

CHANNEL PERFORMANCE MANAGEMENT

Three focus areas
for driving growth

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**IPSOS
VIEWS**

GAME CHANGERS



INTRODUCTION

In an increasingly omnichannel world in which recent events have accelerated digitalization and adoption of new distribution channels, brands need to ensure their channel strategies are being implemented consistently and maximized across markets.

This paper sets out to support those charged with measuring and managing the performance of the channels in their organization – physical, contact center, and digital – to understand the fundamental questions that need to be answered, and where to take action.

Organizations have a lot of data – financial, operational, customer, market, and so on. However, synthesizing this data from multiple sources and across multiple channels can be an overwhelming task. Whether seeking to organize and make use of the data you already have, or gathering new data to take action, there are **three essential considerations** to take into account when measuring and managing your channel performance:

1 The **SIZE** of the prize: size of channel opportunity

2 The **MEASURE** of brand delivery: on brand promise and compliance

3 The activities/interactions that **DRIVE** sales: customer interactions and environments that drive and maximize sales



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1

THE SIZE OF THE PRIZE

UNDERSTANDING THE SIZE OF YOUR CHANNEL AND CAPITALIZING ON OPPORTUNITIES.

Key Factors: Share, Competitors and Customer Profiles

Whether growing an existing product or service in a new area, or launching something completely new, understanding which channels offer the greatest growth potential, and how competitors stack up, is essential. Sizing channels effectively enables your organization to set clear targets and establish indicators of success along the way.

To understand the SIZE of the prize there are several key factors to consider (these will, of course, vary depending on where you are in the offer life cycle):

- Competitive landscape in an existing market
- Category/brand/product share (volume, value, and distribution)
- Relevant customer segmentation and profiles

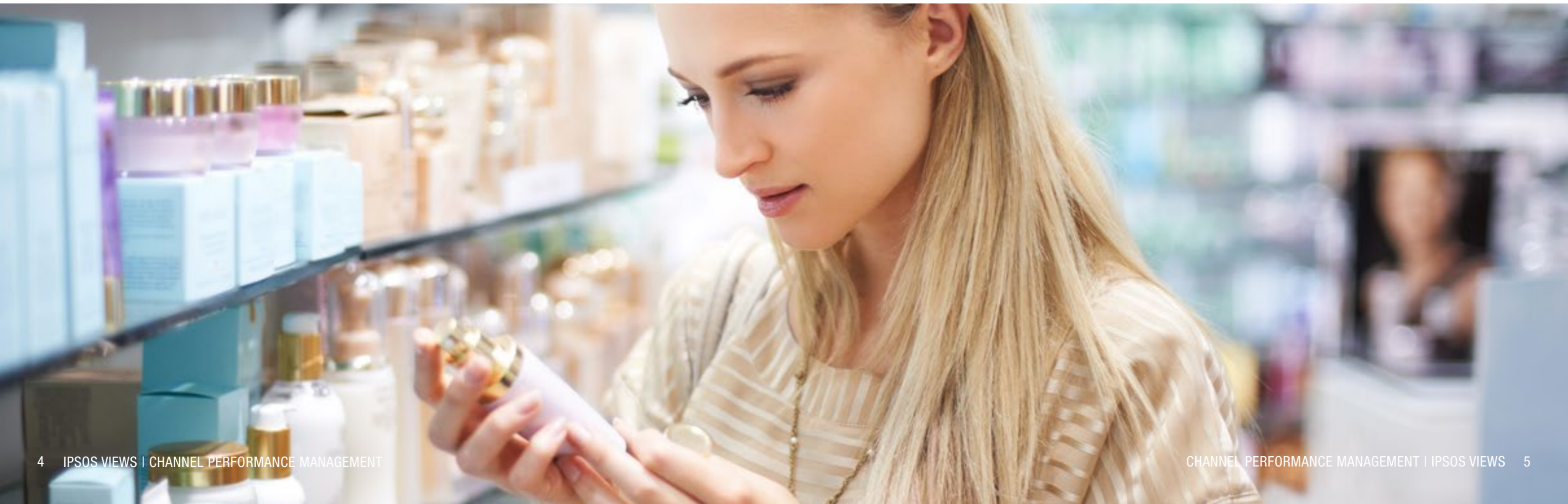
Channel sizing measurement is a complex endeavor, especially in developing markets where desired datasets on which to base calculations are not always readily available. Customized programs may be called upon to drive high levels of accuracy to inform investment-heavy decision making, channel entry, and growth strategies.

CASE STUDY 1: GROWING MARKET SHARE IN A NEW MARKET – BEVERAGES

VOLUME SHARE UP BY 2%

A global beer brand invested in a production plant in an African market, recognizing the market had significant potential given size, geographical location, and beer consumption. But the competition was strong, and a robust plan of attack was needed.

A full market analysis – volume and value size/ share – gave the CEO, marketing, and sales teams a clear understanding of what needed to be done; growing market share by focusing on two regions and best-selling Stock Keeping Units (SKUs). Findings have been shared with the distributor to ensure they too are aligned with growth strategy.



2

THE MEASURE OF BRAND DELIVERY

RECOGNIZING SUCCESS FACTORS AND IMPROVEMENT NEEDS IN ORDER TO DELIVER AGAINST BRAND PROMISE AND REGULATORY DEMANDS.

Key Factors: Customer Experience (CX) and Service Performance

A customer's experience of a brand encompasses all the interactions they have, within and across channels – physical, contact center, and digital – as well as the experience of the actual product or service offer, brand communications they see, and beyond. We know that brand messaging matters, but if that brand messaging is not consistently carried through to the experience and delivery of a brand's offer, the so-called 'promise delivery gap'^{1,2} results in unhappy customers, low CX KPIs, increased complaints and churn, and a downturn in sales.

Understanding what it is like for a customer to interact with your brand across the end-to-end experience is essential in ensuring you have the right frontline staff, equipped with appropriate training to deliver on your value proposition, act in alignment with brand guidelines, and comply

with regulatory demands. When deployed correctly, the right measurement tools can act as an early warning system, helping you address issues before they translate into poor business results.

Measuring the human connection between frontline staff and customers should be included in your organizational metrics. Face-to-face interactions are more important than ever, as they may be less common for some customers who are choosing other channels to interact with your brand. At the same time, customers moving to 'new to them' channels; perhaps live chat, online shopping, contact center calls, etc. present opportunities to connect with customers, but also new places for things to go awry. Furthermore, the handoff between channels, or the expectations and communications set within each, present additional touchpoints and opportunities to 'wow' a customer.

To recognize the MEASURE of brand delivery promise and compliance, there are several key factors to consider. Customer experience must align with brand promise.

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WHAT IS THE EXPERIENCE OF CUSTOMERS WITHIN A CHANNEL?

- Does this experience of your brand align with your brand promise?
- Is this experience consistent across channels, or does one mode of interaction perform better than another? Why is this?
- Is the channel able to meet the needs of this moment, or are there barriers stopping the staff or technology from delivering on this expectation?

HOW ARE FRONTLINE STAFF DELIVERING ON CUSTOMER EXPERIENCES?

- Are they meeting training standards?
- Are they acting in alignment with regulatory requirements?
- How are they communicating your value proposition/offer to customers?
- Are there aspects of the interaction that are not performing well? Can training be improved – barriers removed for frontline staff?

CASE STUDY 2: IMPROVED SERVICE PERFORMANCE IN RETAIL OUTLETS LEADS TO INCREASED SALES – FASHION

+1 IMPROVEMENT IN CUSTOMER SATISFACTION SCORE (CSAT) DRIVES CONVERSION WORTH OVER €1M ANNUALLY

Leveraging data from multiple sources including footfall, transactions, store profile/size, mystery shopping and Voice of the Customer (VoC) surveys

A global fashion brand wanted to understand how the service performance of its retail outlets contributed to increased sales, then take that

information to predict which service elements have the greatest impact. A relationship was found between sales conversion, CX, and mystery shopping KPIs, ultimately providing the fashion retailer with a way to prioritize and demonstrate return on CX investment: a +1 improvement in CSat score driving conversion worth over €1m annually.

CASE STUDY 3: DRIVING IMPROVED OMNICHANNEL EXPERIENCE – AUTOMOTIVE

ACTION PLANS AT ALL LEVELS, DRIVING DEALERSHIP STRATEGY

Mystery shopping program assessing online discovery through in-dealer engagement

A major auto manufacturer uses mystery shopping to evaluate dealers on both sales and service. They continuously measure how dealership personnel follow and apply the brand's new standards, including those related to communication of product/brand value.

Shoppers experience the entire purchasing process, from setting up an appointment online or by phone, visiting the dealership, taking a test drive, and follow-ups. For service, shoppers set up an appointment, discuss service options, wait while work is performed, make payments and assess any follow-ups. Results are informing action plans at all levels, and driving dealership strategy.

Having a great plan is one thing, but ensuring that plan is executed appropriately and with consistency is what really matters.”

HOW IS MY PRODUCT BEING PRESENTED?

For organizations whose product is stocked and sold by a third-party retailer, frontline execution becomes more about consistent presentation of your product on the shelf. Having a great plan is one thing, but ensuring that plan is executed appropriately and with consistency is what really matters. Understanding how your products and services are deployed, executed, and fulfilled at the point of sale is essential to maintaining your brand's reputation and keeping customers coming back.

- Are the brand collaterals displayed correctly and consistently?
 - Is the website/location/hold message sharing the right information?
 - Is signage up-to-date? Is it displayed correctly?
 - Is navigation of the site clear and does it drive traffic to your products?

- Is the product in the right place, easy to locate, and in stock?
- Are salespeople using the right language and speaking about the offer in a manner that aligns with the value proposition, and is this clearly understandable by customers?
- Are frontline staff leveraging the appropriate brand materials to support customers?
- Are compliance requirements for your industry being adhered to?

The reality today is that businesses must be doing all of this, and in a safe, compliant, and consistent fashion. On top of these business questions, it is important to ensure your locations and employees are demonstrating compliance with health and safety requirements relating to Covid-19; ensuring staff and customers are safe.

CASE STUDY 4: IMPROVED PRODUCT DISPLAY IMPACTS SALES VOLUMES – BEVERAGES

BRAND SALES +13%: +\$8 MILLION USD

A global beverage brand was market leader in one of its markets, but sales were falling in their modern trade channel, specifically small supermarkets – and they could not understand why. Research to better understand the channel and retailer behaviors revealed, amongst other learnings, that supermarkets were allocating

more space to cooler cabinets. In contrast, the supplier's focus had been 'on the shelf'. Focus was shifted and share has since been growing. Placing one additional cooler at a store increases brand sales by 13%, on average. 8 million USD of additional sales have been achieved as a result.

As the old saying goes, 'what gets measured gets done'. However, capturing the right metrics is only the beginning of the equation. Understanding these metrics in a meaningful way within their own context and relative to other metrics (including sales volumes), is the golden ticket to ensuring that you are consistently delivering on the brand promise on the frontline, and so driving the right outcomes of increased sales, retention and operational efficiency. Humans are the cornerstone of your success – both as your customers, and as the staff delivering or supporting your product in customer-facing roles. The machine itself may be ultra-efficient, but it will ultimately be a person who explores their options, opens your package, uses your product, or experiences your service. While internal metrics are useful, these are most effective when supplemented with an external view.

The need for customer feedback – VoC type programs – is obvious and invaluable, but customers cannot provide all the answers. Mystery shopping and execution measurement programs deliver additional objective, unbiased feedback to measure how the organization is delivering. In our paper, *Seven Steps to Designing a Better Mystery Shopper Programme*,³ we set out a blueprint for organizations with what needs to be put in place for better design, execution and, indeed, impact of mystery shopping. *Dialing up your contact center performance*⁴ explains how a well-designed mystery calling program can help evaluate your contact centers – as a standalone, or as part of the omnichannel journey – and drive greater customer loyalty, higher profits, and better returns for shareholders.



3

THE ACTIVITIES/INTERACTIONS THAT DRIVE SALES

IDENTIFYING THE CUSTOMER INTERACTIONS AND ENVIRONMENTS THAT DRIVE AND MAXIMIZE SALES CONVERSIONS.

Key Factors: Customer Interactions, Navigation and Placement of Product/Service Offer

You already have multiple channels for interaction and sales in play, but are you making the most of each customer coming to your physical or virtual storefront? **Conversion is key.** Each customer entering the shopping space is an opportunity to grow business, so long as the right offer is in front of them, at the right moment, and in a way that will keep them coming back to meet their needs.

Knowing the volume of customers ‘through the door’ is good, but does not get you through the final mile. To identify the activities/interactions that DRIVE sales conversions, there are several key factors to consider such as:

- Footfall (otherwise known as customer traffic)
- Conversion rate of footfall
- Staff levels aligned with store traffic
- Good store/site layout
- Customers navigating to all parts of store, irrelevant of whether ‘bricks or clicks’
- Good placement of offer
- Products/services that are easy to locate and access

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Modern customer counting goes beyond simply counting foot traffic; data can be used to identify traffic flow through the store, and where relevant, whether social distancing is taking place, and even whether customers and employees are wearing masks if mandated to do so. Furthermore, customer counting tools can be used to measure where and how customers are engaging with areas of the store, products, or employees, to support decisions on staffing levels, training, and even store layout and merchandising. Tools like Ipsos’ Iris⁵ can be used to measure similar activity

in digital storefronts online, helping retailers understand when and how prospective customers are visiting their sites, and which competitors they have been compared against.

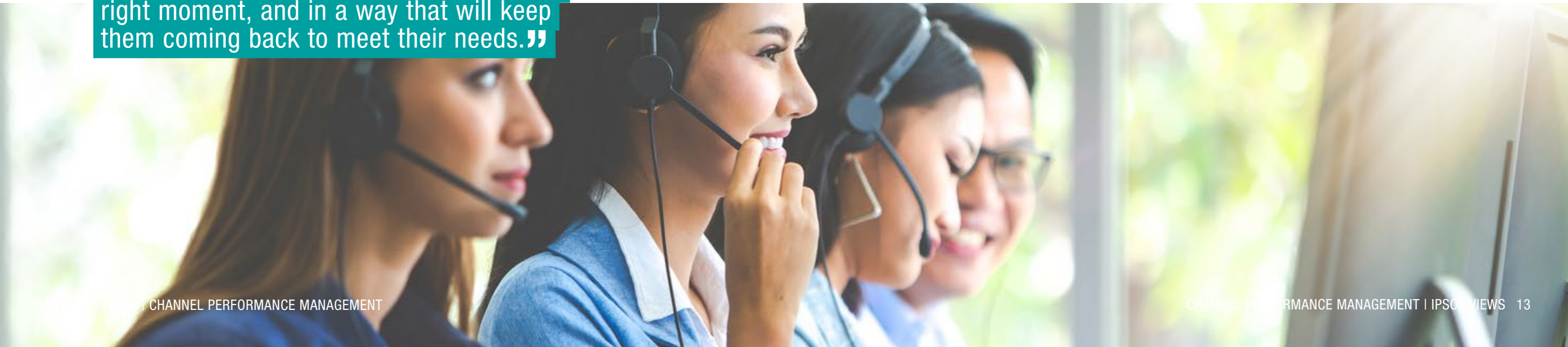
A range of customer counting techniques, to measure footfall, conversion rates, transaction size, and customer in-location behavior and movement, should be employed to manage physical and digital estate strategy and optimize staff utilization, improving sales performance.

CASE STUDY 5: CUSTOMER COUNTING DRIVES SALES CONVERSION – RETAIL

CONVERSION RATES INCREASED BY 2% AND AVERAGE SALES PERFORMANCE INCREASED BY 2.4%

For a major retailer, hourly customer counting data facilitated ‘customer centric scheduling’, matching customer facing colleague hours with customer footfall, allowing staff to be on hand during peak times to drive conversion rates.

Results have been profound: conversion rates increasing by 2% within weeks, average sales performance increasing by 2.4% across the rollout, and all of this with minimal capital investment.



CONCLUSION

So, it comes down to three key questions:

1 What is the **SIZE** of the prize?

2 What, and how, do you **MEASURE** delivery on brand promise and compliance?

3 How do you **DRIVE** sales conversion?

By asking these three questions, your organization can focus efforts to improve; maximizing the channels you are operating in, delivering on product, service, and regulatory demands at the frontline, and understanding fulfilment of the products or services you offer – ultimately improving the experiences of your customers and your business results.

Moreover, using these tools – including channel sizing, mystery shopping, execution measurement, customer counting, as well as VoC programs – together, rather than in isolation, allows an organization to make the most of the data at hand. Do not allow your organization to get lost in too much data or focus on the wrong areas: seek the support and guidance of channel performance experts to **SIZE**, **MEASURE**, and **DRIVE** improved performance across your channels.



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- 3. Mystery Shopping – Seven steps to designing a better mystery shopping programme**
<https://www.ipsos.com/en/designing-better-mystery-shopping-programme>
- 4. Mystery Calling – Dialing up your contact center performance**
<https://www.ipsos.com/en/mystery-calling-dialing-your-contact-center-performance>
- 5. Ipsos Iris: Online Audience Measurement**
<https://www.ipsos.com/ipsos-mori/en-uk/online-audience-measurement>

FURTHER LISTENING

- **Customer Perspective podcast**
<https://www.ipsos.com/en/customer-perspective-ipsos-podcast>

FURTHER VIEWING

- **Got30 vodcast**
<https://www.ipsos.com/en/got30-ipsos-vodcast>

FURTHER RESOURCES

- **Take Mystery Shop Results to the Next Level**
<https://www.ipsos.com/en-us/knowledge/customer-experience/Take-Mystery-Shop-Results-to-the-Next-Level-recording>
- **Dancing with Duality – Achieving brand growth in a mindful and mindless world**
<https://www.ipsos.com/en/dancing-duality>
- **Service with a Smile? Delivering customer experience in the face of mask wearing**
<https://www.ipsos.com/en/service-smile>
And Latin America edition:
<https://www.ipsos.com/en/service-smile-latin-america-edition>
- **Money Talks or Budget Walks – Delivering a Return on Customer Experience Investment: ROCXI**
<https://www.ipsos.com/en/money-talks-or-budget-walks>

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