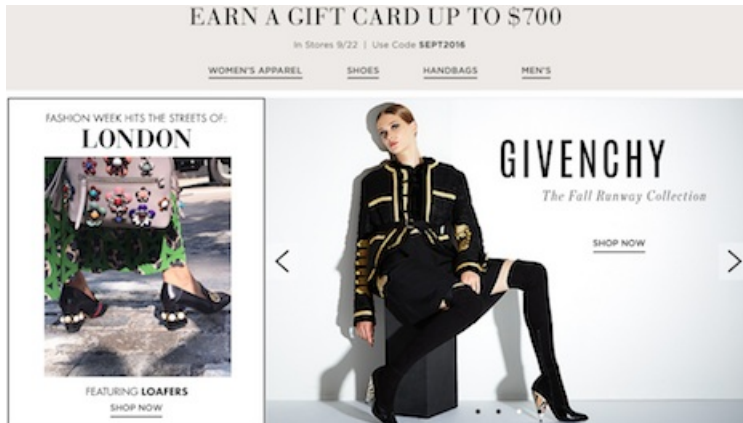


RETAIL

## Reinventing Saks in the face of disruption

September 22, 2016



*Saks seeks a long runway*

By [Jeff Loehr](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246** ▶

Luxury retail is facing crisis. Luxury used to be safe from online competition. Buying toys and books and Wi-Fi routers online is the norm, but spending thousands of dollars on a fur coat has stayed personal.

Until now.

Fur coats are still not flying off virtual shelves, but shopping for luxury items online is becoming more commonplace.

Even when the purchase itself is not completed online, customers still browse online, then go to the store to touch and feel their purchase.

When they arrive in person, they already have a feeling for what they want and what they expect to pay. This is a very different customer than the browsers with a vague expectation looking for options.

This is the challenge that Saks Fifth Avenue in New York is addressing.

Model turn

The department store brand is reinventing the experience for the luxury market. It has recognized that it will either have to disrupt its business or the business will be disrupted by all of the other options out there.

So, the company has been innovating a new luxury retail business model and inventing new ways of creating a luxury customer experience.

Always a destination, Saks has reinvested in the luxury feel. The bright open spaces, fresh flowers and interior design ensure a modern welcome destination rather than just a classic place to go buy stuff, even if it is fancy stuff.

Saks has enhanced the in-store experience with new cafes and restaurants which are both revenue sources and a reason for customers to visit and spend some time in the store, experiencing luxury and not just buying it to go.

Free phone charging enhances stickiness, and keeps customers in the store to browse and contemplate future purchases while solving the perennial consumer problem of dying batteries.

Personal services can only be sold in person.

So Saks has revamped its salon experience and extended it to men creating a high-end, brand name, grooming experience for everyone. Coffee and wine bar included.

Shoptalk

But Saks is still Saks and its goal is to sell product, so it has also made that process easier. The retailer is blending the online and in-store experience, with personal shoppers and shopping carts available across channels.

Customers can shop online, fill their carts and in-store have a personal shopper at their service to show them their choices. Or a personal shopper can provide in-store choices, which the customer can buy later online.

Salespeople at Saks are abundant and attentive but not intrusive. It is building a lasting luxury experience, not pushing product.

The key to reinvention is to develop an external view of the market trends and what customers will need.

Trend analysis helps, but often this means talking to customers.

Deep ethnographic research will reveal how customers are behaving, what they are doing and where the opportunities lie.

This renewed understanding enables innovation and the development of new concepts. These can be tested and refined to develop a unique, relevant luxury experience.

BY FOLLOWING this reinvention pathway, Saks will redefine the luxury experience and find opportunities to grow and excel.

Crises can be trying, but there is tremendous opportunity in solving them.

*Jeff Loehr is partner and strategy practice lead at [Stratist Group](#), New York. Reach him at [jeff.loehr@stratistgroup.com](mailto:jeff.loehr@stratistgroup.com).*

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.