

# Turning Critics into Customers

Customer feedback leads to real-time improvements at Benefit Cosmetics



by KAREN M. KROLL

**B**enefit Cosmetics takes a lighthearted, irreverent approach to cosmetics and beauty. Its “Benefesto” states in part, “We believe if at first you don’t succeed, apply more lipstick” and “Laughter is the best cosmetic.”

This approach extends to the interactions between Benefit’s sales associates and customers. Ideally, all are positive and engaging. If an exchange falls short for some reason, Benefit wants to know and have an opportunity to make things right.

“We want to get feedback,” says Katie Overdeest, senior manager of strategic retail development with Benefit. “Also, as technology changes, we want to find opportunities to communicate more effectively with customers.”

The San Francisco-based company, part of the luxury-goods group LVMH, is using Medallia Experience Cloud to capture feedback, understand it in real time and communicate with customers who’ve enjoyed their experience or raised a concern.

“Medallia has the best complete and comprehensive program in terms of

the closed-loop feedback mechanism,” Overdeest says.

The cloud-based system provides feedback both to home-office employees and sales associates in the field. “The people who are working directly with the customers can follow up in whatever way is appropriate,” she says.

“The more you can connect, the more you build loyalty,” says Russ Haswell, vice president and general manager of retail with Medallia. “When you address a detractor, they’re usually surprised the company reached out.” Outreach can turn a critic into a customer, he says.

The Medallia system also helps retailers identify the primary challenges on which their stores need to focus and provide ideas for improving performance. A district manager who oversees 10 stores can identify those that are performing well, zero in on their best practices — say, sales associates who greet customers with information on the brand — and help other stores incorporate those practices.

Another selling point for Benefit was Medallia’s “Ask Now” feature, which allows users to easily turn questions on

and off. If the company is experimenting with a new feature in one store, Overdeest and her colleagues can activate questions focused on the new feature. They might ask customers, “Did you shop the new gondola? If you did, were you able to find the products you wanted?”

## IMPLEMENTATION

At the start of an implementation, Medallia works with the retailer to understand its operations, including objectives, company culture and communication plans. This effort accounts for a larger portion of the implementation than the actual technical components of building a program, Haswell says.

Medallia also works with the retailer to craft relevant questions. The goal is to gain an understanding of customer types, demographics and loyalty patterns to give the retailer insight and inform its decisions and actions.

“It’s really all about question construction,” Overdeest says. Benefit engaged a research firm to work with its employees to determine what they

hoped to gain from the program. Multiple departments provided input, including training, executive leadership, management and members of the boutique sales team, including both employees in the home office and in the field. The implementation spanned about 3 1/2 months, she says.

Benefit's IT department helped establish security measures and the file-transfer protocol. "They were definitely critical for those pieces," Overdevest says. It wasn't an onerous effort on Benefit's part; since the platform is cloud-based, Benefit didn't need to purchase new tools or hardware. "All you need is a really decent Internet connection and a good Web browser," she says.

Training for Medallia tends to be light, Haswell says. Most of it centers on discussing why the initiative is important, explaining key metrics like overall satisfaction and helping employees learn how to use certain workflows.

## INSIGHT

In August 2016, Benefit implemented a voice-of-the-customer program, "Mirror, Mirror," in 32 freestanding boutiques in the United States. Sales transaction files are sent to a centralized database, and Medallia uses the information to send emails containing a short survey to customers with valid emails on file within 48 hours of their visit.

The survey might say, "How was your service at Benefit Fillmore? Based on your experience, how likely are you to recommend this store?"

About 12 percent of customers complete and return the survey, Overdevest says. Their input flows through the Medallia platform to Benefit's home-office and boutique managers.

Managers can quickly see their "Glam Factor" — Benefit's branding of responses to "How likely are you to recommend this store?" — for a snapshot in time as well as the previous 30 days. Many members of Benefit's field team also receive alerts through an app notifying them of each reflection.

"They engage with the platform very seamlessly," Overdevest says. "You can slice the data how you want."

The managers also can use the solution to respond to clients. In following up to a negative comment, a manager might say something like, "Hey, we're sorry we didn't meet your expectations. What can we do better? If you're inclined, I'd love for you to email or call the store so we can chat about how to fix the situation."

Overdevest says many store employees are diligent about following up; while employees can't always control customers' reactions, they can control how they respond.

"They can hopefully affect some change" and turn an unhappy experience into something positive, she says. In some cases, they'll eliminate a charge or let the customer know she can come back for a free service.

Employees at Benefit's home office also review the scores. "We try to get a daily dose of what's going on," Overdevest says.

The process focuses employees' mindset on being "customer-centric," Overdevest says. The goal isn't for employees to obsess about sales or their scores but to help them think about providing the best experience for the customer.

"It's, 'How do we differentiate ourselves at Benefit? What are we providing that other brands don't provide?'" she says.

Many of Medallia's clients have enjoyed notable gains in sales, order value and conversion rates, among other metrics, Haswell says. Closing the loop with customers who provided negative feedback can shift them from detractors to promoters and boost their spending. Haswell says online retailers have seen conversion rates jump by 25 percent after combining insight from the web feedback with data from Google Analytics.

## 'COACH IN THE MOMENT'

Since the Medallia solution provides feedback within 36 hours of a client's visit, managers can "coach in the moment," Overdevest says. If a response is negative, managers can talk with the team about what went wrong and how they can do better. They also can praise employees when feedback shows that they've done well.

In rolling out the program to boutique managers, Benefit focuses on the elements they can control, namely, reaching out to customers in a personal way. "A big part of the Benefit-brand DNA is really making connections with your customers," Overdevest says.

While employees do worry about negative feedback, Overdevest says Benefit reminds them, "Don't focus on the score. Focus on things you can control." Benefit rewards its staff based on these elements, such as responding to negative feedback in a positive way.

One year in, Overdevest says Benefit remains very happy with the Medallia solution. It's apparent that listening to customers and constructively responding to feedback is effective and can "move the needle," she says. **STORES**

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