I. Understanding the Customer

5 minutes

Say: “We all see the world a bit differently through our own experiences, filters and beliefs. Not everyone thinks the same way—or shops the same way, either.”

Review section objectives.

Ask the participants to think of a word that describes their personality and write it on a Post-It note or other paper. Tell participants to turn over their note so that others can’t see it. (You’ll come back to this later.)

Say: “Since individuals don’t think or shop in the same ways, providing great customer service requires recognizing and appreciating the differences in people.”

1.2 Understanding the Customer

Objectives:

- Recognize the customer mindset.
- Discuss the customer life cycle.
- Describe customer behavior and the importance of sales associates in facilitating customers’ purchasing decisions.
- Define “influencers” and understand how these individuals affect customer purchasing decisions.
- Understand how customers use technology to interact with retailers.
“Excite the mind and the hand will reach for the pocket.”
- Henry Gordon Selfridge

In every retail transaction, the most important person is the customer since they are the one making the purchasing decision. That’s why customer service is critical in retail and employees who provide excellent service are highly valued.

In retail stores, employees are the face of the company to consumers. They define the service experience through an authentic greeting, listening carefully to customer wants and needs, assisting with products and services and efficiently completing the purchase. But it is not just doing these steps that counts; it’s how you do them that matters. Great customer service helps to build trust between consumers and the brand. Trust increases loyalty; the likelihood that a customer will shop at a particular retailer again and again.

Recognizing the Customer’s Mindset

Customers value different things from retailers, customer service and their shopping experiences. This is the result of their mindset, or attitudes and expectations about the experience. Understanding that people approach purchasing in multiple ways allows you to personalize your service, delivering a much better customer experience.

Take a minute to think about your own habits. What type of mindset do you have when you buy?

- Do you shop for fun or only when you need something?
- Do you prefer to shop alone or with friends or family?
- Do you check out purchase options ahead of time?
- Do you follow retailers on social media?
- Are you loyal to specific brands or stores?
- Are you the first to purchase new technology?
- Do sales promotions, coupons, discounts and/or advertising influence you to purchase?

If you’re thinking that sometimes it depends on the situation, you’re right. The things a customer values when purchasing one type of merchandise or service can be different from their mindset when purchasing something else—For example, socks versus a wedding dress.
Customer Mindsets

25 minutes

1. Ask participants to pair up.

2. Ask each participant to tell their partner: 1) the last item they purchased and 2) the next item they will likely purchase. Big or small, it doesn’t matter.

3. Tell participants to take turns reading each of the customer mindsets with their partner.

4. Then for each of the purchases identified in step 2, the partners should determine the primary mindset it represents.

Regroup for discussion and ask for a volunteer to share an example as you review each customer mindset together.

Say: “Next we’ll take a look at customer mindsets within a retail environment.”

As you greet customers and get to know their needs, identifying their mindset helps you tailor the service experience to best fit their expectations.

Comparison Shopper: A customer with this mindset spends a lot of time checking out products and prices through online sites, visiting different stores, comparing retailer ads and/or getting the opinions of others, either personally or through social media. A comparison shopper can take a long time to make a purchase decision and might return to a retailer several times before making a purchase. These shoppers are certain that they want the best price and will return the item and buy it again at another retailer in order to get it.

Recreational Shopper: This customer views shopping as a fun occasion, rather than looking for specific merchandise or services. The recreational shopper's mindset is adventure. This type of customer enjoys walking through stores, browsing, trying on clothes, testing gadgets, talking to sales associates and learning about new products. Shopping does not necessarily include making a purchase.

Impulse Buyer: This shopper's mindset allows quick purchase decisions, often for inexpensive items that do not have a high importance to the buyer. Retailers entice shoppers in stores to purchase additional items in the checkout area as they wait to purchase their main items because impulse buyers often purchase them. Online shoppers can also have an “impulse buyer” mindset. One poll found that 80% of younger shoppers made an instant buying decision while surfing the Internet (WiredShopper.com, 2018).

Innovation/Trend Buyer: It is important to this person to be one of the first to purchase the newest technology, fashion, or car at the just-opened restaurant, or see the latest movie. An innovation/trend buyer has an early adopter mindset and wants to be recognized as a trendsetter by others.

Follower: This customer wants to find out what’s trendy before making a purchase. They have a more cautious mindset and are reluctant to be the first to try new products. They often look to established brands that they have previously purchased and trust for guidance before making a buying decision.

Loyal Customer: This customer is loyal to specific stores based on repeated and valued positive customer experiences with a retailer and their products and/or services. Loyal customers spend more money with retailers and brands they love.

These are some customer mindsets, but some shoppers may have a combination of mindsets or a different mindset entirely. It is best to work with each consumer individually to understand their current customer service expectations.
Exercise 5

15 minutes

New Shoes: The Scenario

Play the video.

Ask which customer mindset Michael has. Answer:

- He starts out saying he’s just looking, like a recreational shopper.
- He has done research like a comparison shopper.
- But he buys based on what’s new, even foregoing what he said he wanted, making him an innovation/trend buyer.

That’s Cute: The Scenario

Play the video.

Ask which type of customer mindset the girls had. Answer:

- They started out as recreational shoppers, not showing signs of intent to buy anything.
- The sales associate was able to convert them to impulse buyers or something inexpensive that added to the fun of their shopping.

Give participants 3-4 minutes to answer the questions on the page. As a group, review a few answers for questions 1 & 2.

Call on the more-quiet participants, since there are no right or wrong answers. For question 3, look for answers that describe:

- If you know a customer’s mindset, you can better help them find what they want and make the sale.
- Knowing mindsets can help, but it’s important to work with each customer to understand her/his service expectations.
The Customer Loyalty Life Cycle

Customer service contributes in a big way to a company’s reputation. When a shopper has a great experience, they often tell others about it, but when they have a bad experience, they may tell even more people, damaging the retailer’s reputation.

The Customer Loyalty Life Cycle shows the points where customer service can influence purchase decisions. When good service is provided, it is more likely that a customer will return to shop with the retailer, eventually becoming a loyal shopper.

The Customer Loyalty Life Cycle: Steps
1. The customer has a want or need. 
2. The customer considers different purchase options. 
3. The customer chooses a buying option—either in a store or online. 
4. The customer likes or does not like their store or online experience. 
5. The customer has a good customer service experience and purchases from the retailer again. 
6. The customer tells others about the good experience and becomes a loyal shopper.

How does customer service begin to impact the cycle starting at step 2?

The Customer Loyalty Life Cycle Disruptions

Unfortunately, a number of factors can interrupt the cycle and keep it from repeating:

- Employees might deliver poor customer service.
- Competitors may offer better products, services, or prices.
- An online site or app may be difficult for customers to use, discouraging them from purchasing.
- Product quality could be lower than a customer expected, causing the customer to return merchandise.
- If customers have a good experience, they often don’t tell anyone. But if they have a bad experience, they often tell a lot of people! Social media enables customer reviews to reach many people very quickly.

Companies work hard to keep the Customer Loyalty Life Cycle in motion through great customer service experiences. This helps grow the business with repeat and new customers.

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Exercise 6

21 minutes

Have the participants work in pairs or groups to identify good and bad retailer experiences. Allow five minutes for the team discussions, then ask each team to pick one good and one bad experience to share with the class. Give them two additional minutes to decide which experiences to present. Depending on available time, ask some or all teams to share their answers. (You’ll come back to this exercise later, so be sure the participants save their answers.)

Consumer Behavior

Retailers target specific customers based on demographics and on motivational research. Review the motivation signals and then ask which type of cue participants think is most powerful and why. Answers will differ by participant, and any answer is acceptable.
The Five-Stage Decision-Making Process

1. **Recognize a need:** An internal or external cue often results in the recognition that a product or service may be needed. “I just saw that dress Miley Cyrus was wearing on Instagram; I want that!” or “The washing machine is very old; maybe I should get a new one.” At this point, it’s just a consideration and may go no further.

2. **Search for information:** As the motivation to purchase the item increases, the person begins to consider ways that their wants and needs could be satisfied. “Let me look online for the performance where the Instagram pic was taken. It may have the dress designer’s name,” or “I could check out Best Buy and The Home Depot for a new washer; let me look online to see what they have available.”

3. **Evaluate alternatives:** The customer has done their research and is ready to compare options to prepare for purchase. “Miley’s dress is from a designer that is very expensive, but an online search shows that Urban Outfitters and Zara have similar styles that are much less expensive. I want to try it on though,” or “Both Best Buy and The Home Depot have the washer I want, both offer a price match guarantee and free delivery, but the service was so much better at…”

4. **Purchase:** Criteria such as retailer reputation, quality of customer service, price, product availability, the proximity of the store to the customer’s home and other factors figure into the customer’s decision to buy at one location versus another.

5. **Review decision and experience:** After the purchase is complete, the customer reflects on whether the product or service met their expectations and about the quality of the customer service provided by the retailer. If they are happy with these things, they are more likely to repeat the purchase behavior and recommend the retailer to others. If they did not have a positive experience, the next time they need to make a similar purchase, they will reevaluate the alternatives and choose a different option. In addition, they may tell others to avoid the product or service and the retailer.