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Omnichannel, deliverable capability will aid department stores' fight against Amazon

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Nordstrom's mobile app

By BRIELLE JAEKEL

Nordstrom's diverse omnichannel strategy leverages mobile in-store companions, customer incentives and influential use of social media, causing L2 to classify it as the lead department store in its latest Department Store Index.

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Department stores such as Nordstrom are seeing the most success by leveraging an omnichannel strategy but digital retailers such as Amazon and Asos are giving mass merchants a run for their money by offering greater capability. Retailers need to be sure the digital products they are advertising live up to the experience in real life or risk losing customers to younger companies that do it better.

"Department stores are facing pressures on multiple fronts – Amazon's growth in apparel and accessories has been tremendous, fast-fashion retailers are disrupting and key brand partners are pulling back from the channel," said Sam Lee, associate director of the retail team at **L2 Inc.** "Digital leaders such as Nordstrom and Macy's have done a good job investing in omnichannel features on the brand site, but consumer adoption has been slow because there is a disconnect between the experience advertised and the experience delivered.

"Meanwhile, the game is shifting to speed and convenience of delivery," he said. "L2 observed an 11-point increase in the percentage of index brands offering next-day delivery and a near-doubling of brands offering same-day delivery.

"However, Amazon is once again beating them to the punch, now offering same-day delivery 27 markets, compared to Macy's (17 markets), Kohl's (9 markets) and Nordstrom (2 markets)."

Omnichannel

British department store chain Selfridges has climbed up the ranks through the use of Snapchat, allowing the brand to stir up greater awareness and hype within the young audience and consumer demographic. The retailer has been able to drive online traffic by investing into the mobile messaging application.



Selfridges National Dog Day

Hong Kong-based Lane Crawford is also seeing success through editorial purchasing content, and paired with high performing mobile optimization, the retailer has increased 13 percent.

Amazon still remains a threat to traditional retailers and department stores by expanding its capabilities to provide shoppers with the tools to shop anyway they like. The digital retailer is now dominating in same-day delivery, where department stores could have the advantage but are not fulfilling their potential.

"Department stores are allowing Amazon to beat them in the same-day delivery game," Mr. Lee said "Driving store traffic through omnichannel retailing is important, but they are missing an opportunity to leverage their large store networks to build a competitive advantage in speed and convenience of delivery."

Shoppability

Retailers are seeing positive results by implementing a solution that leverages recommendations and selling guides, now that 40 percent of shoppers seek inspiration for footwear and clothing purchases online. Digital shopping platforms with guided selling tools now make up 77 percent of retailers.

Department stores are now also trying to usher in sales by weaving purchasing capability with editorial and social content similar to Selfridges and Lane Crawford, with 93 percent of brand supporting links to purchase. However, only 55 percent of campaign videos are shoppable.



Lane Crawford shares Yoga in-stores

Brands and retailers should focus on expanding that capability and other omnichannel capabilities to create a seamless shopping experience. Bridging the gap between digital and bricks-and-mortar is highly beneficial, and retailers should still be leveraging tools that help with real-time inventory.

For instance, the number of department stores displaying a real-time inventory has quadrupled since 2013, according separate report by L2 ([see more](#)).

"[Department stores should] invest more in the backend of omnichannel retailing—i.e. click-and-collect pickup process, dedicated pickup area in-store, expanded staff training to deliver the frictionless customer shopping experience consumers desire," Mr. Lee said. "Accelerate investment in same-day delivery, partnering with third-parties, in order to remain competitive with Amazon, and maybe even offer something they can not.

"For example, Macy's has 728 stores while Amazon has less than 100 fulfillment centers, so in theory, Macy's should

be able to offer same-day deliver in hundreds of markets where it would be difficult for Amazon to do so."

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