

COLUMNS

## The Amazon effect: Is there a new player in the fashion retail space?

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With Amazon appearing in BrandZ's rankings as one of the top 10 most valuable brands in the world for the first time, it is clear that the Amazon effect is showing no signs of waning.

Since its launch as an online bookstore, Amazon has continued to simultaneously challenge and dominate the retail marketplace, evolving beyond physical products into digital music and media, becoming an online marketplace and even selling groceries via Amazon Fresh.

At the heart of this success lies a truly customer-centric approach.

Prime time

Amazon has become synonymous with a highly personalized, targeted and reliable service.

By understanding what its customers want and making them feel valued, the brand has secured remarkable customer loyalty that is successfully translating across every sector into which it enters.

The Amazon Prime subscription program now reaches nearly half of United States households including same-day delivery to 28 metro areas, according to a CNN news report from Jan. 26.

Following its launch in 2015, this year's Amazon "Prime Day" smashed its single-day sales record from a year ago, sending a firm reminder to physical retail and ecommerce competitors alike of its dominance in the industry.

With the recent launch of a daily fashion show Style Code Live, the brand now appears to be setting its sights squarely on the fashion retail sector.

While plans for Amazon Fashion are still in early stages, there are already predictions that it will soon be rivaling the likes of Macy's.

With recent reports showing luxury fashion spend is down and Burberry recording a recent drop in earnings, Amazon may see an opportunity to shake up a new sector.

If luxury apparel retailers are going to avoid losing their customers to the online giant, they need to understand and replicate some of the things that make Amazon's customers so loyal in the first place.

Combating the Amazon showroom effect

The showroom effect was born out of Amazon's early presence in consumer electronics and sees consumers visiting traditional retail stores, such as Best Buy, Walmart or Target, to research and road test products, only to price check and place an order with Amazon.

It is easy to see how this behavior might be replicated across luxury fashion, from the items that customers prefer to try on for size, such as dresses and shoes to more luxurious items including handbags and accessories that they like to touch and feel before purchasing.

In the fashion arena, where purchase considerations are typically driven by emotion rather than functionality or necessity, luxury retailers need to maximize in-store engagement opportunities with their customers.

Delivering unparalleled personal experiences that make customers feel valued by and connected to brands will be of the utmost importance.

An inspiring shopping environment coupled with approachable, informed sales associates can quickly turn a casual browse into an impulsive purchase.

Luxury brands should also consider how they are driving longer-term engagement, giving their customers tangible reasons to return to the store for their next purchase.

When a customer hands over her personal data, she expects it to be used to enhance her shopping experience, whether that is by offering personalized recommendations, informing about upcoming product lines, or providing information or services related to their prior purchases.

#### Concentrating on convenience

Consumers are constantly looking for ways to make life easier.

According to a global report undertaken into mass-affluent consumers by Collinson Group, 69 percent of those surveyed said that they are loyal to brands with whom it is easy to do business.

Amazon identified this early on and everything from one-touch biometric logins and online chat customer support to Amazon Prime's flexible shipping options is designed to offer convenience and ease of use.

Luxury retailers need to look at how they can work convenience into their own everyday operations, but also into their loyalty strategies.

Click-and-collect services, simple return processes, easy alterations and flexible payment options are all ways to simplify the shopping experience and drive positive interactions that will keep customers coming back.

Nordstrom's customer research showed that members of their Nordstrom Rewards program wanted more flexibility.

The department store chain responded by making enrollment in the program quicker and easier, and making it simpler to participate thereafter by using mobile numbers as customer identifiers in place of hard-to-remember account numbers or membership cards.

The Seattle-based retailer also opened up the program to all Nordstrom shoppers, irrespective of how they choose to pay, although Nordstrom debit and credit cardholders are still recognized with double points and additional perks.

#### Surprise and delight

Finding innovative and exciting ways to reward customer loyalty is the key to driving long-term, devoted customer relationships.

The opportunities for luxury retailers to move away from discount offers to focus on rewards that surprise and delight their customers are extensive, driving a far greater value exchange while encouraging customers to come back to stores time and time again.

There are a number of ways of enhancing the in-store experience to make customers feel valued, from ensuring that associates have the technology to capture and use customers' interests to offer expert advice and help them find products, to offering in-store benefits such as complimentary services, or exclusive access to preview shopping events.

Members of the MyBarneys Bag Rewards Program, for example, are provided with valet parking, complimentary beauty treatments and access to personal shopping services through a dedicated private phone number.

AMAZON HAS PROVED the value of putting the customer at the heart of its business and there are unique

opportunities for luxury retailers to do the same.

The key is demonstrating to each customer that he or she is seen as an individual, and understanding that the shopper's purchases are not merely about the products themselves, but more importantly how those products and the brand make the customer feel.

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