

RESEARCH

## Ralph Lauren boasts most successful seamless omnichannel experience: report

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Photo of VivaLuxury courtesy of Bergdorf Goodman

By SARAH JONES

When it comes to omnichannel retailing, department stores perform better on average than their monobrand peers, according to a new report by ContactLab and Exane BNP Paribas.

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Multibrand retailers as a whole are reaching 50 percent of their full omnichannel potential, higher than the collective mega brands such as Louis Vuitton and Gucci and beating out premium, jewelry and high-end labels. Consumers who shop both in-store and online spend 50 percent more in a year than those who buy in bricks-and-mortar boutiques alone, making it financially smart to create an omnichannel shopping experience for clients.

"I think that the picture is changing versus two years ago," said Marco Pozzi, senior advisor of [ContactLab](#), Milan, Italy. "Two years ago, there was no dialogue between online and offline. There was a sort of separation between the two channels from the organizational point of view. Top management was not pushing for this integration because they didn't realize the value of cross-channel clients because it wasn't on their top management agenda.

"What we see as a major change in the last couple of years is that now most of the brands, almost the totality of the 30 brands we are monitoring, are convinced about the integration of online and offline, but they have difficulties in doing it," he said. "Before it was a barrier of willingness. Now they want to do it but they are late."

**Digital and Physical Integration: Luxury Retail's Holy Grail** is based on 61 store visits in New York to 30 brands and four department stores. ContactLab and Exane BNP Paribas looked at 21 different parameters, which covered the service digital clients receive in-store, technology used in physical stores and how stores leverage technology in-store to make the most of store visits.

### Bridging the gap

Today, digital purchases only represent approximately 7 percent of total sales, but online channels are anticipated to account for 40 percent of the luxury market growth between 2013 and 2020.

"Digital is not only ecommerce," Mr. Pozzi said. "Ecommerce is 7 percent of sales, but from our point of view, the impact of digital on in-store sales is 18 percent of sales, so more than double ecommerce sales. So put together it's 25 percent, and it's growing every year."

Luxury brands are taking note of the need for digital, but many of them still lag at connecting their online and offline channels. On average, the panel of brands studied is only reaching 30 percent of its omnichannel potential.

One key area where brands are missing out on a selling opportunity is in offering online purchasing capabilities in-store. Luxury boutiques, particularly smaller locations, may not stock a wide selection of sizes, making online fulfillment a means to satisfy consumer desires with a virtual expanded inventory.

Allowing for online sales in-store can also raise the productivity per square foot of retail space.



*Burberry store in SoHo*

Another cause of divide between channels is a lack of online training for sales associates. During their visits, the researchers asked sales associates for assistance about online services, such as the return policy for ecommerce orders in-store, and the responses given by store staff at seven brand boutiques differed from the information provided on the brand Web site.

Sales associates should also be using digital clienteling to reach their loyal shoppers, as those who are contactable through digital channels spend more in-store.

According to the research, the best brands overall at seamless connecting online and offline were Ralph Lauren, Bergdorf Goodman and Burberry.

Ralph Lauren differentiated itself in being the only studied brand to offer a smart fitting room mirror. This RFID-enabled system installed at its Polo flagship on Fifth Avenue can detect what merchandise consumers take with them into the fitting room.

During their session, consumers can interact with the touchscreen, requesting products in another size or sharing a photo of themselves in an outfit with friends and family outside of the store.

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**New Interactive Fitting Rooms in the Polo NYC Flagship** Finding the perfect outfit in one touch - new interactive fitting rooms in the Polo NYC flagship

Posted by **Ralph Lauren** on Tuesday, December 29, 2015

This in-store technology is particularly strategic given that consumers from emerging markets on holiday in cities such as New York are frequently buying gifts for those back home, given the price difference. While they may snap photos on their own cell phones, the connected mirror removes the necessity of reliable cellular service.

Overall, the brands studied are only reaching 17 percent of their potential when it comes to incorporating technology into their physical stores, with 14 brands studied having no digital tools in-store. Many who do use technology have found ways to do so in an on-brand fashion, such as Dior's digital screens within its staircase at its 57th Street store.

Barneys is the only studied store to use beacons to identify consumers by their phones, allowing them to personalize the bricks-and-mortar experience ([see story](#)).

Burberry is highly successful at connecting online and offline channels, with click-and-collect representing 15 percent of its ecommerce sales. Click-and-collect is not only a service to customers, but an opportunity to up-sell and capture additional sales from the online client.

Bergdorf Goodman achieved leader status partly due to its promotion of online channels within the physical store environment, leading in-store shoppers online via digital signage. The retailer and fellow department store Saks

were the leaders in this practice, while 70 percent of the studied stores trail behind.

"The challenge is always moving for these companies because they should do in Europe and the United States, but next they should move fast to move cross-channel also to Asian cities," Mr. Pozzi said.

"It's a lot of work because it's very difficult to train people," he said. "For example clienteling is very effective if done properly, but if you do clienteling in China by poorly trained sales force, it can be even worse than not doing it.

"So I see a continuous challenge for the next few years."

#### Omnichannel challenges

A unified commerce experience hosting a single cart across all channels is the future of retail, but retailers are struggling to deliver, according to a recent report by Boston Retail Partners.

Eighty-five percent of retailers list unified commerce as a top priority, meaning that soon customers will be able to shop, ship and pick-up products from wherever they wish. Getting there will involve improvements in point-of-sale hardware and software as well as increased support of mobile technology both for purchasing and recognition purposes ([see story](#)).

Brands are making investments, but integrating systems takes time.

Yoox Net-A-Porter Group is fostering omnichannel innovation through the creation of a long-term partnership with IBM.

The goals of this collaboration include planning a single technology platform to power all multi-brand and mono-brand stores in the Yoox Net-A-Porter stable and furthering in-group efforts to reinvent and improve the consumer experience. This strategic move is also intended to help speed the process as Yoox and Net-A-Porter merge their previously independent systems into one ([see story](#)).

"Enough brands are working on this omnichannel experience," Mr. Pozzi said. "There are some brands who are much more advanced Burberry, Louis Vuitton have been working a lot and others it takes more time.

"But I see that most of the organizational barriers are overcome, and also for example, many companies powered by Yoox who are lagging in integration, now we know for sure that Yoox is working hard to facilitate the integration of the two channels, which means integrating systems, databases on clients offline and online, before doing training. I am positive of this. It takes a lot of time but the training is started."