

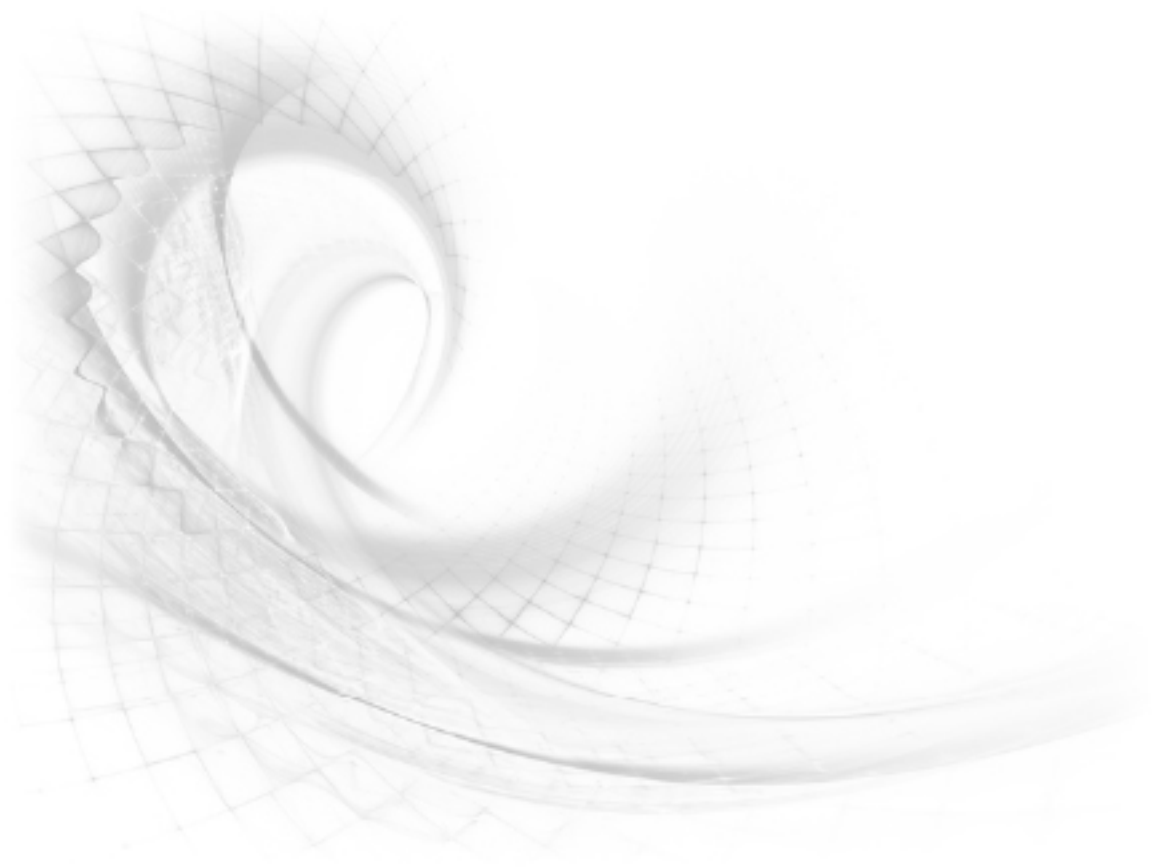
## Who Buys from Someone They Do Not Trust?

By Theo Rose & Linda Mason



“IT IS NOT THE STRONGEST OF THE SPECIES THAT SURVIVES, NOR  
THE MOST INTELLIGENT, BUT THE ONE MOST ADAPTIVE TO CHANGE.”

Charles Darwin's observation about the animal kingdom  
back in 1868 is a pitch-perfect assessment of today's  
business environment. We must adapt or die.





## Who Buys from Someone They Do Not Trust?

Trust is both emotional and logical. Trust is proportional to the degree of confidence that each of us has that we will be taken care of and not taken advantage of. Retailers who make this promise must understand that trust is the benchmark by which they will be measured. It is incumbent upon retailers to ensure this standard is met in every interaction.

Retailers once had the infrastructure and intent to deliver a high level of service to their consumers, but they succumbed to the pressures from leadership and investors to meet financial commitments. This effectively subordinated the priority of keeping their promise to the consumer. Wrapping themselves in words like “loyalty” is now viewed with cynicism by consumers who know fundamentally that the activity of consumption is, at its heart, economic.

Store-native retailers have historically done a deplorable job fostering meaningful dialogue with consumers and building relationships based on anything resembling trust. The unintended consequence of this reprioritization is the reduced investment in the technology infrastructure needed to have all customer data in one place.

A decorative graphic consisting of a series of white, stylized, overlapping shapes that resemble a staircase or a series of arrows pointing upwards and to the right, set against a light gray background.

Today's retailers must stop indulging themselves in the false comfort that comes from using empty buzzwords when attempting to achieve consumer engagement and personalized interaction.

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## The problem with disconnected data

Most retailers have customer data — but in disparate, disconnected systems (POS, loyalty, ecommerce and so on). Too few of these companies have taken the steps necessary to consolidate data sources into a single repository to be leveraged in developing a detailed understanding of their customers. Even fewer are willing to invest the time and resources needed to manage the data and keep it clean.

Digitally-native retailers have had a leg up on their store-native competitors because, systemically, all their customer data has been in one place. Initially, this was an important strategic advantage, but they are now challenged by not having the physical connection and personal interaction that occurs in stores.

The result: both store-native and online retailers continue to treat consumers as homogeneous groups stratified only by their economic value to the retailer. And consumers know it. A retailer's declaration of loyalty is antithetical to the consumer's view of loyalty and insulting to the consumer as well.

While a high level of loyalty may be the goal, sustaining it is the challenge. The journey starts with the difficult task of building trust on the consumer's terms — not the retailer's. To begin to build that trust, the retailer must demonstrate a genuine interest in delivering value as defined by the consumer.

Without trust, loyalty will never come: It takes a meaningful, two-way dialogue to build customer relationships.

Consider the offer of a discount on a sale contingent upon the opening of a store credit card. This may appear to be a value to the consumer, but in fact is a boon for retailers as all subsequent interest charges

will be paid by the consumer. This becomes another revenue stream to the retailer, while the consumer is saddled with an interest rate typically higher than they could get from a bank. If the retailer wants to earn trust, they will have to offer more than the sleeves on their vest. Retailers must accept that relationships cannot be one sided; there must be actual reciprocity.

## Understanding what matters most to a customer

So, what can the retailers offer of genuine value? That question can only be answered by knowing who the customer is and what is important to them. This is discovered only by engaging in a meaningful two-way dialogue.

Sending out surveys has been popularized by many companies, believing that it will make the consumer feel like their opinion matters. The retailer may tell themselves that this interaction is genuine; however, it fails on multiple levels.

These surveys are typically worded to lead the consumer to recount how "excellent" their experience was, without providing sufficient response options that enable truly constructive feedback to the retailer. In this scenario, if the consumer had a poor experience, there is no adequate method of capturing the true nature of their dissatisfaction. This further frustrates the consumer, making the establishment of trust even more elusive.

Service is the act of ensuring that consumers' needs are being met. It is the vehicle through which trust is built and loyalty is earned.

Some surveys do provide an open field to capture consumers' free expressions — an attempt to open a two-way dialogue with the consumer. But most companies have no capability to respond directly to the consumer, let alone with any degree of genuine personalization. Without a meaningful response, the opportunity to build trust is squandered, and the impact on the consumer relationship is further eroded.

## LL Bean: A case study on building trust

LL Bean is one of the most iconic brands, living up to its commitment of making good on its promises. It has maintained that commitment through decades of upheaval and rapid change in the industry. In fact, it is difficult to find an LL Bean customer who does not have their own story of delight with the company, which has fueled subsequent purchases and cemented their brand loyalty.

LL Bean has resisted the temptation to sacrifice its commitment to quality and service in pursuit of financial results. Somewhat ironically, this fierce commitment has been at the heart of its ability to deliver long-term shareholder value.

Retailers are finally appreciating that it is essential to have all their customer data in a single, sharable repository.



The company's dedication to quality and service has always driven an IT investment strategy that has allowed these values to be realized. One of the returns on this investment: the dedication to a single database of all customers

that is continuously cleaned and maintained. This discipline not only supports a level of service that is better than store-native competitors; it has fueled a level of service and personalization that has empowered LL Bean to expand into new channels.

Retailers must differentiate between true personalization and a simple, mindless upsell. Without this basic understanding, the term is just another buzzword. The effort begins with understanding the prerequisites: complete, accurate customer data and a two-way dialogue.

Consumers are flooded with standardized, homogeneous mass communications, which only fuels their disdain and cynicism. The way to elicit a reaction to communication is to ensure that each message is accurately targeted and personal using complete and accurate customer data.

Retailers are finally appreciating that it is essential to have all their customer data in a single, sharable repository. At a minimum, this must include transactional history from all channels and all relevant interactions and communications. This can only be done if each customer has a unique identifier, also referred to as "The Golden Customer Record." This structured data is foundational to establishing the scope and quality of the relationship.

- ☑ **Scope** determines how personal the dialogue can be with the customer.
- ☑ **Quality** dictates how tethered the retailer is to the consumer's reality.

The social interactions of shopping that once occurred exclusively in stores are now found increasingly in "communities" on multiple online platforms. Conversations in these communities are rich with consumer interests and preferences. Retailers are finding it challenging to harvest, organize and leverage this new data. But without it, they will never be able to engage in a two-way dialogue that proves to customers that they are known, understood and valued.

This dialogue cannot be said to have occurred until both parties exchange information that is then absorbed and used to inform and increase the value of subsequent interactions. The popularization of online communities demonstrates consumers' desire for connection where information and experiences are shared. Successful retailers have recognized this and have learned to engage with online communities, some even building their own.

## Final thoughts

The need for, and benefit of, effective personalized communication is obvious. Its creation, however, is fraught with myriad variables and competing imperatives. That said, there are three essential constants:

- ✓ Making the necessary investment in technology to harvest, organize and utilize consumer data.
- ✓ Establishing an environment that promotes the behavior to sustain a culture of service.
- ✓ Developing genuine, value-based relationships.

While this challenge may appear daunting, it is encouraging to see the creative and energetic ways that astute retailers are responding with a variety of tactics and approaches.



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