IBM Institute for Business Value

Winning over the empowered consumer

Why trust matters

Overview

A new IBM Institute for Business Value survey of more than 28,000 consumers from around the world confirms that while consumers actively discuss, critique, promote, and even dismiss your brand, they are willing to give their loyalty to only a select few retailers. In today's tumultuous world, how well retailers and product brands are able to identify the arbiters of what's hot and what's not to build trust with both individuals and communities of like-minded consumers will determine whether they benefit from a base of loyal advocates or are left to fend with transient and fickle customers.

In an age of technologically savvy and increasingly smarter consumers, who are increasingly connected with each other through a number of mobile devices, tablets and applications, retailers understand that competing on product and price are unsustainable strategies for success. Consumers seek and accept shopping advice from peers, family, friends and even strangers. They bring attitudes and expectations, shaped by experiences across a broad spectrum of industries, to every interaction with retailers. And through this lens of connectivity and collaboration – which enables them to know almost everything about every product and brand – these "smarter" consumers ultimately decide which retailers have earned their trust.

Trust is widely recognized as the foundation of interpersonal, consumer-to-consumer or consumer-to-business relationships. Businesses now need to develop trusted relationships to win over empowered consumers. Retailers must not only consider the wants and needs of individual consumers, but also understand how consumers engage in virtual communities to share ideas, tastes and buying habits. The shopping world is transforming from the market of "me" to communities of "we."

These communities tell us it is no longer sufficient to have the right products, the right price, the right promotions, the right placement or even the best loyalty program. Instead, retailers must gain consumer trust and advocacy to enjoy long-term patronage. Trust and advocacy are based on the two-way relationship consumers have with your store and your associates, as well as their experiences with the range of products your brand offers.

While retailers previously thought about loyalty programs as a means to communicate with a captive audience of consumers, the imperative now is for retailers to re-orient the relationship and learn what it means to be loyal to their customers.

For retailers and product brands, it is no longer about just catering to the growing use of technology and capitalizing on the smarter consumer. Instead, it is about winning them over by anticipating their behavior and preferences, engaging with them on their terms. To accomplish this, retailers must:

- *Listen and learn* – Use analytics to listen to customers, learn from consumer-generated content and adjust based on what you hear
- *Anticipate and Adapt* – Establish a way to not only identify your top consumer influences, but also use data to anticipate future products and services
- *Execute and Excel* – Know everything about your consumer – their media preferences, their privacy concerns and preferences, who influences them, their shopping cycle and be able to identify and evolve the most rigid processes that hinder you from demonstrating your loyalty to your consumer.

If retailers listen, engage and become valued members of these developing "communities of we," they will know if they have earned the consumer's trust and successfully rewrite the rules of retail.

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How can IBM help?

- **Business Consulting and Delivery Services –** IBM helps retailers formulate, implement and operationalize programs to respond to changing customer buying behaviors, align organizational structure and metrics, and transform customer-centric processes.

- **Retail Industry Solutions –** IBM offers a comprehensive portfolio of Retail solutions comprising merchandising and supply chain management, multi-channel retailing, retail performance analytics and TotalStore solutions to help retailers deliver the fastest time to value at the lowest risk.

- **Retail Center of Competency –** IBM helps retailers make the best use of technology to streamline costs, reduce inefficiencies, aid product development and speed go-to-market activities. It also helps retailers build new capabilities to better understand, track and respond to consumer preferences, drawing on its team of highly skilled experts from around the world.

To request a full version of this IBM Institute for Business Value study, please contact us at iibv@us.ibm.com. For a full catalog of our research, visit: **ibm.com**/iibv

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