

**Guest Name and Title: Kelly Cook, VP of Customer Strategy**  
**Guest Company: DSW**

**Ethan:** Welcome to The Brand Show. I'm Ethan Whitehill.

**Lou:** And I'm Lou Thurmon.

**Ethan:** And today on our show, we discover what happens when a brand moves beyond passion to become an obsession.

**Lou:** A healthy obsession.

**Ethan:** Our guest, Kelly Cook, is VP of Customer Strategy Engagement at DSW.

**Lou:** With 300 stores and a complete multi-channel strategy, DSW has taken shoes to shoephoria. Learn how DSW engages 18 million loyal customers through breathtaking assortment, irresistible value, and simple convenience.

**Ethan:** And listen to the end for an exclusive DSW gift for our Brand Show fans. Kelly, welcome to the show.

**Kelly Cook: Thank you for having me.**

**Ethan:** Let's talk about your shopper at DSW. Since you are the VP of Customer Strategy and Engagement, I'm sure you have a pretty good beat on them. As we understand it, she's style conscious and passionate with a heavy load of rational and emotional purchase forces kind that pushes her along. Share with us how DSW identifies and delivers on those shopper needs.

**Kelly Cook: Well, that is a great question. I can start by answering it this way. We have about 18 million DSW Rewards members and they make up about 88% of all the sales at DSW. When you think about it, it's God's gift to marketing. We have a product that people love, which is shoes, which make people happy. We're seen as shoe therapy, a retail therapy destination, and because we know so much about our customers and we have a product that they like, it makes our job easier by providing them the services that they need and love.**

**The things they tell us they need, love, and want is when they walk in the door, they absolutely love seeing our assortment. They describe it as they walk in and they go, "Ooooooh," and they can just see all the shoes and they call them all their little soldiers; they're standing there waiting for them to be bought and they absolutely love it. So to have that wonderful visual reaction is something that our customers tell us they love. They love the assortment.**

**The second thing they tell us they love is they love the value they get from DSW. We are a value destination and we give them value in lots and lots of ways. If they're a Rewards member, which 88% of them are, after they spend a certain amount, they get a \$10.00 reward certificate automatically sent to their home. They love it because it comes in this bright green envelope and it says "Happiness Inside", and they all throw all their bills to the side and they grab their certificate because they know they get to go buy more shoes. So they get the certificate. We also have tremendous value in our Regular Everyday Value Strategy, so great "compare at" pricing. If there's a shoe that they love, they know they can walk in at DSW and get it at an irresistible value. There's also a sprinkling of "Big Deals" in our store which are 40% off the regular prices. One of the really important fun, exciting, delicious values in the store is the great Clearance Rotation we have. If a shoe is on the floor, we automatically, at certain point in its life, move it to the clearance section where it enters automatically at 30%off, and it stays there for a little while, and then it goes to 40% off and it stays there and so on. The customer can come in at any point in time and walk back to the clearance section and get a variety of extreme deals. So that is the second thing that they love.**

**The third thing they tell us they absolutely love about DSW is what they described as simple convenience. When they walk in, they can see every shoe, they don't have to wait for somebody to go get it from the back, all the sizes are labeled, and if you're a wide shopper, you get an extra wide sticker; if you need a small size women's five, or a women's size 11, or a men's size 8, or a men's size 14 which are extreme sizes, those are all labeled very clearly. If you want a heel, you go to heels, and if you need a shoe for your husband, you can go over to the men's section. So our simple shopping experience is very**

**important to our customers, so those are the three ways we deliver value to them.**

**Lou:** Kelly, let's go back when you talked about your rewards program, and loyalty, and the simple experience. The fact that DSW is a value destination, we're talking with a lot of brands lately that are value retailers and they're really struggling to find that balance between creating rewards programs and shopper loyalty programs. Where do they focus - the shopper experience or programs and promos? What advice do you have for other value brands to really hone in on their shoppers and to figure out what this balance is like?

**Kelly Cook:** You know, I think it's a really important call out. I think the difference that DSW has in the market versus others is really two things. One is, as I just mentioned, almost all, practically speaking, of our shoppers are our Reward members. Therefore, we don't have to necessarily create different experiences for loyalty members and non-loyalty members. I think the second advantage we have is that our - irresistible value is a brand promise - it surfaces in lots and lots of different strategies around our company, so we're always looking at how to enrich that value; it's a combination of things. It's a combination of when we talk to you from the Rewards program, we try to be extremely relevant. We want everything we target you with, we want it to be all about you and all of the things that you like. The second thing that we do from the Rewards program is to provide our Shoe Lovers lots of opportunities to interface with us the way you like. For example: Facebook. On Facebook, we have this fantastic strategy on Facebook called "Frenzy Alerts." We post an action and give customers 24 hours to do whatever it is that we're asking them to do, and then they get a surprise. The surprise could be a Shoe Lover coffee mug, or a bumper sticker, or a \$5.00 bonus card, or all these different things. So it's very enriching and the experience becomes very fun! So I guess the short answer is we have a lot of tools in our toolbox and we don't have to necessarily rely on the big promotion for this week to drive traffic.

**Lou:** I would love to hear more about your frenzy alerts. We talk a lot with different brands and how they're leveraging Facebook for consumer and customer insights and it sounds like you can gain a lot from these frenzy alerts. Can you give us a few examples of the challenges that you set out there for your shoppers?

**Kelly Cook:** Sure. It's a lot of fun and the strategy for our social media channels are all about fans and followers. We're secondary - it's really about them. Our strategy is to create a shoe lover hangout, specifically with Facebook. We talk about shoe love. I mean it's really built around Shoe Love is True Love. Anything they want to talk about regarding shoes, we want to talk to them back about it. Our strategy on Facebook is very simple - it's a conversation. I mean it's not much harder than that. When they talk, we answer, and we go back and forth, and we absolutely love it! Our engagement rate is so incredibly high on Facebook; it's over 50%; over 50% of our fans are coming back to Facebook every month clicking, writing, typing, and liking; it's an "active" metric, not a "view" metric. Also - the thing that [selfishly has] benefitted DSW is because we're always listening and they know we listen, they're very open about telling us things that we can do better as well.

I'll give you an example of one of those things. We've always had a strategy around A Gift with Purchase and our customers absolutely love our Gifts with Purchase. We do about four a year. Before we had Facebook, we would direct mail and/or email our rewards members and say, "Oh, we have this gorgeous, fabulous bag that's going to be available for you, with a 39.95 purchase, for free." They would get their email and they would get their direct mail and when the stores opened, they would walk right in and buy their shoes and get the bag for free. Well, here's what happened: at Midnight:01, during the last Gift with Purchase, they went on our site to try to buy their shoes and get the bag for free; but they couldn't because our inventory for the bag didn't load until 3:00 AM. So from midnight to 3:00 AM, they were trying to get the bag and they were posting on the wall, "I'm trying to get my bag" and were upset they couldn't get it. That is a wonderful thing for us as a company. We're listening to them, they were very open and once we did the root cause analysis, we determined how to solve the problem. We must listen to them. I mean if we're not listening to them, who would we be listening to? I mean we have to listen to our customer.

**Ethan:** You know, in addition to listening to customers through Facebook, what other methods do you use to uncover new insights about your customers?

**Kelly Cook:** So that's a great question. We have several ways; one way is through our call center, which we call our Shoephoria! center and it's fantastic.

**Ethan:** I love that.

**Kelly Cook:** Isn't that great? I love it. DSW is where Shoe Lovers shop and Shoe Lovers work. We only hire shoe lovers; people that are already passionate about shoes. I mean our own CEO has over a hundred pairs of shoes. How cool is that? Our own Facebook fans call him the "Steve Job of Shoes", it's so awesome.

Our Shoephoria! center is a way we get information from our customers and right now through our Shoephoria center, we talk to about one out of every eighteen reward members every year. We just implemented a great tool, which allows us to deep dive into why they call and what their problems are.

Another way are our social channels. We also have a net promoter score that we get from our DSW.com website. This allows customers to rate us, rate their experience, and give us free flow text in response to whatever they're thinking or whatever they have on their mind at the moment. We also have a Rewards panel that is about 5,000 customers. They opt in to that and then we ask them periodic questions. "Oh, we're thinking about this. What do you think?" We did a Gift with Purchase one year around a Shoe Lover shirt and we had five options. We let them choose the shirt!

We also go through an exhaustive process with our store partners to gain feedback from our frontline employees. They are a fantastic avenue to get feedback from customers on different things about the brand.

So we're very customer VOC - voice of customer - very VOC conscious here.

**Ethan:** I know that DSW has launched a mobile site and I would love to know a little bit more about what you're seeing in terms of traffic and how you're using that strategically to engage your customers.

**Kelly Cook:** So yes, we launched our MobileDSW.com site a few months ago and I will tell you, it is absolutely fascinating because the number one thing that customers are using that for is "Where is my closest DSW?" I mean they want to know where their closest DSW is and that's fantastic for us because interestingly enough, we found that about 4% of our Rewards members are shopping at more than four DSWs a year. That means when they're going places, they're trying to find us. When they travel, they're trying to find us, or when they go on vacation, they're trying to find us.

Another thing is they're pre-shopping - they're looking for something specific. They use it via our QR codes they see in our magazine ads right now. They can scan the QR code from their mobile device and it takes them right to a beautiful landing page with all the wonderful product for the fall and another call out for Facebook, if they're interested in participating in frenzies. We also talk about how you can participate in Free Shoes Friday, which is something that we have on Twitter every Friday and we also have Free Shoes Day on Facebook every Tuesday where we give away 25 pairs of shoes in each channel every week and customers just lose their mind! Fun! They absolutely love it - it was so funny because when we launched Free Shoes Friday, we did it first on Twitter and we did it at 8:00 AM every Friday morning. It was very successful right off the bat! Well, what happened was about three weeks into it, we got all these emails from all of our customers in California and they're like, "I'm dying here. I'm getting up at 4:00 AM trying to participate. Do you mind moving this thing to noon, please?" So we did. So we have it every Friday and Tuesday at noon just to accommodate our west coast friends.

**Ethan:** Wow.

**Lou:** I know that they appreciate that.

**Kelly Cook:** They do, it's awesome.

**Ethan:** I just get the sense that you have so much power there at DSW over these customers who are so weak for shoes. [Laughter] It's almost not fair.

**Kelly Cook:** Oh, I am a Shoe Lover and I will tell you, I have a pair for every day of the year now - it's crazy!

**Ethan:** Well, there you go.

**Lou:** Wow, that's great.

**Ethan:** That's awesome. So, you know, you have a unique perspective in your role. You actually covered digital media, and database analytics, and web experience, and relationship marketing, so I'm sure you see a lot of trends emerging and I wondered if you could just even speak to, in general, what are some of the interesting fashion trends that you're seeing come out for the shopper.

**Kelly Cook:** There are a lot of fun things happening in that area and I will tell you, we've got a couple of things in the hopper right now that I don't want to go into too much detail, but you'd hit the nail on the head - it's really around fashion.

We have a very exhaustive qualitative and quantitative research process we go through every year to understand very directly and precisely what our customers are feeling at the moment. They tell us, "Here's sort of the baseline expectations that I have doing business with you every day, and here's what else you can do for me as a consumer to be emotionally attached to you." Well, one of the things that our customers told us that they absolutely love and we need to do more of it is to give them fashion content. So to your point, they want to know, "What do I wear with this trend? What outfit does this go with?" They can come in our store and get amazing hosiery, great leggings, they can get over the knee boot, a wedge, a flat, a bootie, and they really want to understand, "Well, what are all the looks that I can wear with this boot, or this bootie, or this over the knee? Is it okay to wear over the knee with jeans?" -all of these questions. One of our big strategies is how do we enrich all of our customers with wonderful fashion content so that they can feel awesome about their shoe and fashion choices. You can already see it on our current TV commercials. We've got this - oh my gosh - so wonderful tagline which is "DSW: It's where you get those shoes." I mean how many times has somebody said that to you...

**Ethan:** "Where'd you get those shoes?"

**Kelly Cook:** "Oh my god, where'd you get those shoes?" [Laughter] It happens all the time and that's what makes it so fun, and that line is very, very catchy and you'll see it in the campaigns, in the magazines, and in the ads, and on the TV ads. You'll see it's all about "Where'd you get those shoes?" and it's got these great fashion-forward models and actresses - we want to be the fashion destination for our Rewards members and we want them to feel great about their fashion choices. Here's the thing, we want to fuel fabulous and it's really about anybody feeling fabulous in what they have on, not just a particular fashion look. "We want you to feel fabulous in everything you put on and we want to make sure DSW shoes are on your feet."

**Lou:** Hey, you can't have a better goal than that. [Laughter]

**Kelly Cook:** That's our goal. We want everybody to have DSW shoes on their feet.

**Lou:** Well, Kelly, before we go, let's jump forward a few months in to the holiday season. It's gearing up right now, and being a leader within the value brands and then also with the holistic inventory that you guys have - men, women, children, branded footwear, accessories - what are some of the personal shopper touches that we can see from DSW this holiday season?

**Kelly Cook:** So we have a lot of cool little things that are going to be happening in the holiday season this year. It's very interesting. People have often thought in the past, "Well, shoe is not necessarily a gift-giving thing." People love to buy shoes. We have found that direct opposite. Well, maybe they're buying some for themselves, but we won't tell anybody, right? You know, you walk in with a big gift. "Oh, these are all gifts, honey, I promise," you know, and you know there's a couple of pairs for you in there, but that's okay. We'll keep the secret between ourselves.

We have a lot of good things. We want to be sort of the category killer for boots this season; we are the boots destination this fall. You can come in today and get great boots under \$49.00, great boots under \$79.00, and under \$100.00. We're going to continue that all through the holiday season so you can get great deals on your boots. We are going to be offering a great assortment in clearance, so we've got more

shoes coming in to clearance in the holiday season. We've got a Gift with Purchase on DSW.com which is going to be kind of fun. We've got some little giveaways that we're going to be doing in the big holiday weekend, so it's going to be a strategy that fits everybody's shopping need.

**Ethan:** So now you've convinced me, I need to do my holiday shopping with you. [Laughter]

**Lou:** Oh, you do.

**Kelly Cook:** Well, I will tell every man in the country, if he really wants to get in good with a great gift...he's got to put a DSW gift card in that stocking. I am telling you. It's a great gift!

**Ethan:** Yes. Okay, good. That makes it easy, you know. I don't know if I can pick up the right style, but the gift card, I could do. [Laughter]

**Kelly Cook:** And the other thing, Ethan, you obviously get the bonus card that goes with it. So see? You get your significant other a Gift Card for \$50.00 and then you get the extra bonus card. See? You can't go wrong.

**Lou:** I made my birthday list yesterday from DSW.com. [Laughter]

**Kelly Cook:** Did you say it was your birthday?

**Lou:** No, it's coming up. I'm just - you know. I'm letting people know.

**Kelly Cook:** Well --- you can buy Boots for your birthday! Boots, as you know, are an all-year-round item now. I mean I'm from Texas - I know you're a bit surprised - you couldn't tell - even when I went back to Texas for the summer, all of the girls are wearing these cute little shorts and western boots or the small booties. It was so cute. And it was 100 degrees there. So boots are an all-year-round product right now and we're excited about that because we are able to provide all the different boot needs for all our customers. The assortment is breathtaking.

**Ethan:** That's awesome.

**Lou:** I love it.

**Kelly Cook:** Here's a gift for your Fans - so The Brand Show Fans can have a little fun. This is a little gift from DSW to all your fans out there. Tell them to go to DSW's Facebook page and post "I love The Brand Show and I love DSW". They're going to get a little surprise.

**Ethan:** You know, I think that's the first promo code that we had on The Brand Show. [Laughter]

**Lou:** See, industry leader.

**Kelly Cook:** Well, you guys just started today and then all your fans can start it and then you'll see what happens. Then they can actually live what I was talking about.

**Ethan:** That's fantastic. Well, I can tell, Kelly, that you don't just - this isn't just your job; this is totally a passion for you and I think it's wonderful when those things align. Thank you so much for your time, it's been just a total pleasure talking about DSW with you.

**Kelly Cook:** You're welcome, guys, and I had a ball and we'll see you soon, and go buy boots. [Laughter]