

CRM Group Project - Part 2 (Final Report)

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Behind the Glass Boutique - located in Auburn, AL

Executive Summary

Behind the Glass is a Downtown Auburn trendy clothing store that has been in business for over 30 years. Behind the Glass has a customer-centric focus, desiring to bring the cutest clothes to Auburn while empowering women of all ages to feel more confident. They offer a wide variety of items and brands to appeal to a large public in Auburn. Furthermore, Behind the Glass targets women of all ages, but their primary customers are college girls. Behind the Glass is known for their friendly staff and exceptional fashion taste. They utilize a second hand approach, which ensures that the customers know the staff is willing to help.

Behind the Glass has two main CRM problems including their loyalty program and outreach. Customers are dissatisfied with the lack of engagement and transparency through the program. Secondly, Behind the Glass can improve their outreach. Customers do not feel that the boutique successfully communicates personally with them beyond the in-store shopping experience.

Our solutions to these problems are to upgrade the customer loyalty program and conduct consistent and genuine outreach. This will be done through the creation of a Behind the Glass app for customers to access loyalty program points, as well as more organized outreach initiatives from the boutique. Behind the Glass will also utilize operational, analytic and social CRM initiatives and keep track of data through program metrics including customer dashboards and outreach information tables.

With these solutions and CRM initiatives and metric tracking in place, Behind the Glass will be able to enhance their current customer relationships as well as easily build more.

1. Overview of the firm, product, and industry

Behind the Glass is a trendy clothing store in the heart of Downtown Auburn. The store has been in business for over 30 years, testifying how loved they are around the Auburn community. The fashion industry is constantly evolving, changing season to season and year after year. The industry is unique because stores must be able to keep up with the latest trends, or else they will not produce enough profit. Companies must be in tune with their target audience within the fashion industry. It takes a unique store to be successful in the fashion industry, which Behind the Glass has proved to be.

Behind the Glass is unique because it has a customer-centric focus. The company exists to bring the trendiest clothes to Auburn, AL, and empower women of all ages to feel confident in themselves. Additionally, Behind the Glass prides itself in customer service, which Auburn locals would tell you to be true.

Behind the Glass is the most profitable women's clothing store in Auburn, with the competitive advantage of offering a wide range of products and inventory that changes daily. Some brands sold are Free People, BB Dakota, Dolce Vita, Show Me Your Mumu, and Z Supply, to name a few. They sell various items, including books, cards, and stationery. They offer the most variety compared to their biggest competitors, Therapy Boutique and Charming Oaks. A competitive disadvantage for Behind the Glass is that nowadays, many college girls are using rental companies such as Rent the Runway and Nuuly, which means they are not as profitable in stores.

Behind the Glass does a great job of offering a comprehensive product range to its consumers while providing exceptional customer service. However, a weakness is that they could improve their

loyalty system. An opportunity for Behind the Glass is they can build their online presence to reach more customers. A threat to Behind the Glass is that the trends are constantly changing, which means if they fall behind, it will jeopardize the growth of the business.

2. Analysis of Customer Profile

“Behind the Glass” targets their store to women of all ages, as stated in the “BTG’s Mission” page on their website. The typical customer at Behind the Glass is most likely a female college student, given their location and proximity to Auburn University’s campus. However, this would only be the majority segment as older women in Auburn, younger girls in Auburn, and visiting mothers would also make up part of the consumer profile.

To develop a persona for BTG’s typical consumer, we would say this woman is anywhere from age 18-24, a student at Auburn University, and most likely unemployed or employed part-time, which would make it reasonable to believe she is on somewhat of a budget. Her purchase behaviors would be consistent but at a low price point, making her a barnacle to the company. She would go to Behind The Glass for an outfit for a specific event, a pair of shoes for spring break, a birthday card/gift for a friend, or glassware for her bar cart.

Behind The Glass purchases their merchandise from many brands. Some of them are listed on their website under the tab “Brands We Love” which include Free People, Steve Madden, Show Me Your Mumu, ZSupply, Karlie, and Sanctuary. They carry stuffed animals from JellyCat, as well as many other gifts from a variety of brands. These brands have positive and profitable relationships with Behind The Glass which is why they continue to do business together and are each other's customers.

3. Analysis of Customer Values

“Behind the Glass” is known for their friendly staff and unique fashion taste. Knowing their target audience well, “Behind the Glass” goes the extra mile in order to make sure that their customers feel satisfied and valued. As a former employee, I saw just how important customer value was to “Behind the Glass” as the managers would take extra time during training to talk about how important customer service was as well as going over different scenarios where a customer may be unsatisfied and how to professionally work through it. Consumers value “Behind the Glass” because of the personable shopping experience and employees that will go the extra mile to ensure you have a positive shopping experience. For example, employees are required to greet customers at the door and then check back in with them about 2-3 minutes later and ask questions such as “are you finding everything ok?” or “are you shopping for something special today?” This is called a second hand approach and it allows the staff to know if the customer is looking for something specific and it lets the customer know that the staff is there to help.

To add to the customer's experience, “Behind the Glass” offers a loyalty program to reward customers for shopping. The program is a point per dollar system meaning that for every dollar spent, the customer gets a point added into the system. For example, if I bought a \$50 top, I would get 50 points added into my account. Once a customer reaches 500 points, they receive \$25 off any purchase in the future. The loyalty program also allows for customers to stack their points to receive more rewards such as \$50 and \$75 off. The program also never expires so a customer can keep their points as long as they would like. This program shows customers that “Behind the Glass” appreciates their loyalty and encourages customers to keep coming back.

After speaking with the owner, Chloe Floyd, we were able to get a better understanding of another factor that the customers value, the brand names sold. “Before selling brand names such as

Amanda Uprichard and Show Me Your Mumu, we weren't getting as much foot traffic in the store. It felt as if we were just another store in downtown Auburn. After deciding to carry more well known brands, it was obvious we were getting customers specifically coming in for those brands. I was hesitant to carry brands because I was unsure if our audience was willing to pay extra for a brand, but I was proved wrong and noticed this was a factor that separated us from other stores downtown." From this interview, we learned that customers are willing to pay more for a product at "Behind the Glass" because of the brand names and the knowledge that the quality is better than their competition's products.

4. Assessment of the Current CRM Problems

Customer Journey Map from the perspective of 'Eager Erica:'

	CONSIDERATION (Pre-Purchase)	EXPERIENCE (Pre-Purchase)	DECISION (Purchase)	EXPERIENCE (During Purchase)	LOYALTY (Post-Purchase)
CUSTOMER'S ACTION	Would like to shop around stores in downtown Auburn, including Behind the Glass (BTG) boutique, for a dress.	Customer walks into BTG and is greeted by pleasant staff. Customer is asked if she is shopping for anything in particular and is directed to the dresses. She finds a few dresses she would like to try it on and is shown to the fitting room.	Customer struggles to make a decision as the dress she loves is slightly out of her price range. After some thought and consideration, she decides to purchase it anyways.	Customer overhears the person checking out in front of her using 'points.' She has never heard of a BTG loyalty program and was not informed of such until she asked the employee during check-out. It turns out she had over \$30 to spend in points.	Customer is loyal in terms of the products and in-store experience prior to check-out. Loyalty is wavering however considering the disappointing lack of communication about a point system at check-out.
CUSTOMER GOALS	Needs a new dress for an upcoming sorority event.	Would like to see all of the options before potentially making a purchase	Would like to spend under \$150 if possible	Complete an easy check-out and receive the best possible purchase price	Stay in contact with the boutique about products/deals outside of in-store shopping experiences
CUSTOMER'S THOUGHTS/FEELINGS	Customer is <u>optimistic</u> and <u>eager</u> to find a dress for her event.	Customer is <u>hopeful</u> but <u>selective</u> in terms of dresses she likes. She is <u>appreciative</u> of the staff's kindness and assistance.	Customer is <u>hesitant</u> because the dress is slightly out of her desired price range, but is <u>excited</u> about it nonetheless.	Customer is <u>annoyed</u> and <u>confused</u> as to why she was not told about her points until she asked, especially considering she had points to use.	Customer is <u>frustrated</u> that she had to inquire about a loyalty program and is <u>disappointed</u> it was never communicated outside of the store either.
POTENTIAL PAIN POINTS	Lack of knowledge on BTG's current product selection in terms of dresses	Limited availability in the fitting rooms (wait time to try on the dresses)	Financial limitations (customer has a budget)	Unclear communication from employees about a loyalty system	Lack of personalized communication about rewards/points outside of in-store shopping experience

Two Key CRM Problems:

- 1) Loyalty Program – Loyal customers are frustrated with the lack of engagement in terms of rewards and points. Customers are often not informed of their points status (or even that they have points) unless they inquire with employees at checkout. Through an interview with a former Behind the Glass employee, Lauren Peck, it was expressed that this was a common miscommunication she experienced when checking out customers. She said that "customers were often unaware of the point system in general." She went on to say that she attributes this problem to the fact that the system was not emphasized during employee training, therefore communication with customers about it was either inconsistent or simply nonexistent.
- 2) Outreach – Customers feel that this boutique lacks personalized communication outside of the in-store shopping experience. Through an interview with a Behind the Glass customer of 3+

years, Chloe Cochran, she expressed a desire for updates on her points via email or text, as this would likely motivate her to shop at BTG more than she currently does. While the boutique is active on social media, customers would like more engaging text-chain communication, email communication, etc. This outreach could go hand-in-hand with the loyalty program by sending out information on point statuses, potential opportunities to gain more points than usual, upcoming discounts, etc. This personalized communication with customers would likely lead to more engaged customers and potentially impulse trips to the store/purchases.

5. Develop Corporate CRM Vision

Based on the CRM problems we have identified, loyalty program frustration and lack of personalized outreach, we developed a CRM vision statement to assist in envisioning our long-term goal for Behind the Glass.

Our CRM vision statement is “We will prioritize developing customer relationships inside and outside of the store through consistent and genuine outreach and an upgraded loyalty program platform, enabling increased long-term customer loyalty and meeting customer needs.”

This vision statement will give BTG the opportunity to change the way they relate to their customers. The problems we outlined reveal that the customer dissatisfaction with the boutique is directly related to their lack of communication efforts. When crafting our vision statement, we knew that it had to focus on better communication with customers through multiple channels. These channels include being in the physical store, email or text updates, social media, and a new platform to enhance the effectiveness of the customer loyalty program. That being said, this statement has been formed for internal purposes, and the target audience will be the BTG employees. Without the employees working to better customer relationships, the vision for the future of BTG’s relationship with their customers would not be achievable.

The purpose of this CRM vision statement is to clearly state how BTG can approach their current challenges. They can continue to use the vision as a “reference point” to help “steer decisions” throughout the process to implement changes to meet their long term goals regarding customer satisfaction (ANS). Having a concrete plan to refer to while determining the correct CRM methods to utilize will help the employees stay on the same page and allow them to work together to create an effective change in how BTG relates to their customers.

6. Relevant CRM benchmarking

E.l.f. cosmetics in the height of the pandemic took a major step towards improving their customer loyalty programs and overall online experience in order to improve their own business practices. The company implemented a number of tactics to make these changes go into effect and be successful. These include referrals with layered incentives, a method for shadowing poor experiences, a tiered loyalty program, leveraging scarcity for repeat purchases, generating demand through scheduled offers, and giving free gifts to loyal customers. Overall, e.l.f. was able to see significant financial results from these tactics. Net sales increased from \$400 million in 2017 to \$600 million in 2021, and their e-commerce sales have doubled going from \$150 million to \$300 million across that same 4 year span.

This case is closely relatable to Behind the Glass here in Auburn. E.l.f. was able to grow their business a significant amount using tactics for customer retention that have been brought up throughout this report as a means for Behind the Glass to do the same. By creating a tiered loyalty program with clear

communication on points and status, e.l.f. created an incentive to repeat purchases and increase status for better offerings and points rewards. Behind the Glass currently has an issue in the lack of consistency and communication behind their rewards system. It would be beneficial for Behind the Glass to implement an e-mail chain or include this in their app/online account page in which it is clearly communicated which offers are applicable to you with your status. This is an example of e.l.f.'s email to their loyalty program that Behind the Glass could imitate either in an email or in their proposed app:

**You've unlocked a
reward!**

Your current point balance is **107**.
Use code 2N[REDACTED] to
receive a **FREE** Coupon
on your next purchase of \$10+ at
elfcosmetics.com.

SHOP NOW

This method would allow for customers to see their points balance and offer them a loyalty reward, spurring a repeat purchase. BTG could also offer a referral incentive on a page like this to increase customer acquisition as well as retention. Another way Behind the Glass could implement some of e.l.f.'s strategies is through leveraged emails with referrals and layered incentives, in order to stay in touch with the customers that come into their store and make a purchase. This could look like an email receipt that offers a discount or money off your next purchase if you sign up for the loyalty program. It could also offer a referral incentive for money off for you and your friend when they come shop in the store. Here is an example of what e.l.f. implemented:

elf

yaaaas!

YOU'VE GOT GREAT TASTE.
Thanks for shopping on elfcosmetics.com!

TRACK YOUR ORDER

GIVE \$5, GET \$5

Sign up for Beauty Squad and refer a friend to get **\$5 off** your purchase when they make a purchase.

Plus! You'll get **FREE SHIPPING** on your next order and 50 points, redeemable for a **FREE** full size item.

SIGN UP & REFER A FRIEND →

Overall, the e.l.f. case is a great example of a retail company that can implement these customer retention tactics to improve overall business practices, drive sales, and create better relationships with their customers. Behind the Glass could benefit greatly from implementing the same types of incentives as e.l.f. and continue to practice good customer retention and maintain those relationships with their loyal customers.

7. Design the target firm's CRM technology architectures

To draw customers back to the store, Behind the Glass implements both an email system and a loyalty program. The email system's goal is to inform customers of new arrivals, special discounts, and events happening at the store such as "sip and shops." The loyalty program is designed to reward customers for their loyalty by providing money off once the customer acquires a targeted number of points. Both of these systems are put in place to improve the customers experience and create a bond between the business and the customer. However, we believe that there are ways for Behind The Glass to improve these systems to in turn grow their success. Listed below are the components of the basic architecture of a CRM system that we believe Behind The Glass can improve on:

Business Intellectual System: The loyalty system tracks the points, but fails to keep track of what specific items are contributing to the points. For example, if Customer A only goes to Behind The Glass to purchase jeans, but Customer B only goes for dresses, there is no differentiation in the system and all of the points blend together per customer. We believe that if Behind The Glass analyzed and organized the customer data and linked it to their email system, they could send out special discounts to loyal customers pertaining to what they specifically like to purchase. We discussed Behind The Glass creating an app which would allow customers to favorite items which would then feed into their data, allowing Behind The Glass to see what their customers prefer and curate emails pertaining to that data.

Workflow and Business Rules: Having a channel to successfully transmit information from the Business Intellectual System to the front office. In the previous section, we discussed having a system to differentiate data and personalize it for each customer. Currently on the customer profile, it just says the name, phone number, email, and number of points acquired. To amp this up and give more detail to the employee, the loyalty system home page should have information pertaining to each customer that accurately reflects the information of the Business Intelligence System. This way the employee can clearly see what the customer is interested in while integrating the data collected.

Performance Metrics: As of right now, Behind the Glass does not have a system that tracks the success of the loyalty program or the effectiveness of their emails. Behind The Glass should implement a test to see if their emails and loyalty program draw customers back to the store and how effective the program is. Seeing if the program is effective or ineffective can open the room for improvement. Overall, Behind The Glass has a great loyalty program and email system, but the CRM aspect could be improved through personalization and customization on the data side.

8. Recommend, as necessary, operational (e.g., marketing/sales/service), analytic (e.g., data collection and analytics), and/or social (e.g., relationships and engagement) CRM initiatives.

Operationally and socially, we suggest that Behind The Glass create/implement a database/system to send text messages to customers regarding their loyalty points. Behind The Glass currently sends occasional messages with general promotions, but they do not provide personalized information about that customer's specific loyalty status. These periodic updates on points will eliminate the current CRM problem of no personalized communication outside of the in-store shopping experience. This visibility of loyalty points will also help fix the current CRM problem of inconsistent communication from employees regarding the loyalty program. Customers will constantly be provided with up-to-date information on

their points, without having to remember to ask and without having to rely on an in-store employee to check. In turn, this will also improve engagement of customers with their rewards/points. Many customers already have profiles associated with their phone numbers from in-store purchases (which are used to track their points) so this should not be a terribly difficult venture to connect that data to text messages. This will primarily impact the retention customer stage as it will provide current customers with incentives to continue shopping with the boutique. It will also slightly impact the expansion customer stage as customers may subconsciously be motivated to purchase more when they know that they are close to reaching a reward and/or have some points to use. This solution is much better than an alternative such as sending emails with points updates, as customer profiles from in-store purchases are already associated with phone numbers.

In terms of in-store customer/employee interactions regarding the loyalty program, we suggest another operational change. We would like to see Behind The Glass create/use an app that allows customers to login to their account (as they would do on the website if purchasing an item online) and have direct accessibility to their points. This takes the responsibility away from the employee to have to remember to check the customer's points, and solves the CRM problem of customers being uninformed of their points status. This gives the customer power to decide when it is best to use rewards/points, and should help to solidify information about the rewards program in general for both employees and customers. This solution would impact both the retention and expansion customer stages for the same reasons as above. Customers will have constant access to their points through the app, which will motivate them to want to make a purchase to use those points. This is a much better solution than simply re-emphasizing to employees to discuss points with customers at checkout. An app would prevent human error such as forgetting to do so, and would also put more control in the hands of the customer.

- App purchase/implementation cost estimate = \$30,000 based on research on similar boutique apps and on prices for app building in 2024
- Timeline = 6-9 months
- Resources = App software, may need a professional app developer/expert, etc.

9. Establish CRM program metrics

Behind the Glass can measure the performance of the customer loyalty solution through a dashboard for Behind the Glass employees and customers. Since Behind the Glass can improve its customer loyalty program, the dashboard must be user-friendly and updated regularly for the customers and the employees. The customer dashboard can be viewed through the app or website. The employee dashboard can be viewed through the desktop computers at checkout and also in the back of the store. It is necessary to track customer loyalty metrics through a dashboard to monitor and manage the loyalty program engagement rate, customer lifetime value, of loyal customers, the referral rate, the amount of customers who redeem their rewards, the repurchase rate, and retention rate. Additionally, the dashboard adds additional touch points for the company to communicate with customers and for customers to stay in contact with the company, which is essential. Behind the Glass will be able to better track and manage the retention rate of consumers through the database and ensure that all customers, especially true friends, feel valued.

Another program metric Behind the Glass can utilize is a table system to keep their outreach efforts more organized. One table can have information regarding what's happening in the store, the exact

message that will be sent out, the date it will be sent out and the channel, for example, text, email or on the BTG app. This table will also have sections for tracking purchase rates, foot traffic, app downloads and loyalty program signups following each outreach message. A separate table can be created to keep track of customers who have signed up for texts and emails. This customer data would include the customer's name, phone number and email and what channels they are signed up for. Behind the Glass, employees will be the ones to use this data and will access it through free software like Microsoft Excel. Behind the Glass is a small enough company that Excel should work fine for these tables, especially when establishing these new CRM program metrics. These metrics are essential to track because employees can keep track of outreach initiatives and see how they impact in-store and online purchase rates, foot traffic, app downloads and loyalty program sign-ups. These performance measures connect to the CRM outreach problem because they will enhance the boutique's engagement with customers, making customers happier with the company and more likely to behave favorably in terms of engagement, purchases, and satisfaction. Through these CRM metrics, Behind the Glass can see if their initiatives are causing increased repurchases, money spent per transaction, more frequent transactions, and more.

Example of Outreach Organization Table

In-store News	Date being sent out	Message	Channel	Purchase Rate following message	App downloads following message	Loyalty Program Sign ups following message
Spring arrivals	3/19	“Check out our newest arrivals to update your spring wardrobe! Shop in-store or online!”	Text/email	+4%	15	20
Easter Sale	3/22	“Find your perfect Easter dress at Behind the Glass! 10% off all dresses until 3/30!”	Text/email	+8%	33	50

Example of Customer Data Table

Customer Name	Phone Number	Email	Channel Signed Up For
Elyssa Lehman	555-555-5555	xxxx@auburn.edu	text
Gracie Powell	555-555-5555	xxxx@auburn.edu	text/email

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