successfully connects the online and in-store experience
competing in multichannel: a foursquare case study of Apple

the data
+ apple store locations in the U.S. (~250)
+ demographics and consumer expenditures in the sub-market
+ daily foursquare “check-ins” June 9 - July 9, 2012
competing in multichannel: a foursquare case study of Apple

- the most check-ins are on Sunday
- the least check-ins are on Thursday
- check-ins experienced a downward trend over the 30 day period

Check-ins by days of the week

Check-ins plotted

$y = -18.676x + 2790$

$R^2 = 0.0495$
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store check-in trends
+ isolated jumps
+ downward trends
+ fairly regular patterns with peaks on the weekends and dips during the week

of particular interest
+ June 16, 2012 - the Saturday following the announcement of the MacBook Pro with retina display - saw significant increases in check-ins

Phoenix, AZ

june 9

july 9

Berkeley, CA

Louisville, KY

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who is likely to check-in?

- **people that live in small households**: every 1 person increase in the average household size decreases check-ins by 41%
- **young people**: every 1 year increase in the median age decreases check-ins by 1.7%
- **college students**: doubling the enrollment in undergraduate institutions increases the number of check-ins by 20%
- **people that spend money on consumer electronics**: Doubling the aggregate spending on TVs, video players, DVDs, etc. increases the number of check-ins by 9%
developing analytics to build a strategic approach

how do you build a comprehensive multi-channel strategy?

in-store + online
developing analytics to build a strategic approach

data analysis

transactions & customer data
foursquare check-ins & other social data

business strategy
marketing + customer service
developing analytics to build a strategic approach

how Alteryx 7.0 + farsite make it possible

intuitive apps  ➔  strategic reports
developing analytics to build a strategic approach

- k-means analysis app
- loyalty trade area app
- model building app
- report generating app

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data in focus.
+ the multichannel landscape
+ competing in multichannel: a foursquare case study of Apple
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