



Guest Name and Title: Carol Phillips, President

Guest Company: Brand Amplitude

David: Hi, this is David Patrick. Welcome to The Brand Show. Today I'll be talking with Carol Phillips. She's the president and founder of Brand Amplitude. Welcome, Carol.

Carol: Thank you for having me.

David: Tell us a little bit about Brand Amplitude.

Carol: Sure. Brand Amplitude is an 11-year-old consulting and insights-based market research firm, so about half of our work is primary research and about half is helping companies with brand problems.

David: Now I know you've worked with a lot of retailers. Tell us a little bit about some of the categories and even some of the retailers you've partnered with.

Carol: Sure. Well, we've worked directly with retailers like Westlake Ace, J.Crew. We also work with companies that are trying to engage with retailers. We recently helped Sprint with a market research study that was designed to help them talk to their retailers about mobile marketing and how consumers engage with smartphones in store.

David: And I know you speak at a lot of conferences, and when you're around retail CMOs and you hear them talk about retailing, what's on the mind of the retail CMO right now?

Carol: I would say technology, technology, technology, and of course, you know, it's never technology for its own sake. It's, "How do we engage customers, knowing that they are increasingly making use of technology before, during and after the shopping experience?"

David: Working back from the customer itself – as you have talked to retail



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customers and you've talked to them about specific brands and their shopping experiences – what's changing for the retail customer as they think about, as you said, the before, during and after? How do they process it right now?

Carol: Well, I just want to back up a little and say that we also do a lot of work with companies trying to understand the millennial customer. And it's not necessarily just because they're important in and of themselves, but they're enormously influential in terms of their behavior tends to trickle, sometimes very quickly, into the rest of the population. So what millennials have taught everybody is that the phone, the computer, and the tablet, and all the different ways we interact with information can be enormously beneficial in terms of shopping. The people who really understand this is about 10 percent of all shoppers, who we have identified on the vanguard of this are really adept at finding the best deals and getting what they want on their terms. And the big surprise here is that it isn't necessarily limited to millennials. This vanguard is actually quite pervasive and cuts across all different age categories now.

David: So have you seen the definition of what we called retail customer engagement change over the last maybe 10 or 15 years?

Carol: Oh, absolutely. I think we all now have a larger set of stores that we engage with either virtually or in a store. The big thing now is more around communication. We've talked to young women, and they're shopping every single day. They receive a number of email newsletters, and they're constantly watching for what's new and they're really attuned to even tiny changes. The whole sale phenomena is cross channel now. It's not just go to the store and see what's on sale. It's check out the website, go to the store and maybe even go back to the website to execute the purchase. So it's really a truly multi-channel experience, and engaging shoppers have to take into account all those different channels.

David: When you talk to customers, do they call out either a particular retailer or a category that seems to be on the leading edge of, kind of, the pioneering through this change?





Carol: Well, I think it's kind of hard to have a conversation anymore about retailing without talking about Amazon. They really have changed things, you know, not just for themselves but for everyone. When we talk to consumers about their shopping, it comes up. It's the No. 1; it's also the No. 2 and the No. 3. People do think of Amazon as a store, and they shop pretty seamlessly on Amazon even in places like Target or the grocery store. We've observed shoppers in the store go on Amazon to see if they can get something as mundane as eye drops for a lower price.

David: Is Amazon doing customer engagement in areas other than price and efficiency? Or are those like the two attributes that they seem to keep winning an edge on?

Carol: I would say actually their edge is in assortment. The fact that you can get just about anything is probably their biggest, maybe even more so than price. It's that you can get exactly what you want, and you can get it pretty fast. I mean, they've set the standards in terms of delivery. I think one of the smartest things that they did a few years ago was the Amazon Prime with the free delivery. Shipping charges are a big barrier, and they just basically wiped them out for their best customers. I haven't been following that closely, but I do know that they're testing same-day delivery in some places and maybe even opening stores, especially now with the Internet tax issue resolved.

David: Are there any retailers that you've seen or your consumers that you've talked with that have effectively integrated what you were mentioning before, the online and the virtual and the offline and the brick-and-mortar? Has anyone like seamlessly got to what people are calling the omni channel yet? Is anyone there yet?

Carol: Not that I know of. I mean, I think that there are some that are working really hard to do that, but as you know, David, it's really difficult to have the same items in the store as you have at the same price as online. And that is the customers' expectations: If it's priced one way, one place, it's going to be priced the same way everywhere, and if I can find it online, then I ought to be able to find it in the store. So keeping up with that expectation is enormously





difficult.

David: Are the customers that you're talking about, are they frustrated right now with retailers?

Carol: I think they're less frustrated than they used to be. I remember doing research for J.C. Penney maybe 7 or 8 years ago, and this was their main complaint and we don't hear that as much anymore. I also think that online retailers are getting better at saying that this is an online only exclusive and maybe setting the expectations better about what is available online and what is not.

David: Has the role of the store associate changed with all this technology, changing either with the consumer expectation or just customer engagement experience in store? What's the role of the associate now?

Carol: I actually think the associate has become more important. If you're going to shop in the store, it better have something to offer that's different than shopping online. And that difference is that you can interact with a real human being. I mentioned that we worked with J.Crew, and they have been enormously successful with their Madewell stores, which are targeted at a younger woman – not necessarily more price sensitive, but maybe a little bit more fashion forward than the J.Crew woman. And she specifically goes there because it's so much fun to try on things, mix and match, to see how the store's been merchandised. They make a special effort to have the women who are sales associates in those stores dress in Madewell, and they're real aficionados – they really understand how to put the different looks together, and that's what makes shopping there so fun. When we talk to their customers, that's what they tell us.

David: You mentioned millennials being on the leading edge of technology. And I know that technology has enabled retailers to become more self serve as opposed to assisted serve. Do millennials, when they go into a retail store, do they want the associate to help them with knowledge or do they want kind of just to do it on their own? Or is there something other than maybe the two



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options I've served up?

Carol: Of course it's more complicated. Some do, some don't. I would say the big overall sweeping statement we can make about millennials is that they're more likely to have done their homework. They are more likely to have done research online before they ever step inside the store. So when they're interacting with an associate, they pretty much know what they want. I would say particularly for a big-ticket item, it's pretty much a 100 percent they've done quite a bit of research. They've walked in there knowing what their options are, and they're really looking to the associate to just help them finalize the sell if they're buying it in the store. It depends on the category, David. Certainly for big-ticket items everyone is perhaps a little bit more likely to do research, but millennials are more likely to do research on almost anything. They are just very informed consumers. I had one millennial tell me once that if you're not a millennial, then you've probably paid too much. And I think she's probably right.

David: I would suspect that if a millennial goes into a retail shop and is more knowledgeable about the product than the associate, then that would be a cause for frustration.

Carol: No, not necessarily. They know what they want, and there are other causes for frustration. But I don't think it's necessarily that the associate doesn't know what they're doing. They really do have a self-serve mindset, and remember they've got a computer in their pocket and if it's something that the associate doesn't know they can just look it up. They are very information savvy. They know how to find out what they need when they need it.

David: So as you look across some of the clients that you've worked with and some of the categories you've worked in, what are some of the things that you keep getting reminded of, as a retailer is able to successfully acquire, gain and keep a customer? What do you keep being reminded of year after year?

Carol: The one thing that just keeps coming back over and over, and it's this idea of personalization, everybody wants to be known. You go on Amazon, and it says, "Welcome back, Carol," and you know that they don't really know you,



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but it sure feels like it. And I think the degree to which a retailer can tailor the experience to the individual shopper, the more successful they're going to be. I mean, it was the basis of success in the past and it still is. We've just finished a study for a major chain of gas stations. And you know, even there, I mean, talk about a transaction that's pretty devoid of any kind of human contact, right? And even there, customers are telling us, "I come in here every time. I use the same credit card. I buy the same grade of gas, and yet every time, it's as if you didn't know me. Why can't you recognize that? Why do I have to enter my Zip code?" Even something as transactional as that still has the opportunity for personalization and more – more customers expect it. I think that privacy is an issue, but consumers have repeatedly shown that they're willing to trade off that privacy for a little bit more tailored experience.

David: Tell us about some of the projects that you have worked on maybe in the past year that have informed you about where retailers are going, where the retail customer is going, and maybe helped Brand Amplitude get at some of those insights.

Carol: Yeah, I will tell you the most exciting thing that we've done for retailing came out of a project that had absolutely nothing to do with retailing. We did a project for a big data company, and these are people who know how to take all that data thrown off by your mobile phone – and believe me it's a lot of data. So they work with companies like Sprint and Verizon to, in real time, analyze the stream of information that's coming from every keystroke you make on your phone. And the potential for that data to be used to deliver the exact right message at the exact right time is enormous, and I think that's going to be the future. If I was able to walk into Walmart and have a coupon for just my brand of cat litter delivered just at that moment as I reached that aisle, think of the potential of changing that moment of truth.

David: That sounds pretty neat.

Carol: The technology actually exists. The difficulty is, you know, right now it's buried in the IT companies.



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David: Right.

Carol: And it needs to still be brought to marketers.

David: So as our last question, and we ask this of all of our guests, Carol, just as you think about back in your marketing career, what key fundamentals do you continue to relearn year after year after year?

Carol: Well, I think that it's all about the customer. You know, I won't say that the customer is always right, but keeping your eye on the customer and how they're changing is really the only way to stay on the edge. I think that the astonishing thing that we've learned from the whole saga of J.C. Penney over the past year is just how punishing it can be if you lose sight of who your customer is and what they really want. That whole scenario was completely avoidable. What they missed was that their customers in particular find sales and hunting for the best deal to be a fun part of shopping, and when you take that away, what's really left?

David: That's a good insight. Is there anything that we haven't covered that you would want our listeners to know?

Carol: No, David, this has been great. Thank you. I guess I feel like a tech wonk. I think it is the big disrupter of our era, and retail is really going to be an exciting place because of this.

David: And if our listeners wanted to reach you, Brand Amplitude is exactly as it sounds: brandamplitude.com.

Carol: It's a mouthful, but yes.

David: Well, great. Thank you, Carol.

Carol: Thank you, David. Bye-bye.

David: Bye-bye.

