Gliebers Dresses - An Omnichannel Discussion

A Business Comedy

by Kevin Hillstrom

> Kevin Hillstrom President, MineThatData Kevinh@minethatdata.com

SCENE ONE.

The Gliebers Dresses Executive Conference Room. In attendance are GLENN GLIEBER (Owner), ROGER MORGAN (Chief Operating Officer), PEPPER MORGAN PRESSLEY (Chief Marketing Officer), LOIS GLADSTONE (Chief Financial Officer), MEREDITH THOMPSON (Chief Merchandising Officer), DR. GENE FELDMAN (Vice President of Global Brand Direction), and ASHLEY PEARSON (Sales Executive at Woodside Research).

GLENN

Greetings everybody. Welcome to this week's meeting. I'm certain you've assembled a stimulating agenda, so why don't you begin?

ROGER

Sure, I'd like to start.

PEPPER

Dear God.

ROGER

Sitting next to me is the lovely and striking Ashley Pearson.

Ashley waves to the team. Nobody seems to care other than Roger, who is beaming with pride.

ROGER

Ashley is a Sales Executive at Woodside Research. She invited herself to our meeting today, in order to make an announcement. Ashley, please, share your statement with the team.

ASHLEY

I'm so happy to be here today! At this time, I would like to present Roger with the Woodside Research Gold Club Award. This is a major honor, presented only to clients who spend at least one hundred thousand dollars in a twelve-month period of time. Roger, congratulations on our continued partnership, and your eternal support of Woodside Research. Would somebody please take a picture of this momentous occasion?

Ashley hands her iPhone to Meredith. Ashley and Roger each place a hand on a two-foot tall, gold-colored trophy that is shaped like a Sequoia tree. Both smile as Meredith snaps a photo.

ASHLEY

What have all of you done with the expansive base of knowledge that Roger acquired via his generous license of proprietary digital thought leadership from Woodside Research?

PEPPER

Do real humans speak like that, Amber, or just sales execs at Woodside Research?

ASHLEY

(sensing a negative vibe)

My name is Ashley.

MEREDITH

Roger seems to think that our future is entirely digital, he calls it omnichannel. Is he right, Ashley?

ASHLEY

He is. Our research shows that the customer wants a 24/7/365 experience across all devices and channels. The experience must be immersive, engaging, and integrated.

LOIS

How do you know this?

ASHLEY

We commissioned a survey of 914 likely consumers. They forecasted an omnichannel future that is both certain and unmistakable.

MEREDITH

My customer is about sixty years old. Her view of the future is shaped by possible Medicare cuts. She's worried about her 401k account. And she wants to preserve her way of life in Central New Hampshire.

ASHLEY

Meredith, you don't own your customer anymore.

Bingo!

ASHLEY

In the future, Meredith, brands need to foster exceptional levels of engagement with customers across devices, in order to battle the headwinds of a troubled economy.

PEPPER

How long have you been engaged with Roger, Ashley?

LOIS

Describe what our omnichannel future looks like. Make this future experience tangible to me, if you want me to buy into it.

ASHLEY

(now standing, in her element)

It's magical. Imagine the customer, waking up at seven in the morning. She hops on her iPad and reads compelling content from Gliebers Dresses.

ROGER

I've been saying that we need compelling content for years, but our marketing department won't follow suit.

Pepper looks like she wants to swat Roger over the head with a rolled-up newspaper.

MEREDITH

We post our monthly catalog on the Catalog Shoppers app. We don't have to do a darn thing. We just put it up there and the customer enjoys our version of an immersive brand experience. At least a couple hundred customers have, to date.

ASHLEY

After reading content on her iPad, the customer enjoys breakfast. While watching television, she sees an engaging commercial from Gliebers Dresses. The advert offers thirty percent off, plus free shipping.

LOIS

Which will bankrupt us.

ASHLEY

(undeterred)

When she gets to work, she opens up her email client, and finds a promotional campaign from Gliebers Dresses, reinforcing the discount with free shipping. Even though she needs to be in a meeting in thirty seconds, she clicks-through to the website, where she is presented with a thoroughly engaging and synergistic brand experience.

ROGER

We'll have to link these experiences across devices, won't we? That's what omnichannel is all about. All this information, this "big data" if you will, is stored up in the cloud, isn't it?

LOIS

Which will also bankrupt us.

ASHLEY

Our research shows that the customer doesn't buy something on an initial visit to the website. Therefore, your marketing team will have to track the customer as she travels across the internet.

ROGER

(full of optimism)

She's leaving digital bread crumbs all over the place! We'll just collect them, link 'em to the customer, and put that information into a big data repository in the cloud.

PEPPER

The spirit in the sky.

MEREDITH

It's where I wanna go, when I buy.

Pepper and Meredith giggle, Lois is busy taking notes, Roger is awash in admiration for Ashley. Glenn watches the conversation, as if he were attending a tennis match. Dr. Gene appears to be engaged by undetermined content on his iPad.

ASHLEY

Next, we have to retarget to the customer. We'll chase her all over the internet, serving up ads with thirty-five percent off plus free shipping, tempting her buying bone. We'll do this across all devices, guaranteeing a synergistic, engaging, integrated customer experience. She'll be surfing on her phone during the workday, between meetings, and we'll insert our brand message into her lifestream.

ROGER

We'll spend money on sophisticated retargeting technology.

LOIS

Which will also bankrupt us.

GLENN

What's a digital bread crumb?

ASHLEY

So we have a customer who sees Gliebers Dresses content on an iPad, witnesses a commercial on the television, clicks through an email on her desktop computer, and is retargeted to on her iPhone. This starts to look an awful lot like the omnichannel future we're selling to our clients.

MEREDITH

Then our intrepid customer buys from Amazon.

PEPPER

Oooops.

ASHLEY

If you do this omnichannel stuff right, you prevent the customer from buying from Amazon. All of these tactics interact with each other. It's a multiplicative experience. It's almost like free marketing.

GLENN

I love free marketing!

LOIS

Except it isn't free marketing, is it? We spend money on a catalog, and the catalog drives the customer experience. Catalogs are costly, you know.

ASHLEY

I didn't mention the catalog. Catalogs are dead.

Meredith looks like she wants to swat Ashley across the top of the head with a rolled-up newspaper. Or an iPad. Either way, it's an abusive omnichannel thought, as far as Meredith is concerned, and this brings a smile to her face.

LOIS

Our older customers need a catalog. It's part of their lifestyle. Now you want us to spend money on some sort of content for the iPad, whatever that might be. And money on television ads. And money on email marketing, and search. And retargeting.

ASHLEY

Don't forget about social media. You want to engage with your customers at every touchpoint.

ROGER

And I think to myself, what a wonderful world!

Ashley and Roger exchange warm glances over Roger's attempt at humor. Ashley sits down.

LOIS

Ashley, can you prove that all of this stuff works?

ROGER

Why would Ashley sell us a hundred thousand dollars of thought leadership if it didn't work?

PEPPER

Let's test the hypothesis.

ROGER

Pepper, this is *Woodside Research*. They spend time with executives. They conduct research. They'll even take you out to dinner and the theater if you spend enough money. You don't have to test the hypothesis. It works. Trust me.

PEPPER

Let's test the hypothesis.

ASHLEY

What do you want to know?

PEPPER

Tell me about Amazon. They don't have stores, yet they crush retailers, don't they?

ASHLEY

They really benefit from not having to charge most customers sales tax.

PEPPER

So a five percent difference in total price is enough to cause a non-omnichannel business to outperform an omnichannel brand?

ASHLEY

Well, I don't know about that.

PEPPER

What about Apple?

ASHLEY

Aren't they amazing?

PEPPER

They don't participate in social media, do they?

ASHLEY

I think their ignorance of social media is lamentable.

PEPPER

And yet they are one of the most successful companies in history, is that correct?

ASHLEY

Think how great they could be if they joined the conversation?

PEPPER

Instead they create the conversation. With great merchandise. What's more important, soulless conversations with customers who may or may not purchase from you, or great merchandise that causes folks to initiate conversations?

ASHLEY

Well, I think ...

PEPPER

I think merchandise is pretty important. Much more important than the magic you are selling.

LOIS

All magic comes with a price!

PEPPER

Tell me about Dell? They've gone into retail. They are social media pioneers. They exhibit many of the traits of an outstanding omnichannel brand, correct?

ASHLEY

(becoming hesitant to participate)

I think so.

PEPPER

And yet, they're struggling, aren't they? All of those social media conversations. Expansion into retail. Almost nothing to show for it over a five year period of time, after doing what the experts told them to do. Now they've sold out to private equity and Microsoft.

ASHLEY

Well, they didn't keep up with the tablet revolution.

PEPPER

So you admit that merchandise strategy is more important than an omnichannel strategy?

ROGER

Pepper, this attack on Ashley seems personal.

PEPPER

Shush Roger, we're testing a hypothesis here.

ASHLEY

I never said that merchandise was unimportant. I'm saying that merchandise is the cupcake, and omnichannel is the frosting.

PEPPER

Now let's talk about Barnes & Noble.

ASHLEY

Oh, they're dead.

PEPPER

Because they have retail stores?

ASHLEY

Those fixed costs are a killer when the digital tsunami overwhelms your business model. It's going to happen to a lot of retailers in the next five years.

PEPPER

So retail is a key part of an omnichannel strategy, unless you're a retailer. Is that what you're saying? Because Roger assures us that your research demands harmony between bricks 'n clicks and a multi-device future, right?

ASHLEY

Amazon has so many ways to leverage their business model on a variable cost basis, whereas retail must innovate within a fixed cost environment. It's hard. This is why you have to be omnichannel.

PEPPER

Right. Amazon has a broader merchandise assortment and fewer channels and does not have the fixed cost headache of a Barnes & Noble. Amazon, a decidedly non-omnichannel brand, beats up omnichannel competitors. Heck, they drove Borders out of business, trumping their superior bricks 'n clicks experience.

ASHLEY

May be these retailers are stupid and don't know how to execute a smart omnichannel strategy?

PEPPER

Blame the victim.

ROGER

Look, I think we're missing the bigger picture here.

ASHLEY

L.L. Bean is doing fine. Stores, website, even catalogs that I think are dead. They're making omnichannel work.

PEPPER

How about Circuit City? They invented buy online and pickup in stores. Multichannel and omnichannel experts love the bricks 'n clicks interaction they pioneered.

ASHLEY

Bricks 'n clicks should, in theory, satisfy the modern customer.

PEPPER

And yet, Circuit City is out of business.

ASHLEY

They underpaid their employees. You can't compete with a bunch of rookies on the sales floor. By the way, any of you can jump in here at any time and help me defend the omnichannel experience.

PEPPER

So the proper compensation of knowledgeable employees trumps a well-executed omnichannel marketing strategy?

ROGER

Where is this line of questioning going? Did Ashley commit a crime? And what does any of this have to do with Gliebers Dresses?

PEPPER

Tell me about Best Buy?

ASHLEY

I'd rather not.

PEPPER

Best Buy could integrate everything across all devices and channels, only to have the customer hop on a smart phone and buy from Amazon, while standing in a Best Buy store!

LOIS

Sounds like an expensive marketing plan, one that delivers ROI for e-commerce competitors.

PEPPER

We have proof that omnichannel works. It's called showrooming!

(sweat beading up on his forehead)

Pepper, what do you have against Ashley?

PEPPER

Shush, Roger, we're testing a hypothesis. The omnichannel hypothesis fails, repeatedly, except in the case of showrooming, where we've demonstrated that nimble e-commerce brands without the all important bricks 'n clicks omnichannel component persevere.

MEREDITH

So far, omnichannel doesn't pass the smell test.

PEPPER

Ashley, is there any proof that an integrated marketing strategy across all channels leads to a ten percent increase in annual demand? You know, integrated creative and promotions and merchandise offering and messaging, that stuff, looking perfect and consistent across all devices. Has any company A/B tested ominchannel concepts against a control group, and found that the omnichannel approach yields both short-term and long-term profit improvements?

ASHLEY

I don't know. I'm just a sales executive. Roger, I can see why you spend so much time outside of this place. You were right, these people are mean.

PEPPER

Don't you believe in what you are selling, Ashley?

ASHLEY

You make it hard to believe, Pepper.

PEPPER

But isn't testing and optimization a key component of a strong omnichannel strategy?

ASHLEY

I suppose.

PEPPER

And yet, few companies actually test if an omnichannel strategy yields an increase in annual demand or annual profit. They simply have faith that omnichannel will work.

MEREDITH

Ashley, you really should be writing this stuff down.

ASHLEY

Folks, omnichannel is what everybody is talking about. Our sales staff visit with executives on a daily basis. It's all they talk about. It has to be important. And our customers eat this stuff up. It has to be the future.

PEPPER

Let's talk about how Woodside Research executes a sales strategy.

ROGER

Must we?

PEPPER

Shush Roger, we're testing a hypothesis. Ashley, why are you here today?

ASHLEY

To present Roger with an award. Though I think I'm here to be prosecuted for omnichannel sins.

PEPPER

How many times have you visited Roger in the past year?

ROGER

(dabbing a tissue to his forehead)

That's our business, not yours.

PEPPER

How many times have you visited Roger with the purpose of getting him to purchase your products and services, Ashley?

ASHLEY

Six. I visit Roger every other month.

PEPPER

With the goal of getting Roger to buy your products and services, correct?

ASHLEY

Why else would I visit?

Well, um, uh ...

PEPPER

At a customer level, how do you maximize Roger's revenue stream?

ASHLEY

We've found that we sell more products and services when we meet with executives, in person.

PEPPER

Is this just the case with Roger, or with all business leaders?

ASHLEY

All business leaders. We're growing our sales staff by 21% this year, and we think we'll grow it by more than 25% next year.

PEPPER

Why not engage Roger with engaging content, across devices? Why not seduce Roger with information in a digital format? Then you wouldn't have to travel to Central New Hampshire six times a year.

ASHLEY

We learned that digital is great for lead generation. But you can't beat visiting clients, you can't beat spending time with executives. It's great for our business model.

PEPPER

So your business model relies on a highly motivated, old-school sales staff?

ASHLEY

Yes.

PEPPER

You employ an analog strategy.

ASHLEY

I guess so.

PEPPER

But you sell a digital, omnichannel strategy to everybody else. Why don't you practice what you preach?

MEREDITH

Maybe it doesn't work?

ASHLEY

Meredith, please be nice. We do what is best for <u>our</u> customers. Customers like Roger. Roger spends more money when I engage with him in person. It's a simple issue of knowing who your customer is, and then maximizing the relationship with your customer.

MEREDITH

But you want us to ignore what's best for us and our customers? You want us to pursue a digital, omnichannel strategy, even though there is compelling evidence that single-channel strategies or analog strategies might work just as well or better?

ASHLEY

Not necessarily. We ask our customers to live a digital future. We believe we know what the future holds for customers, and we advise them accordingly.

ROGER

Is this interrogation over yet?

LOIS

Be honest, Ashley. Stop selling for a moment. Tell us what <u>our</u> future holds.

ASHLEY

I don't think you want to face your future.

LOIS

Try us.

ASHLEY

How old is your average customer?

MEREDITH

About sixty.

ASHLEY

That's a problem.

MEREDITH

Why?

ASHLEY

Because you have to get younger, long-term.

MEREDITH

But we have to meet sales goals today. It's tough to do both, you know.

ASHLEY

Honestly, younger customers exhibit omnichannel behavior. It's where you need to be, long term.

MEREDITH

We know that our sixty year old customer isn't shopping via a tablet. And she isn't showrooming merchandise at Best Buy on her iPhone.

LOIS

If we try to do the things that Woodside Research wants us to do, we alienate our core customer.

MEREDITH

At the same time, young customers don't care about us. They don't want to buy a dress via a tablet app if they perceive that we're a brand for old people.

LOIS

So how do we transition to a brand that thirty year old customers love, while still protecting the eighty percent of our business generated by a catalog-loving sixty year old women?

PEPPER

That's the question, isn't it?

ROGER

This is what all of you old-school marketers do. You beat up anybody who has new and interesting ideas. You demand that people prove that ideas work. Apple had no proof that a fancy MP3 player would lead to a smart phone that would lead to a tablet and would ultimately lead to the reinvention of modern computing. They had to create products on faith, didn't they? I'll bet there were old-school employees at Apple that demanded that somebody prove that their merchandising strategy would work.

MEREDITH

You said it, Roger. Merchandising strategy. That's where the rubber meets the road.

Is it fair to say that there is a merchandising problem at Gliebers Dresses?

PEPPER

Here we go!

ROGER

It's a fair question. Can't I ask why young customers are not enthralled with our merchandise?

MEREDITH

You're not accountable for merchandise, Roger. I am. Don't jump into my swim lane.

ROGER

You can mock my marketing strategies, but we can't question your merchandising choices?

PEPPER

You're not in charge of marketing, Roger. I am.

ROGER

Sure you are. Every two years we churn through a new marketing department. New ideas. Nothing ever works. Marketers are disposable and unaccountable.

PEPPER

I told you to shush, Roger.

LOIS

I want to make sure I understand the story. Gliebers Dresses went all in on a multichannel strategy ten years ago. We did what the pundits told us to do. We spent more on catalog marketing, more on online marketing, more on search. We didn't get results. By sticking with catalogs, we caused our customer file to age. Now our customer file is old, and is disconnected from the future of marketing. The solution to this problem is to become omnichannel. Instead of spending a lot of money on catalog marketing and online marketing and search, we're supposed to spend a lot of money on catalog marketing and online marketing and search and big data and tablet commerce and mobile websites and apps and a multi-screen, multi-device environment. And, we're supposed to integrate all of our content in an engaging way, coupled with thirty percent off plus free shipping. But if we do this, we run into three problems.

PEPPER

Only three?

LOIS

First, our sixty year old customer does not shop in an omnichannel manner, so our investment is likely to go unnoticed by our core customer. Second, the younger customer who participates in an omnichannel environment finds us old and outdated, and won't buy our merchandise anyway, regardless whether we speak to her via an omnichannel framework. And third, because it is so expensive to do all of this, and do it well, we'll literally become insolvent if we pursue an omnichannel framework.

PEPPER

I think what Lois is saying that we're *hooped*.

MEREDITH

Ashley, your job is to tell companies what to do. What should we do?

ASHLEY

You almost have to create a new brand to appeal to young customers, while milking your existing customer base for everything they have.

MEREDITH

So why don't you sell research documents that tell businesses how to do that?

ASHLEY

We sell solutions that scale. Your problem requires a local solution.

MEREDITH

One that applies to 22,000 catalog companies. I don't think that is a local problem.

ROGER

I think we've beaten up Ashley enough for one day. She invited herself to an important meeting, and then we treat her without any of the respect she earned or deserves.

LOIS

Ashley is a great saleswoman, as is evidenced by one hundred thousand dollars of profit that our company funneled through Roger's budget to Woodside Research. However, we can't trust her, or you, Roger, to solve our problems with channel-based tactics that may or may not resonate among a survey of a thousand potential customers. The solutions are too expensive. I think we're stuck in a time warp.

Feldman, help.

DR. GENE

(responding as if somebody pushed his "power" button)

Roger, you probably purchased jewelry for Pepper, or even Ashley, at one point in time.

ROGER

That's not the help I was looking for.

DR. GENE

May be you purchased jewelry from Tiffany. We all think of Tiffany as a jewelry icon, don't we? That's interesting, because they broke into the market as a stationary brand. May be you purchased a television from LG. Good stuff, right? Of course, they used to sell hy giene and cosmetics. Even Gap started as a record store that sold apparel. IBM doesn't sell computers anymore. American Express started as an express mail business.

GLENN

Feldman, what the heck are you talking about?

DR. GENE

I don't think you save yourself by expanding into channels. I think you reinvent yourself by expanding into new products and services that solve a customer problem.

MEREDITH

Merchandise that solves a customer problem?

DR. GENE

Precisely. When you expand the number of channels you market in, you expand your expense structure without necessarily expanding your customer base. Your core customer loves you for who you used to be. Your future customer doesn't even know who you are yet.

ROGER

You can find your new customer via an omnichannel experience.

DR. GENE

The reason you can't find omnichannel success stories is because they don't truly exist. What you now call omnichannel, what you now consider a bold strategy, will one day be nothing more than the internal plumbing of your information ecosystem.

The customer purchases twice a year, and that doesn't change, even if you have a thousand different channels to buy merchandise in.

ROGER

So you don't believe in an omnichannel future?

DR. GENE

I believe in a company that finds solutions to customer problems. Omnichannel is not a solution to a customer problem. If anything, we're creating customer problems with omnichannel solutions.

MEREDITH

What is the customer problem that Gliebers Dresses solves, Doc?

DR. GENE

Gliebers Dresses solves the problem of a rural baby boomer who does not have access to a retail dress assortment.

MEREDITH

I agree.

DR. GENE

That problem will exist for another decade.

MEREDITH

And then?

DR. GENE

The customer retires, creating a problem for us.

PEPPER

We can replace the customer with an online shopper. Give me a chance.

ASHLEY

I think you move beyond e-commerce. Move to omnichannel. There will be more omnichannel customers than there are current e-commerce customers.

ROGER

Exactly.

Neither of those customers are rural baby boomers without access to retail. Baby boomers possess the problem we are trying to solve. Without a rural baby boomer, we don't have a problem to solve. We cease to exist. To continue, we need to provide a new solution to a new set of customers, not the same solution to a new set of customers. The latter doesn't work.

LOIS

This might be the first time somebody in this room truthfully articulated our challenge.

ROGER

That's the magic that Woodside Research brings to the table. Thanks for your thought leadership, Ashley! Now let's get started on the reinvention of our brand as an omnichannel solution to a social/mobile/local consumer in her twenties.

DR. GENE

Oh boy.

GLENN

I think we've wrapped our heads around an awful lot of engaging content for one day. Why don't we put a fork in it? Roger, stop by my office in five minutes. I want to get a better understanding of this digital bread crumb thing.

DR. GENE

Oh boy.

The team disperses. Roger begins chatting to Glenn about a peripheral issue that Glenn has no interest in. Pepper, Lois and Meredith leave together, presumably to gossip about the meeting. Dr. Gene powers down his iPad, then makes eye contact with Ashley.

ASHLEY

I saw what you did, Dr. Gene.

DR. GENE

I saw what you did, Ashley.

ASHLEY

Tell me what I did.

You were like Ali, rope-a-dope.

ASHLEY

What?

DR. GENE

Muhammad Ali, 1974. Fighting George Foreman. He just let Foreman punch himself out. This is before your time, Ashley. But that's what you did. You just let Pepper punch herself out. Then you used me to hit her right in the face.

ASHLEY

I didn't use you.

DR. GENE

You used your pawn.

ASHLEY

My pawn?

DR. GENE

Roger.

ASHLEY

He's a valued customer.

DR. GENE

Woodside Research uses people like Roger. You get people to believe your religion. Once people like Roger has faith, he sells your message for you, free of charge. He's like free marketing.

ASHLEY

We love free marketing!

DR. GENE

Both of us look at Gliebers Dresses and see the problem. It takes us about ninety seconds. That's the easy part. The hard part is to get people to change.

ASHLEY

It's self-evident, really. People should be self-motivated to change.

People aren't self-motivated to change. If they were, television would be dead. Every body would be streaming content on their flat-screen televisions, using mi-fi internet connections they're already paying for with a smartphone. They'd spend \$20 a month instead of \$200 a month for bundled cable and internet.

ASHLEY

That's what I do.

DR. GENE

We're doing the same thing. We just do it from opposite directions.

ASHLEY

I don't see it that way.

DR. GENE

You identified the problem. Gliebers Dresses is in major trouble. An old customer base. A tired marketing channel. You can see the future. Anybody can. But you approach the problem from the standpoint of a solution. I approach the problem from the standpoint of a problem.

ASHLEY

Omnichannel is the solution.

DR. GENE

It is one of thousands of solutions. I address the problem. Every company exists to solve a problem. Look at your business. You solve a problem, don't you?

ASHLEY

What is the problem we solve?

DR. GENE

Executives don't know how to fix a business, and that's sad, because they are paid to know how to fix a business. That's the problem. You offer hope. You give the Executive hope that they can solve the problem.

ASHLEY

Maybe.

Certainly. The worst thing that could happen to Woodside Research is that every Executive figured out how to solve problems. If that happened, you would be in the same situation that Gliebers Dresses is in.

ASHLEY

We both know that there will always be people like Roger.

DR. GENE

I approach the problem from the opposite angle. I'll never convince Roger of anything. He thinks magic can solve problems. Magic comes with a price. My job is to find the person, be it Pepper, Meredith, or Lois, who is ready to solve a new problem. I'm putting my money on Lois.

ASHLEY

She's the CFO.

DR. GENE

Exactly. And she's a problem for you, Ashley.

ASHLEY

Why?

DR. GENE

Because one day, she'll prevent Roger from spending \$100,000 a year on research reports.

END OF MEETING