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Social selling is making a comeback: The Body Shop's Sam Thompson on the direction of retail

Sam Thomson of The Body Shop discusses CX, the role of the store, and a return to brand-building, as part of a series of interviews with CMOs for WARC'S Toolkit 2019 report. What are you most proud of in 2018? After our acquisition by Natura & Co in 2017, we've undertaken a deep review of who we are, what we do, and why we exist – and like any good purpose, the work we've done will be our guiding light for everything we do, internally and externally, for the years to come. At a personal level, I also had the opportunity to serve as interim MD for Europe. This was a great opportunity to dig into what other functions are doing in more detail and see how they all interconnect with each other. I gained new insights around working, in particular, with supply chain, sourcing, and IT. In a retailer, obviously, if you don't have the right products and you can't get them to the right stores at the right time, it doesn't matter what else you're doing, you can't sell them. How do you expect your category to develop in 2019? There is no doubt that beauty will continue to be influenced by the high-tech, high performance, Insta-filter world-view coming out of some Asian markets. I was lucky enough to spend a bit of time recently in Hong Kong, Singapore, and Indonesia. And the digital in-store experience is several years ahead of the rest of the world. Whether you are outside the store, whether you're in the store, everything is done through digital devices – not just payment, but also brand experience and storytelling. So one of the things that I think is being assumed is that everything is going to become more digital, and therefore, the solution to in-store experience is just to put more digital stuff in. What's interesting to me is the brands that aren't doing that, the brands that are breaking that paradigm, that are clear enough and confident enough in their brand and in their customer experience. The two brands in beauty that I would say do the best job of that at the moment are Lush and Aesop. Aesop has a wonderfully curated design, with its calm, serene feel, incredible architecture, and incredible customer service. Lush replaces the digital experience with a physical experience – there's always something happening there. I think there is a role for brands to stop and to challenge themselves – who do they want to talk to, what experience do they want to give and, therefore, what role does digital play? Start with the desired experience, not the technology. To what degree is the beauty category being disrupted? No more or no less than any other industry. Change is being led by our customers, and it's by focusing deeply on understanding their needs – rather than getting lost in the technology – that we will succeed. Our recent restructure is designed to help with this: we have a Global Customer Director whose remit includes insight, CRM, digital marketing, customer experience and our commercial function, ensuring all our trading activity is linked back to long-term customer-metrics. Which assumptions in your category are being challenged? One of them is the category barriers to entry. There's been an assumption that if you don't have years of experience, if you don't have years of brand credibility, if you don't have years of R&D, that you simply can't compete in the higher-end beauty categories, the ones where consumers expect a level of credibility and performance. That's being challenged by brands which are, first of all, being very aggressive in coming in with claims of performance, also brands that are coming in with strong celebrity endorsement or influencer endorsement. Fenty Beauty with Rihanna is probably the perfect example of that – it is upstaging many very established make-up brands by democratising it, by making it accessible to everyone. What is quite interesting for us at The Body Shop is 'social selling', the old party plan business model. That's seen an absolute renaissance because I think many people, young and old, are appreciating the ability to be more flexible in their life, managing work around other commitments, dipping in and out. We've seen stellar growth this year in The Body Shop At Home because it's a business model that fits around the way that people want to live and the way that people want to work. And so I would say that direct selling and social selling is one to watch. It's been looked at as a sort of pariah within the industry for a number of years. It's been seen as very old-fashioned, very working-class, very middle-aged. And it's the absolute opposite now. That's our main growth channel this year at The Body Shop. What tech are you investing in or scaling up? We undoubtedly have some work to do around our CRM systems, and we also have significant opportunity to update the technology needs of all our teams across our 3000 stores – whether this is wifi connectivity, dashboards, collaboration tools or clienteling – all with the objective of giving our colleagues clear measures and freeing up their time to deliver an exceptional, personalised customer experience. And what do you mean by customer experience in that context? Customer experience is every qualitative interaction that a customer has with a brand from the first engagement to post-purchase. So it's a big thing. And you can't solve it in one go. You have to approach it very rigorously and meticulously. My main focus has been on the in-store customer experience, but clearly, equally fundamental is the experience in terms of the online personal experience, the customer service experience, pre- or post-purchase. But from an in-store experience that doesn't, or perhaps shouldn't, mean that things become less human. You can use all the wonders of modern digital technology and data to create incredible depth of understanding and ability to personalise. But there is still a truth that people buy from people. What skills will you need to hire into your team? People with a passion for data, a passion for customer experience, and above all a passion for being part of a brand that is committed to making a positive difference financially, socially and environmentally. Do you expect your agency relationships to change in 2019? And if so, how? At The Body Shop the tendency has probably been to keep as much as we could in-house. I think there's been a historical reluctance to outsource. The Body Shop was a social brand long before social media was invented. It has always been a brand which has been about female empowerment, and equality, and diversity. So all of the things that are now very fashion



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able to talk about are things that have always been at the heart of The Body Shop. There are so many external agencies who are really excited about working with The Body Shop because they see the latent potential in the business. They see that this is a brand that is just waiting to be unleashed in whatever its new guise is. It's really exciting for us, and I think we're much more open now to bringing in expertise from outside to help us craft the story. We've got the raw ingredients – we've always had the raw ingredients – we haven't necessarily had the right cooks. Will you be changing your media mix in any significant way? We need to get the balance right between short-term, tactical and commercial needs and longer-term brand building. We've been in a more tactical phase as we've worked through our transformation under Natura & Co. When you're in a phase where either the business is tough or you're trying to work out who you are and what you want to stand for, then inevitably and correctly, you're focused more on lower-funnel conversion activity. And that's not wrong. That's not a bad thing. We are now in a place where we've identified and are confident in the story that we will be telling in the future. In terms of how that would change the mix, from a digital point of view that would be more of a balance between lower-funnel conversion-driving affiliate and paid search activity and more upper-funnel prospecting activity. I also believe we should, in certain markets, be looking at more traditional media. I wouldn't say TV for The Body Shop because The Body Shop never been a brand that has done TV advertising, but there are examples in markets where very well thought through print or outdoor advertising, and indeed PR and event-based communication have a real role to play. This is not about saying, "Shift it right back. Digital is dead." But equally the idea of throwing all your budget behind Facebook and Instagram may be a little bit naive and premature. Where are your biggest 'knowledge gaps' in terms of measuring the impact of your marketing investment? We've done a lot of work around attribution modelling but clearly there's more to be done. However, our biggest opportunity is arguably more an internal one: evolving our marketing culture to have an even more rigorous focus on ROI (short and long term). How do you build more support for a long-term approach? We've done some recent research, which shows a direct correlation between a positive customer experience in-store, and long-term loyalty and sales growth. That tells us that this isn't just about short-term conversion and focusing on promotions. Bear in mind we have more than 80% of our business going through our physical stores – we're not like those retailers that are evenly split between stores and online. For example, we used to be incredibly obsessed with a single value of the transaction (ATV); we'd get a customer in-store and we'd have to maximise their basket spend because that's what's going to deliver us the sales today. Now it's about sales today, sales tomorrow. It might be about just selling them a £5 product. It might be even selling them nothing but getting their data. If we can get an engagement early on, then the lifetime value, the annual customer value that we have is much greater.

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