

Skills4Retail
Building sustainable growth

Leadership in the Experience Economy

Workshop 3: Knowing your Audience

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Why Knowing Your Audience Matters

- In the Experience Economy, retailers don’t just sell products—they create memorable experiences. Understanding who your customers are helps you:

- Tailor offerings and promotions
- Improve service interactions
- Build stronger emotional connections
- Increase customer loyalty and lifetime value



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Objectives of this Session

- The Objective of this topic is to identify and to understand the ‘audience’ (customers). The customer base is becoming ever more varied in different ways. This topic will help to make you more aware of what the various people in the ‘audience’ require



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Defining the Target Market (Part 1)

A. Demographics

- Age, gender, income, education, and location all influence customer needs and behaviours
- Different age groups, for example, have different shopping habits—Gen Z might prefer online engagement and social proof, while Baby Boomers value personal service

B. Psychographics

- Attitudes, interests, lifestyles, and values
- Are your customers price-conscious, quality-driven, trendsetters, or sustainability-focused?
- Tools like surveys, customer reviews, and social listening can reveal psychographic patterns

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Defining the Target Market (Part 2)

C. Behavioural Data

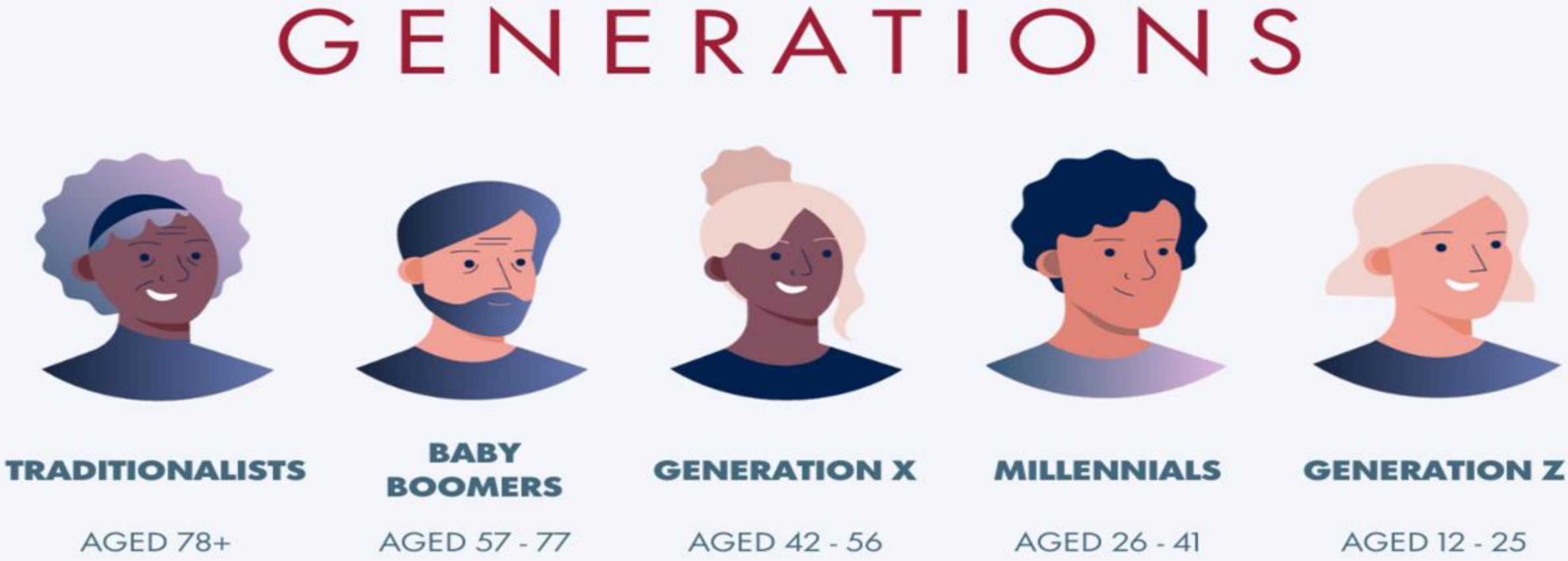
- Purchase history, shopping frequency, response to promotions
- Loyalty programmes, clickstream data, and basket analysis help you predict needs and personalise experiences

D. Time and Effort

- Knowing which customers want to browse and which want efficiency and speed of service

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Generational Preferences in Retail



Generational Preferences in Retail

Generation	Characteristics	Shopping Preferences
Baby Boomers	Value loyalty and service	Prefer in-store, clear information
Gen X	Brand-savvy, independent	Mix of online and offline
Millennials	Tech-savvy, purpose-driven	Love convenience, brand values matter
Gen Z	Digital natives, social influencers	Mobile-first, fast, visual shopping

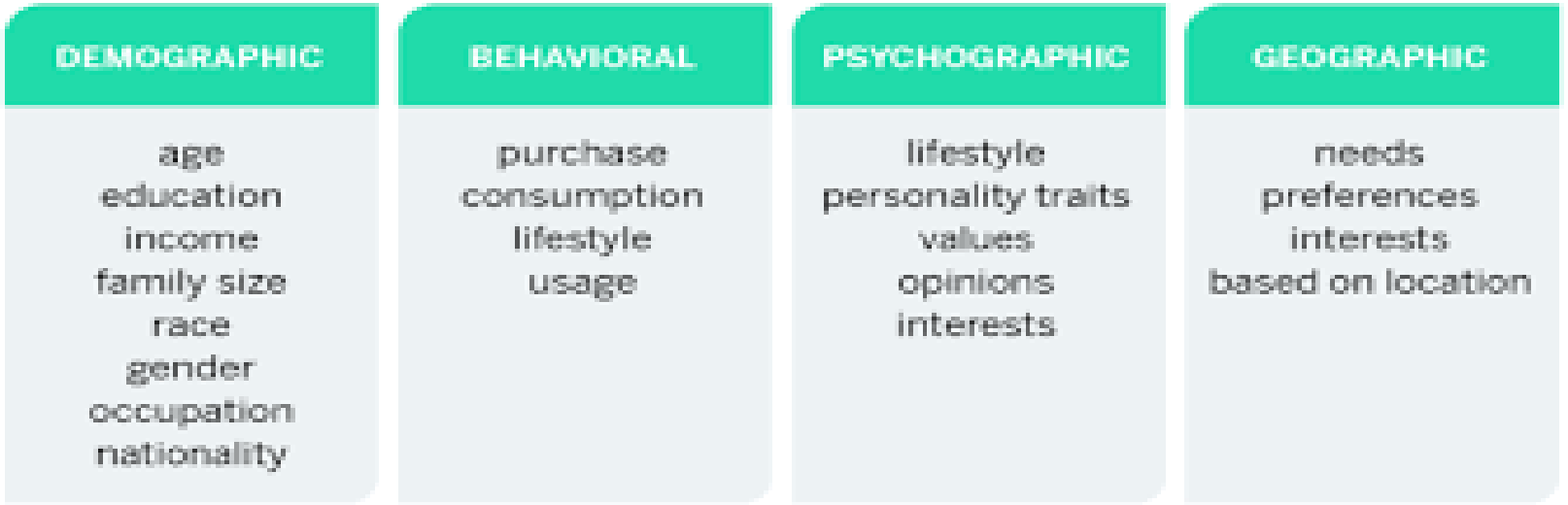
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Segmentation Strategy



Segmentation Strategy

Retail Segmentation Strategy



Segmentation enables retailers to better understand their customers, tailor experiences, and deliver targeted marketing and services

Here we will look at 4 particular segmentation examples:

- Demographic Segmentation
- Psychographic Segmentation
- Behavioural Segmentation
- Geographic Segmentation

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Segmentation Strategy

1. Demographic Segmentation

Definition: Dividing the market based on quantifiable characteristics such as age, gender, income, education, occupation, family size, and life stage

Key Variables & Examples:

- Age: Teens, young adults, families, seniors
  E.g., a fashion retailer curating trendy streetwear for Gen Z
- Gender: Male, female, non-binary preferences
  E.g., cosmetic brands creating gender-neutral products
- Income: Budget, mid-range, premium/luxury
  E.g., a supermarket offering both value brands and artisan goods
- Life Stage: Students, newlyweds, parents, retirees
  E.g., a baby products store targeting new parents with bundle deals

Strategic Use in Retail:

- Product range tailored to customer group needs (e.g., sizes, styles)
- Pricing strategies aligned with disposable income
- Store layout and visual merchandising reflecting target demographics
- Advertising using language and imagery that resonates with each group

Segmentation Strategy

2. Psychographic Segmentation

Definition: Based on lifestyle, values, attitudes, interests, and personality traits

Key Variables & Examples:

- Lifestyle: Health-conscious, eco-friendly, tech-savvy, fashion-forward
  E.g., retailers like Lululemon appealing to active, wellness-focused customers
- Values & Beliefs: Sustainability, community support, ethical sourcing
  E.g., a zero-waste store attracting environmentally-conscious shoppers
- Personality: Trendsetters, loyalists, pragmatists
  E.g., Apple attracting design-conscious early adopters

Strategic Use in Retail:

- Crafting brand messaging that reflects customer identity and aspirations
- Hosting community events or workshops to build emotional connection
- Offering products with social or environmental impact stories
- Using storytelling in marketing to resonate with values

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Segmentation Strategy

3. Behavioural Segmentation

Definition: Based on observed buying behaviours, usage patterns, brand loyalty, and response to promotions.

Key Variables & Examples:

- Purchase Frequency: Occasional vs. regular shoppers
  E.g., loyalty rewards for frequent customers
- Occasion: Seasonal shopping, birthdays, holidays
  E.g., Valentine's Day gift bundles for jewellery stores
- Benefits Sought: Quality, convenience, price, experience
  E.g., customers choosing a convenience store for speed vs. a supermarket for selection
- Loyalty & Engagement: One-time buyers vs. brand advocates
  E.g., tiered membership schemes offering personalised perks

Strategic Use in Retail:

- Personalised marketing based on purchase history
- Dynamic pricing or exclusive offers to retain loyal customers
- Tailored email campaigns based on cart abandonment or wishlist data
- In-store tech e.g., mobile apps or kiosks to track and enhance the shopping journey

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Segmentation Strategy

4- Geographic Segmentation

Definition: Dividing the market based on physical location or climate

Key Variables & Examples:

- Location: Country, region, city, town
  E.g., Catalan-speaking promotions in catalan areas

- Climate: Cold, hot, humid, coastal
  E.g., surf shops in the west of Ireland versus ski gear in alpine regions

- Population Density: Urban vs. rural
  E.g., convenience stores in high-footfall urban centres

Strategic Use:

- Regional product assortments
- Weather-specific inventory and advertising

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‘The Retail Riddle - Why people buy differently’ (Group Discussion)

"We walk into the same shop, yet walk out with different decisions. One person buys quickly, another hesitates, and someone else leaves empty-handed but inspired. This is the Retail Riddle: Why do people buy so differently, even when exposed to the same environment, products, and service?"

Let’s discuss:

- How personal values, emotions, and experiences shape buying behaviour
- The role of identity, lifestyle, and social proof
- How generational, cultural, and even neurological differences impact the decision-making journey
- And how retailers can use this understanding to adapt their approach, personalise experiences, and build trust.

Participant Question:

"Think of a time when you bought something unexpected – something you didn’t plan to buy. What influenced your decision most: the product itself, the environment, the salesperson, or your emotional state at the time? And how might that same experience be completely different for someone else?"

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Role of Market Research in the Experience Economy

- How Research helps us to understand and deliver

"The experience matters at every moment in the customer journey, and customers will judge any impediment along the way. It's crucial to consider the experience from the customer's perspective to understand their needs."



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Quantitative vs Qualitative Approaches

- Retail research relies on both quantitative and qualitative approaches to gain a comprehensive understanding of customer behavior and market trends. Quantitative research focuses on measurable data—such as sales figures, foot traffic, and customer satisfaction scores—allowing retailers to identify patterns, forecast demand, and make data-driven decisions. In contrast, qualitative research explores the why behind the numbers through methods like interviews, focus groups, and observation, uncovering deeper insights into customer motivations, preferences, and emotional responses

- Together, these approaches provide a balanced view, enabling retailers to not only track performance but also tailor experiences that resonate with their target audience

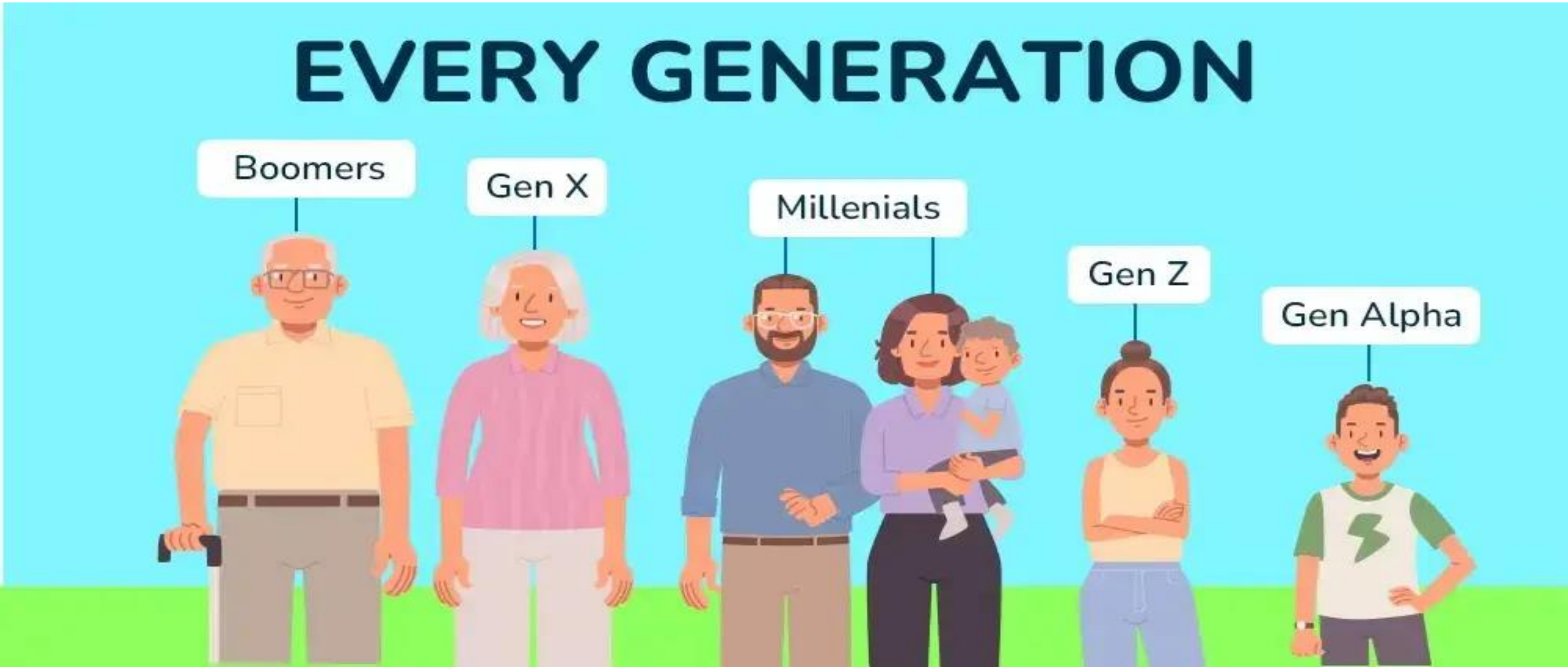
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From Insight to Action

- To action insights from research, the process involves translating findings into clear, practical steps that improve the customer experience. First, identify key patterns or pain points revealed by the data—these might relate to service speed, product availability, or emotional connection. Next, prioritise actions based on impact and feasibility, focusing on what matters most to your customers. Then, involve relevant teams (like frontline staff, marketing, or operations) to co-create solutions, ensuring the response is practical and aligned across the business. Use prototyping or small-scale testing to trial new ideas, and gather feedback to refine them. Finally, track progress through clear metrics (like customer satisfaction or NPS) to ensure that the changes are delivering the intended results
- In short: understand, prioritise, co-create, test, and measure

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What’s coming next - Generation Alpha



Generation Alpha (Born 2010-2025)



.1. Born Digital

- Tech is not a tool — it's the air they breathe
  - Raised on iPads, smart speakers, and AI
  - Expect instant answers, intuitive interfaces, and personalized experiences
- Shorter attention spans, but hyper-multitaskers
- Highly visual learners — platforms like YouTube, TikTok, and even VR/AR will dominate

2. AI-Native

- Will grow up collaborating with AI — not just using it
- They'll expect automation, personalization, and predictive experiences as standard
- Might struggle with traditional workplaces unless they're digitally fluent and fluid

3. Global & Diverse from Birth

- Exposure to global cultures and issues from early on
- Expect diversity, inclusion, and sustainability as non-negotiable
- They'll challenge brands, institutions, and leaders who are performative or outdated

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Generation Alpha (Born 2010-2025)



4. Emotionally Sophisticated (but Vulnerable)

- More emotionally aware — due to better mental health education and social conversations
- But also more anxious, isolated, and under pressure than previous generations
- Value psychological safety, empathy, and transparency from leaders and employers

5. Creators > Consumers

- They won't just engage with content — they'll co-create it
- Expect collaborative experiences, creative platforms, and feedback loops
- Traditional education and retail will be challenged to move from passive to participatory

6. High Expectations of Experience

- Raised in a world of instant delivery, streaming, gamification, and tailored experiences
- They'll expect seamless, frictionless, engaging interactions everywhere — school, retail, work
- Brands and employers who don't deliver will lose their attention quickly

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Generation Alpha (Born 2010-2025)



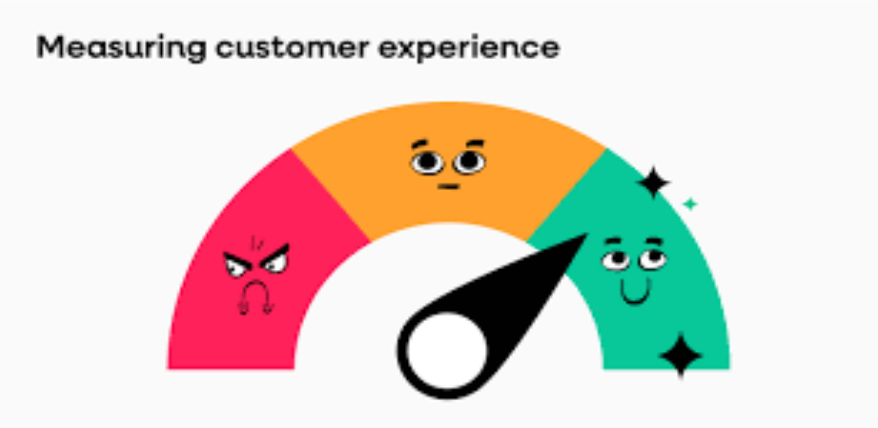
Trait	Implication
Digital to the core	Need tech-enabled everything
Emotionally complex	Demand for empathy and support
Global citizens	Seek ethical and inclusive leadership
Creative collaborators	Want co-creation, not top-down communication
Impatient for change	Expect speed, responsiveness, and relevance

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Why Measure Customer Experience ?

Understand What Customers Value

- Helps you identify what matters most to your customers
- Reveals key moments that shape satisfaction and loyalty
- Informs product, service, and communication improvemer



Drive Loyalty & Retention

- Satisfied customers stay longer
- Loyal customers are less price-sensitive
- Reduces churn and builds brand advocates

Increase Revenue & Profitability

- Happy customers spend more and refer others
- 5% increase in retention = up to 95% more profit (Bain & Co.)
- CX leaders outperform competitors in financial growth

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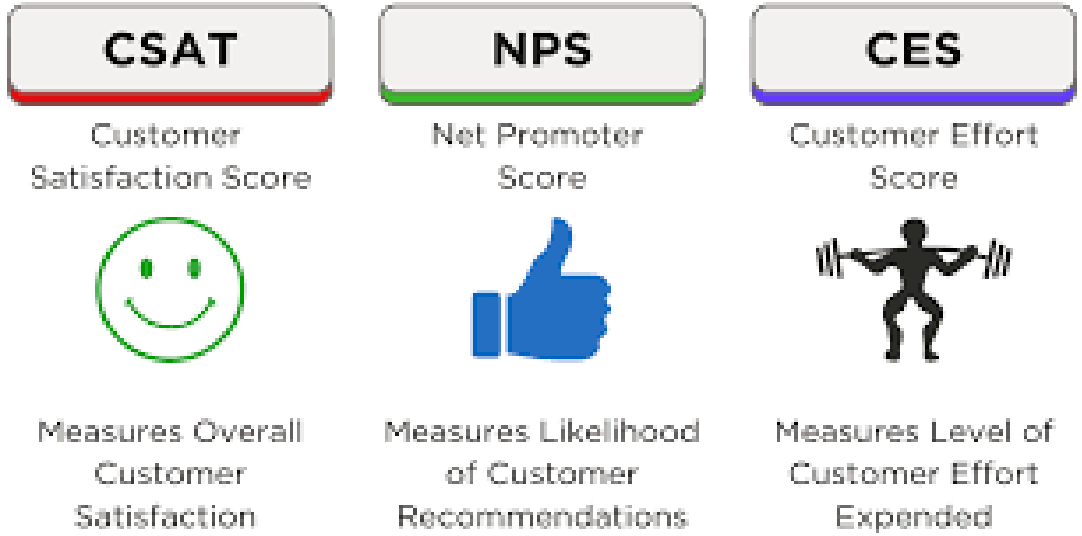
Why Measure Customer Experience ?

"What gets measured gets managed—even when it's pointless to measure and manage it, and even if it harms the purpose of the organisation to do so."

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Popular Metrics

- NPS, CSAT, CES, sentiment analysis



Real-Time vs Longitudinal Customer Feedback

- Real-Time Feedback
- Definition: Immediate input collected from customers right after or during their interaction with the retail experience e.g., at checkout, post-purchase surveys, live chat

  Purpose: Captures the customer's feelings and opinions while the experience is fresh, allowing quick identification and resolution of issues
- Benefits: Enables rapid response to problems, helps improve service instantly, and boosts customer satisfaction by showing attentiveness
- Limitations: Provides a snapshot of specific moments but may lack insight into overall trends or long-term patterns

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Real-Time vs Longitudinal Customer Feedback

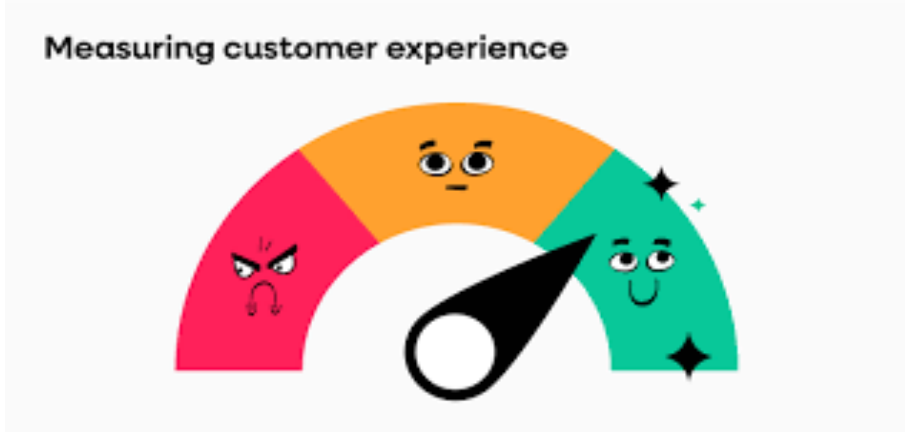
Longitudinal Feedback

- Definition: Customer feedback collected over an extended period, tracking experiences and satisfaction across multiple interactions or over time
- Purpose: Identifies trends, measures loyalty and brand perception shifts, and evaluates the effectiveness of CX strategies and improvements
- Benefits: Helps understand customer journey evolution, detects systemic issues, and supports strategic decision-making based on long-term data
- Limitations: Slower to act on since insights develop over time and may miss urgent issues that need immediate attention

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Summary - The Power of Measuring Customer Experience

- Deepens customer insight
- Fuels growth, loyalty, and profitability
- Supports continuous improvement and strategic alignment



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Reflection Prompt and Discussion

- How do you currently measure CX?
- Discuss in a group your current measurement and how impactful you feel it is
- If you do not have a current measurement of CX - what might be one you would consider?



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What Are Customer Personas?

- Customer personas in retail are semi-fictional profiles that represent typical customers based on real data and insights. They help retailers understand and empathise with their target audiences, so they can tailor their marketing, sales, and customer service strategies more effectively



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Key Features of Customer Personas?



- Demographics:
  - Age, gender, income level, education, location
- Shopping Behaviours:
  - In-store vs online preference
  - Purchase frequency
  - Brand loyalty or price sensitivity
- Psychographics:
  - Interests, values, lifestyle
  - Buying motivations e.g. convenience, quality, sustainability
- Pain Points:
  - Challenges or frustrations e.g. difficulty finding products, poor customer service
- Goals:
  - What they want to achieve (e.g. save time, find the perfect gift, look stylish
  - Preferred channels - where they interact e.g. Instagram, email, mobile app, in-store

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Benefits of creating Personas

Example:

Persona Name: "Busy Brenda"



- Age: 35
- Occupation: Working mother, mid-level manager
- Shopping habits: Prefers online shopping, values convenience and fast delivery
- Pain point: Doesn’t have time to browse
- Goal: Get what she needs with minimal fuss
- Preferred channel: Mobile app or social media ads

A retailer targeting Brenda might design mobile-first campaigns, offer one-click checkout, and send reminders based on previous purchases

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Group Exercise - In pairs or groups, create your own personas

- Name and Image — Give the persona a name and face to humanise it
- Demographics — Age, gender, location, income, education, occupation
- Psychographics — Values, lifestyle, interests, personality traits
- Shopping Behaviour — Preferred channels (online/in-store), frequency, purchase drive
- Pain Points — Frustrations, barriers to purchase, unmet needs
- Goals & Motivations — What they want from a retail experience
- Technology Use — Mobile usage, app preferences, social media hab
- Brand Perception — How they view your brand and competitors







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Defining Cultural Intelligence (CQ)



- Cultural Intelligence (CQ) is the ability to relate to and work effectively across cultures. It involves understanding and adapting to cultural differences in beliefs, behaviours, and values—especially in diverse teams, customer-facing roles, and globalised environments. Knowing your audience is also knowing about different cultures

"Cultural Intelligence is the capability to function effectively in culturally diverse situations."
(Ang & Van Dyne, 2008)

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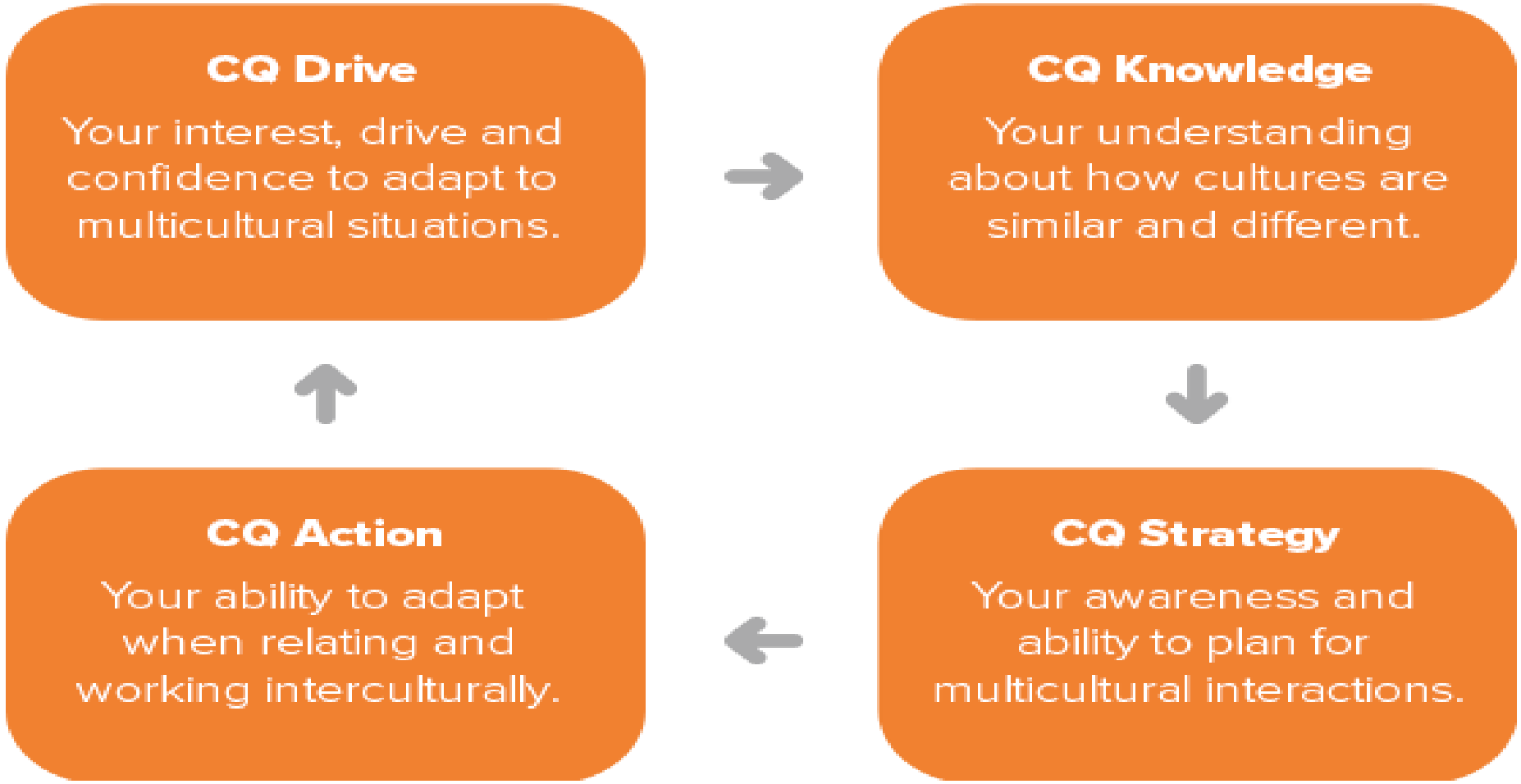
Why CQ matters in Today's World



- Diversity is the norm, not the exception - Globalisation and migration mean most workplaces and communities are now multicultural
- Essential for leadership and teamwork - CQ supports collaboration, reduces conflict, and increases inclusion
- Drives better customer experience - Understanding cultural preferences leads to more meaningful service interactions

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The Four Capabilities of CQ



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Cultural Intelligence in Practice

Scenario:
A team member is helping a customer who communicates with limited English and avoids direct eye contact

With high CQ:

- The staff member interprets the behaviour as a sign of cultural respect, not rudeness
- They adapt their tone, speak more slowly, and use visual cues to assist

Without CQ:

- The staff member becomes frustrated or misjudges the customer's behaviour as evasive or disrespectful

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5 Positive traits of CQ



1. Cultural Self-Awareness

- Understanding your own cultural values, biases, and communication styles is foundational. It helps in recognising how these shape your perceptions and interactions with others

2. Curiosity and Open-Mindedness

- A strong desire to learn about other cultures without judgment allows for respectful engagement and a willingness to adapt perspectives or behaviours when necessary

3. Adaptability

- The ability to adjust your communication, behaviour, and expectations in response to cultural cues improves mutual understanding and collaboration

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5 Positive traits of CQ



4. Empathy and Perspective-Taking

- Putting yourself in someone else's cultural shoes fosters respect, reduces misunderstandings, and builds trust across differences

5. Strategic Thinking in Cross-Cultural Situations

- Using cultural insights to plan, interpret, and act effectively — particularly in high-stakes or sensitive environments — ensures more thoughtful and impactful decisions

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Core Roles of a Leader in Developing and Demonstrating CQ

1. Model Cultural Intelligence in Action

- Show curiosity and openness toward different perspectives
- Demonstrate respect and empathy for cultural differences in communication, decision-making, and collaboration
- Avoid ethnocentric views—model inclusivity as a daily practice

2. Cultivate a CQ-Driven Culture

- Encourage team members to value and leverage cultural differences
- Reward culturally intelligent behavior e.g., adapting communication, resolving cultural misunderstandings
- Embed CQ into onboarding, training, and team development

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Core Roles of a Leader in Developing and Demonstrating CQ

3. Adapt Leadership Style Across Cultures

- Be flexible in communication—high-context vs. low-context, direct vs. indirect
- Modify conflict resolution, motivation, and feedback styles based on team members' cultural expectations

4. Champion Diverse Talent and Inclusion

- Make hiring, promotion, and team-building decisions through a culturally intelligent lens
- Seek out diverse voices and ensure they're heard, respected, and empowered

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A Culturally Intelligent Leader is ……..



- Emotionally aware and globally minded
- Curious, reflective, and adaptable
- Skilled at reducing bias and building trust across differences
- A creator of inclusive environments where people thrive

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The Silent Shopper - Activity



What is Social Listening?



- Social listening in the context of the Experience Economy refers to the practice of actively monitoring and analysing online conversations, trends, and sentiments across social media platforms, forums, blogs, and review sites to gain deep insights into customers' experiences, needs, emotions, and expectations

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How to use Social listening strategically in the Experience Economy

1. Align listening to customer journey stages (pre-purchase, in-experience, post-experience)
2. Map emotional touchpoints through customer sentiment analysis
3. Inform employee training by identifying what moments delight or disappoint customers
4. Co-create experiences by involving customers in idea generation through online polls or feedback analysis
5. Benchmark against competitors to discover experience gaps or opportunities

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Key Characteristics of Social Listening in the Experience Economy

1. Goes Beyond Monitoring
   It's not just tracking mentions or keywords—it's about understanding the "why" behind the data. What are customers feeling? What experiences are they sharing?
2. Customer-Centric Insight
   In the Experience Economy, where people value memorable, emotional, and personalised experiences, social listening helps brands understand how customers perceive and emotionally respond to those experiences
3. Real-Time Feedback Loop
   It allows businesses to respond in real time to emerging issues, celebrate positive stories, or adjust strategies based on live customer sentiment
4. Trend and Experience Design
   By spotting trends and unmet needs, social listening informs experience design—helping companies create more relevant, engaging, and valued experiences

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Reflection Discussion

- In pairs or groups, discuss what you will take from this topic ‘Knowing your Audience’ and where you can implement the learning into your work immediately

  15 minute discussion and 15 minute feedback



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Reading & Resources

Retail Understanding - How well do you know your customer

https://www.engageconsultants.com/customer-management/retail-customer-understanding-know-your-customers/

Cultural Intelligence in Retail

https://dmsretail.com/cultural-intelligence-in-retail/

Generational behavioral differences in Retail

https://stores-goods.com/blog/consumer-behavior/generational-differences-in-consumer-buying-habits/

Customer Personas – the complete 2024 guide with templates

https://www.theb2bhouse.com/customer-persona/

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Knowing your Audience

Thank you

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