

Why advocacy matters to apparel retailers

Customer focus requires apparel retailers to dress for success

In apparel retailing, a mature and intensely competitive market with increasingly diverse and well-informed customers, competitive differentiation is more important and difficult to sustain than ever. However, attracting and keeping loyal customers depends upon it. A new IBM Institute for Business Value survey of more than 5,900 U.S. apparel consumers identifies the attributes that drive customer advocacy. These attributes can help apparel retailers find new ways to differentiate their businesses and pursue customer-focused initiatives and investments with greater precision and success.

Apparel retailers are challenged to emerge with a clear value proposition for their customers in an increasingly complex and fast-paced market. The market's very limited growth, which has been mostly in supercenters, warehouse clubs and online apparel retailers, does not provide room for retailers to relax.

Our study reveals that the overwhelming majority of consumers have negative attitudes towards their primary apparel retailer; with only 17 percent of consumers considered Advocates of their primary apparel retailer.

Consumers defined as "Advocates" are those customers who recommend their primary retailer to others, buy more from that retailer when they have choices and stay with that retailer when new competition becomes available. The two

other consumer attitude segments are Apathetics, those who are indifferent, and Antagonists, those who actively dislike their primary retailer.

Financial impact: Advocacy pays off

Advocates are not only more loyal customers; they are, in general, more valuable. Our study shows that:

- Basket size, or dollars spent per visit, for Advocates is 18 percent more than Antagonists for large format apparel retailers and 2 percent more for mall based specialty retailers
- Share of wallet – the percentage of total dollars customers spend with their primary retailer– is 22 percent higher for Advocates of large format retailers and 32 percent more for Advocates of mall based specialty retailers

- Spend over time is higher for Advocates – 34 percent of large format Advocates and 43 percent of mall based specialty Advocates increased spending at their primary retailer over a two-year period, while twice as many Antagonists decreased their spending.

Creating more Advocates

To understand what features are most important to Advocates, we surveyed customers about how they felt about their primary apparel retailer across a number of performance attributes (see Figure).

The top two attributes Advocates of both large format and mall based specialty retailers identified were "pleasant and enjoyable to shop in the store" and "store is easy to shop," which highlights the need for a positive shopping experience at their primary apparel store. The next highest attribute had to do with assortment for large format retailers and multichannel capabilities for mall based specialty retailers.

There are clear opportunities and advantages in taking a new approach that puts the customer in the spotlight. Incorporating customer insights will help retailers transition to a "pull" strategy, one that is dynamic, based on customer



information and evolves with customer needs. Retail apparel leaders who build customer Advocates can develop a new

competitive advantage that does not rely on the same old lever of “trying to be everything to everybody.”

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FIGURE 1.
Attributes of a shopping experience.

	Advocates % strongly agree		Apathetics/Antagonists % strongly agree		
Large format apparel retailers	Store experience	89	Pleasant and enjoyable to shop in the store	51	49
		87	Store is easy to shop*	41	43
	Assortment	85	Product selection is always fresh and new	36	39
		81	Always find the brands, styles and sizes	35	37
Multichannel	82	Easy to return products in the store or online	45	52	
Mall based apparel retailers	Store experience	95	Store is easy to shop*	29	49
		93	Pleasant and enjoyable to shop in the store	33	49
	Multichannel	92	Easy to return products in store or online	30	53
	Customer service	88	Happy with the service from store employees	29	47
	Multichannel	86	Web site is easy to shop	27	42

*Primary categorization of “Store is easy to shop” is store experience because, within apparel, “easy to shop” relates more to store layout than physical location.

Note: Percent responses represent those that strongly agree with attributes of their primary grocer (scores 8-10).

Source: IBM Institute for Business Value, “2007 Customer Focused Apparel Retailer Studies.”

How can IBM help?

- **Strategy and Change** – Help to address changing customer buying behaviors, organization and customer-centric processes.
- **Retail Industry Solutions** – Solutions to address multi-channel retailing, merchandising and supply chain, total store, and retail performance analytics.
- **Retail Industry Offerings** – Innovative and market-leading offerings to support the retail industry, including but not exclusive to Merchandise Operations Strategy, Next Gen e-commerce and Customer Analytics.

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