



A CONVERSATION WITH
HBS PROF-TURNED-BRA CEO JANET KRAUS

 Pointillist™

The logo for Pointillist consists of the word "Pointillist" in a black sans-serif font. The letter "P" has a teal dot above it, and the letter "i" has three teal dots above it, creating a stylized pointillism effect. A trademark symbol (TM) is located at the top right of the "ist".

Janet Kraus started her first business at age 6, selling tomatoes out of her red wagon. After playing ice hockey at Yale, and getting an MBA from Stanford, she built her first company, corporate concierges services firm Circles, from zero to \$50 million by listening and catering to her customers' needs.

In summer 2014, she left Harvard Business School, where she had been Entrepreneur in Residence and Senior Lecturer in the Entrepreneurial Management unit, to join a lingerie startup, Peach, based in Waltham.



Peach deploys a nationwide network of personal stylists who measure and provide clients with a fresh and personalized shopping experience in the comfort of their own homes. In between her roles as CEO and mother to twin 8-year-old daughters, Kraus caught up with Pointillist™ recently and shared her thoughts on the virtues of behavioral marketing, the limitations of data, and the problem of bra shopping.

Q. Why the shift from HBS to bras?

A. First of all, it's not just bras. Bras are the problem we started with, because 95% of women highly dislike or hate shopping for intimate apparel in a very deep-seated way, and 80% are walking around in bras that don't fit, or aren't doing the job. This is because they're never been fit, or because they don't know that bras wear out every six months. Bras are the problem that women can relate to the most, the problem that lets you come to their house. I like to say that bras are the hook that unlocks the value. And the value is the top two drawers.

How is it, for instance, that most of us have 10 white tank tops, only 2 are really nice anymore, and the other 8 should be reassessed? Or come Fall, when we bring out our tights, there are holes in our two favorites?

There's almost no one who says, "You know what I want to do this Saturday, I really want to upgrade my top two drawers!"

[Along with co-founder/COO Derek Ohly], we saw a fantastic opportunity to revolutionize and personalize this shopping experience, by making Peach your Top Two Drawer Fairy Godmother.



Q. Who is your customer and how are you marketing to her?

A. Our demographic is pretty straightforward, but it's not every woman of any age in any income bracket. She is a woman who's comfortable in the premium sector, comfortable at a premium price point in either all or some categories. She's not 18; she's 30-55. Critically, she's a woman who is psychologically, physically and/or emotionally done with Victoria's Secret, because we know that the problem of bra shopping and intimate shopping shifts dramatically at that point--when either your body size is outside what they consider their target, or when your body has changed either because of children or just because of age.

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So when we think about this problem, and how we market to this customer, our goal is to understand her story in the first instance, and develop an opportunity to serve her for the rest of her life by following her journey. Understanding how her behaviors change over time, as opposed to simply her demographics, is at the core of this, because gaining an understanding through what she does, as opposed to who she is, is the key to how to serve her best.

For example, I don't think about Persona Jane as she's 35, with a household income of \$250K and she's a teacher. As we look for patterns in our business, I don't look at it from straight demographics because you could have 35-year-old Susie, who's 5'4", and 120 lbs., having exactly the same narrative as someone who's 60 years old but a little rounder and a little further in her career. They have a mental model about how they're going to interact with us- their behavior- that's more similar than their demographics would suggest. There are so many ties that bind in this customer segment. And those things come out in qualitative stories/conversations they have with their stylists, and the way they then go on and buy stuff.

Every woman that Peach sells to, every SINGLE woman I have ever met, for instance, has body issues. You go in knowing this about this demographic of women, and there are so many things that we can play into on that. By bringing this product line to women in their homes in a private comfortable setting, where a relationship is established from the very first moment, you establish an understanding of how she describes her problem. It is very up close and personal.

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Speaking of getting personal,

by 2018,
Gartner predicts that
businesses that excel at
personalization will
outsell companies that
don't by 20%.¹



How much does personalization, or other viral terms like people-based marketing, segment of one marketing, or 1:1 marketing come into play at Peach?

Clearly, some products are more tied up for this than others. It's hard to get more personal than underwear. Our customer feels personal because you know her at an intimate level, because you've met her, in her house. She also feels even more intimate because you're touching on these simple truths that she knows about herself that most people, most brands are scared of being around: the self-critical, self-doubting part of a woman.

Most brands are (falsetto voice), “Oh, isn’t it glorious and fabulous?” I’d rather be like (leaning in, gesturing hand on shoulder), “I know that you beat yourself up. But you should STOP. Because you’re fabulous.”

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This intuitive, close-in listening piece has been very systematic. It’s not accidental, or un-architected. We employ marketing tactics—email marketing, stylist training tactics, blogging and social media—because they resonate with my customer, not because they’re in vogue or because I taught at HBS. I don’t think of myself as a learned marketer, as much as a humanly connected person, who knows these women really well. If you know something in your heart and gut, you run with it.

I KNOW you. I know my customer. I am her. My friends are her. And because I’m a consumer too, and I wasn’t seeing anyone doing this in this way. Today, we depend heavily on what we hear from our personal stylists, but we want to shift our focus to make the personalization process more scalable and data-driven to make this same connection across all our tools.

Q. How does Peach use behavioral segmentation?

A. After you’ve connected with her in a way that is authentically personal, but more similar than different per woman, then, from there, if you want to get even more personal, you have to differentiate based on behaviors that she demonstrates.

Some of this is her buying behavior. We’ve recently instituted an auto replenish feature that’s yielding incredibly rich data. She chooses her schedule and can also decrease, increase, put a stop on, or push out her purchases a few months. Does she want to spend \$500 every six months, or \$150 every four? And is that one bra, a couple of panties and a tank, or does she go for the big Kahuna, write one big check and get her top two drawers in shape all at once?

The messaging we’re sharing is: Let us be the provider of choice. Whether you have a lot or a little to spend, we’re going to get those top two drawers looking great. You can decide whether your horizon is two years or six months. We’re going to make it easy for you, to make sure it just keeps getting shopped and filled.

We also craft our stylist training and marketing messages in a way that’s based more on emotional intelligence and her behaviors rather than traditional straight calendar or holiday themes. We think seasonally, but in a much more nuanced way. January, for instance, is the beginning of the year, a time for resolutions. We think, what’s this year going to be like, who am I going to be this year? Say you want to lose 10 pounds. Well, get yourself a good bra, not after you lose the weight, but now to get yourself excited about how you will look, because a well-fitting bra is the easiest way to lose 10 lbs. without even trying. It’s getting into the psychology, the narrative of the arc of what’s happening in your customers’ lives. And we’ve done that for every season with great detail, asking ourselves what women could be thinking about this category based on what happens in this season.

“We also craft our stylist training and marketing messages in a way that’s based more on her behaviors rather than traditional straight calendar or holiday themes.”

However, we are all limited today by time, data complexity and tools available to marketers, and I don't think anyone really connects the dots- it's more coincidence than data-driven intention. What would be really great - in my opinion- is to have a tool that could reduce cost and is easy for anyone to use, and at the same time provide significant insights to our organization that we never had before.

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Q. What role does data play in your marketing?

A. The data tells part of the story, but so far we rely more on the feedback from stylists to craft our campaigns and create our messaging. They are literally connected in a more personal way to her- they take notes, create wish lists and describe in more narrative form what the customer is attempting to do. We've collected large amounts of data, and we go through it, but we're still small and new enough that we do most of this customer analysis manually. As we scale, if software enabled us to understand cohorts of people who are behaving the same way, that would be interesting to me. Are there more insights to be extracted from the data I have today, that if I knew it, it would shape where I want to go next?

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My problem with much of Marketing Tech is you often stop seeing the forest for the trees. But if sophisticated technology can yield insights from consumer behaviors, instead of being just a lot of shit that you have to weed through, that would be useful. It would validate whether my instincts around the arc/the narrative are correct. And, if we're right, then we accelerate customer acquisition, grow lifetime value, and as we like to say, better serve her.

For me, it has to RESONATE. If you're making the data tell a story and that's it, you're like ... sure maybe there's a person ... I've never met them butThe data takes you so far, but the understanding of the story and how it actually lives and breathes, that's where the narrative by the stylist comes in. [If technology can reveal insights from consumer behaviors], then a discussion ensues. You let the place she is in pull you in to a conversation about the product as opposed to product first.

Q. What's wrong with product first?

A. I hate product first. When I get emails from just about anybody, Ok great, you're telling me about your new product, I don't really give a shit about your new product, that's YOUR new product.

"Tell me how your new product connects to ***where i am right now*** [in my customer journey]."

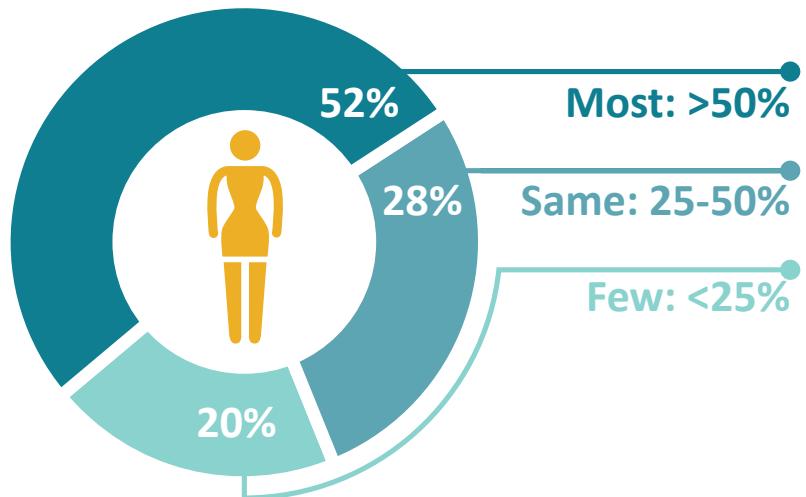


Q. According to recent studies, 75% of consumers prefer personalized, well-timed messages from retailers that, ultimately, provide more relevance and greater customer engagement. And 60% are comfortable sharing their behaviors and interests if it will expedite their shopping experience (see chart, Great Expectations). Would you count yourself in this group? What about the creepy Big Brother factor?



A. I'm not personally worried about that. Most of what I see out there is regular old marketing, Bleeh. Nothing. zippo. Zilch. I do not feel known. I do not feel like it's coming from someone I know, customized for me. For so many things, I'd be happy to be on auto-replenish. Call me, ask if I want to make any changes. Done! Push my chips in! Don't make me think any more than that. I want you to pick the choices, because you've discovered who I am. You could even upsell me. You know me. You could figure me out, put me on autopilot. There are tools that can do that. It's the listening, and the tools, that let you get personal, but also feel part of a group.

How many of the retailers where you shop online understand that you are the same person across all of the different devices you use and personalize your shopping experience accordingly?



I'm comfortable having my shopping interests and behaviors used by retailers...



I AM FRUSTRATED WHEN RETAILERS:



Advertise products online that do not take into account my past browsing behavior

Do not take into account my in-store purchases when marketing to me

Do not take into account my online purchases when marketing to me

Send emails recommending products that do not take into account my past browsing behavior

Do not update product recommendations in real-time based on my browsing behavior

Top-2: Strongly/Somewhat Agree

Source: e-tailing group, 7th Annual Consumer Personalization Survey, 2015

CHART: CUSTOMERS' GREAT EXPECTATIONS

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About Pointillist

At Pointillist, we have a single obsession: enable brands to deliver the experiences necessary to attract and keep today's connected consumers. Pointillist's customer intelligence platform reveals the critical paths customers take as they engage across channels and over time, and predicts what they will do next. Our software enables marketers to quickly discover the specific behaviors that impact business outcomes using

journey analytics and drive actions through existing campaign and content management platforms to deliver immediate results.

Ready to get started?

Visit us at www.pointillist.com.

