

RETAIL SPECIAL

# CIO Review

The Navigator for Enterprise Solutions

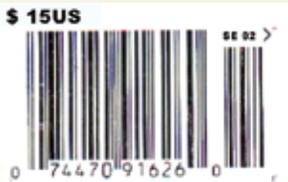
JANUARY 10, 2018 CIOREVIEW.COM

## EXCHANGE SOLUTIONS

Maximizing  
Customer  
Lifetime Value



Ron Gerace,  
Senior Vice President,  
Product & Marketing



CIO REVIEW  
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# EXCHANGE SOLUTIONS

## Maximizing Customer Lifetime Value

By Sandeepa Majumdar

**E**quipped with multi digital tools, modern day consumers oscillate between dual worlds—the physical and the virtual—and the same complex pattern reflects in their buying behavior. In such a scenario, retail success is all about optimizing a mix of online and offline consumer engagement strategies to convert skeptical visitors into loyal customers. While the convergence of commerce, customer, and technology is dramatically reshaping the rules of customer engagement and loyalty programs, oftentimes retail companies with decades of legacies are weighed down by antiquated systems

that fail to integrate with e-commerce databases for a unified capability of customer engagement. This is where Exchange Solutions makes their impact, with their state-of-the-art engagement and loyalty programs that can track and holistically engage customers across channels in a meaningful and measurable way. With over two decades of experience in customer value optimization and having processed billions of transactions so far, Exchange Solutions uses data driven, personalized incentives (monetary and non-monetary) to fill gaps in a customer's buying behavior, through one-to-one offers. "Our advanced analytical and technical capabilities help retailers maximize customer lifetime value at a lower cost than business-as-usual marketing," remarks Ron Gerace, Senior Vice President, Product and Marketing, Exchange Solutions. All of Exchange Solutions' programs are customized according to the client's brand and are

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deployed as a managed service, which enables quick implementation and minimal IT intervention and developmental lead-time.

### DIFFERENTIATE AND DELIGHT

Exchange Solutions' cloud-based solution, ES Engage combines real time, omni channel technology, artificial intelligence, and customer experience capability to help clients drive better ROI and measurable incremental customer behavior. Built on a proprietary platform, ES Engage engages customers with real time incentives to drive the key elements of lifetime value. Also, ES Engage provides a detailed report on behavior gaps and profitability potential along with a comprehensive approach to increase conversion rate, average order value, purchase frequency, and demand shaping to name a few key behaviors.

According to a report by Google, customers abandon over \$280 billion worth of products in digital shopping carts every year. With ES



Engage's AI capability that interprets and predicts consumer behavior in real time working to prevent abandonment, retailers can now effectively gain a customer's attention and interest by strategically placing real time offers and encouragement messages in a compelling form. The solution is intuitively margin aware, meaning

little or no offer is made for poor margin baskets or low margin customers. ES Engage is margin aware and lowers promotional expense, which is a true differentiator in the customer engagement space. Moreover, a team of experts constantly monitor customer activity, looking for ways to improve intelligent offers

“Our advanced analytical and technical capabilities help retailers maximize customer lifetime value, at a lower cost than business-as-usual marketing”

and reduce incentive payout. While other solutions in the market are self-served, ES Engage is a fully automated, end-to-end solution that offers dashboard level reporting, performance metrics, and regular notifications.

“We understand that retailers are focused on measurable performance, and hence, our solutions are available via a performance-based fee structure to lower upfront investment and risk”

Above all, clients can expect an average of 10 percent lift in conversion, order size, and revenue with this unique solution. “The combination of capabilities in one product not only creates a holistic customer lifetime value capability but also a direct and measurable improvement on financials, ES Engage is truly the only product in the market that does it all,” exclaims Gerace.

With offices in Boston and Toronto, Exchange Solutions has some of the industry's biggest retail and e-commerce brands as its clientele. For a prominent omni-channel home improvement retailer that was seeking new methods for customer engagement, Exchange Solutions helped boost average order value while minimizing margin erosion. On connecting ES Engage with the client's website, the solution collected and analyzed customer clickstream events and patterns indicative of conversion and abandonment. Based on the insights, personalized offers were presented, enticing the customer to complete the checkout process. To ensure profitability, each offer considered the margin of the items in the cart and allocated just enough reward to actuate the conversion. In addition, as offers were extended to customers that exhibited a high propensity to abandon, margin was not wasted on rewarding customers who were likely

to purchase and focused on building the customer's basket value. The program was immensely successful and the retailer observed a 12 percent increment in client conversion, 15 percent rise in order size, and a reduction in promotional expenses by 50 percent. Initiated as a pilot program, the spectacular results prompted the client to deploy the solution on a national scale within three months.

### DRIVING THE ADAPTIVE LOYALTY REVOLUTION

Currently organizations that integrate loyalty and advanced customer engagement are witnessing improved financial performance in their customer base. For traditional retailers, Exchange Solutions offers ES Loyalty, a super intelligent program that increases the



customer traction of premium shoppers through an improved rewards scheme. In addition, with ES Journey, a product that provides an automated and advanced capability for A/B testing, Exchange Solutions can optimize page navigation through data received from tags and banner space. For a truly integrated approach, a retailer can now avail the high value performance of ES Engage, ES Loyalty, and ES Journey all through a single installation. “We understand that retailers are focused on measurable performance, and hence, our solutions are available via a performance-based fee structure to lower upfront investment and risk,” states Gerace.

Apart from retail companies, Exchange Solutions also helps retail banks identify customers with high investment potentials and present each customer with customized incentives such as fee adjustment or reward points, in return for performing incremental behaviors such as

enrolling in direct deposit or opting for a credit card. Since most banks operate in multiple countries or markets with very different product economics, Exchange Solutions' loyalty programs are fully adaptable to varied market positions. In one instance, a financial institution went ahead and implemented Exchange Solutions in its branch network across 22 countries, leading to a significant improvement in the bottom line. The client witnessed 70 percent increase in new customer balances, and the profits crossed \$140 million.

### INCREMENTAL INNOVATION IN ACTION

To propel targeted engagement and loyalty campaigns, Exchange Solutions has a strong partner network in place with some of the industry bigwigs. Together with IBM Watson Commerce, Exchange Solutions enables online merchandisers to gain actionable insights that impact businesses. Leveraging this partnership, online marketers can design, build, and operate more effective customer engagement and loyalty programs. Committed to offer the best-in-class systems, the company also has partnered with Salesforce Commerce Cloud and Oracle Cloud. Exchange Solutions can seamlessly integrate with a retailers technology stack directly through its light touch or through its deep partnerships.

In the days to come, the company will continue to evolve ES Engage, taking advantage of the advancements in artificial intelligence and new channels such as voice agent and IoT capabilities. “We recently demonstrated a voice agent feature along with IoT capabilities that will be ‘everyday’ customer engagement opportunities soon,” mentions Gerace. Exchange Solutions is also extending its capability into user journey, A/B testing, and product recommendation spaces. “The world of retail is ready to embrace a new wave in customer engagement and Exchange Solutions is all set to lead this revolution backed by our next-gen products and keen understanding of consumer behavior,” ends Gerace. 

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## 20 Most Promising Retail Solution Providers - 2018

The business of retail has been intricate. To ride the tide of e-commerce and hold the market share through brick-and-mortar locations, knowing customer preferences and intent have become imperatives. To this end, data-driven retail solutions aggregate and analyze the data from multiple sources like POS terminals, social media, and numerous avenues of customer interaction to help retailers make strategic business decisions.

On the other hand, retail IoT solutions are transforming in-store customer experience by delivering offers and promotions based on customers' browsing and purchase history. Furthermore, to help retailers address customers' "mobile-first" mentality, the mobile payments solutions are not only reducing the transaction time but also becoming an integral part of loyalty programs that forge a bond with customers and facilitate value delivery.

The retailing solution's scope of utility and application grows further as they help retailers determine and address the problems, and enhance the efficiency level of their retail operations. For instance, retailers can affix the problems in supply chain management for faster delivery of products—another crucial criterion in enhancing customer experience.

Like any other arena, retail solutions landscape has no dearth of solution providers and thus zeroing in on the apt one remains an uphill task for CIOs. To help them tread on the right path, CIOReview's distinguished panel comprising CEOs, CIOs, VCs, industry analysts and the editorial board has come with 20 Most Promising Retail Solution Providers - 2018. In our selection process, we have evaluated the vendor's competency to provide efficient as well cost-effective retail solutions and services.



**Company:**  
Exchange Solutions

**Description:**  
Designs, builds, and operates customer engagement programs that use data-driven, personalized incentives to increase valuable customer behaviors

**Key Person:**  
Ron Gerace  
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**Website:**  
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\*Some of the Insights are based on the interviews with respective CIOs and CXOs to our editorial staff

## Editorial

### Connecting with Tomorrow's Customer



Walking past bedecked stores filled with gleaming merchandize, one cannot but reminisce technology's unbridled leap that has manifested profoundly in the retail ecosystem. As the festive cheer lingers, the nascent New Year is upbeat riding on yet another wave of new services and business models that are set to personalize customer engagement to result in

better customer satisfaction. The added emphasis is on creating a seamless omnichannel experience taking cues from all touch points and gauging customer sentiments to enable better service through the appropriate technology intervention.

As big data and machine learning become mainstay, data's role in deciphering deeper insights brings to fore innovative ways to achieve business excellence and improved customer experience. The capabilities of mobile, social and cloud in tandem with the power of predictive analytics plays a vital role, perfectly dovetailing with the retailer's strategy of winning over the customer and improving brand loyalty. As emerging technologies continue to take centre stage, the retail boundaries are pushed to draw in cognitive computing and conversational AI platforms to develop advanced analytics and business intelligence and maximize operational efficiencies. Today's technology is such that every customer order can be optimized in every possible way right from inventory to delivery to make every sale profitable.

With consumers now being able to take advantage of mobile POS and varied modes of payment, the latest to on board the retail bandwagon is BOPIS - buy online pickup in-store, creating new trends in shopping. Likewise, AR and VR technologies are enabling retailers to provision an experiential retail environment furthering the customer satisfaction quotient.

Together with evolving technologies, the success of a retailer hinges on placing the customer first, evolving with their preferences and deepening customer relationships. To effectively engage with tomorrow's customer, multiple factors such as reengineered business strategies coupled with business acumen that will differentiate the shopping experience will steer a new course in incrementing the retail value proposition.

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