

RETAIL

Differentiation, loyalty hinge on customer experience: Boston Retail Partners

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Image courtesy of Neiman Marcus

By SARAH JONES

Consumers' growing expectations of a seamless, channel-agnostic shopping experience are causing retailers to adapt their technology strategies.

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According to a new report from Boston Retail Partners, 71 percent of retailers expect to have a unified commerce platform in place within the next three years, and more than half listed omnichannel integration as their number one point-of-sale priority for 2017. While digital advances remain a focus for retailers, the bricks-and-mortar store still holds weight within the shopping experience.

"While ecommerce and mcommerce continue to gain a larger slice of the retail pie, the physical store is still the most important sales channel, representing about 90 percent of all retail sales," said Brian Brunk, principal at **Boston Retail Partners**. "Many consumers enjoy the theater and social aspects of shopping and the physical convenience of brick-and-mortar to see, touch and try on items like apparel.

"The physical store will continue to be the focal point of retail operations for the foreseeable future, however, a transformation is in process," he said. "The store of the future will be more about experiences that blend the physical and digital to offer a unique experience to customers."

Boston Retail Partner's 18th annual POS/Customer Engagement Survey polled more than 500 retailers.

To-do list

While consumers shopping online are used to being served up a relevant, personalized offers and product ideas courtesy of data, they often do not find the same level of customized service in-store.

When looking at engagement priorities for 2017, being able to identify and give a personalized experience in-store comes out on top with 70 percent of respondents.



Image courtesy of Bloomingdale's

Boston Retail Partners found that most retailers are still using telephone numbers to identify repeat clients. This outdated method, employed by 82 percent of respondents, restricts a retailer's ability to know who the customer is to the checkout process, when little can be done to personalize their experience or influence their buying decision.

About four in 10 retailers use WiFi or a mobile Web site to identify customers when they enter their store. Although half of those who have implemented these systems note they need improvement, about three quarters plan to use WiFi or a mobile site to recognize shoppers in the next three years.

In addition, personalized loyalty rewards and suggested selling based on past purchases were up this year.

Another piece of the puzzle in improving the customer experience is placing technology in the hands of sales associates. Mobile devices allow employees to look up inventory and complete a transaction anywhere in-store, allowing them to step away from the register and serve customers more effectively.

Sixty-two percent of retailers plan to increase their use of tablets in-store, while 47 percent plan to add more mobile devices. In addition to the opportunities for engagement, swapping out more traditional registers for mobile POS can help a retailer avoid the operational costs associated with maintaining the machines, as mobile devices are more easily swapped out.



Image courtesy of Hugo Boss

Along with providing mobile technology to frontline staff, giving shoppers digital tools can aid their experience, facilitating their desire to conduct their own research while in-store. Boston Retail Partners notes that these consumer-facing devices, often feature similar functions to employee mobile interfaces, allowing retailers to build once and then use the technology for different purposes.

Rather than organizing sales into their separate channels, Boston Retail Partners advocates for a unified commerce platform, which goes beyond omnichannel with centralized data management. While only 9 percent have a single commerce platform instituted today, 62 percent plan to implement this seamless solution within the next three years.

Retailers are also looking to move their POS to the cloud. This allows for shared software across channels and helps facilitate cross-channel services such as fulfillment and inventory visibility.

With this increased focus on digital and personalization, retailers need to ensure that they are protecting consumers' data. EMV has made card transactions in-store more secure, but that means that thieves have looked for new ways to steal, requiring retailers to boost their protection of card not present transactions and online orders.

"Customers have the ability to search and compare products, promotions, rewards and prices online, read customer reviews and get instant feedback from their circle of friends via social media," Mr. Brunk said. "The always connected consumer expects access to everything wherever, whenever and in real-time.

"These elevated expectations are fundamentally redefining the retail store experience, which requires a balanced blend of physical and digital that works seamlessly with every customer touch point to create a holistic brand experience," he said. "The most effective way for retailers to deliver this experience is to establish a common commerce platform, which we call unified commerce."

Future plans

While the retail store will persist in spite of ecommerce, the physical retail channel is being reinvented.

Through the addition of technology, inventory management has been freed up, allowing stores to sell products without needing to keep them in-stock in the store.

Digital receipts are also on the rise, with some retailers planning to personalize these proofs of purchase with product suggestions, inspiring shoppers to return.

Retailers are also showing interest in virtual reality, augmented reality and the Internet of Things. Smart mirrors offer another opportunity to assist the shopper.

Department store chain Neiman Marcus has changed the apparel shopping experience for consumers with a digital mirror that remembers users.

The Memory Mirror takes a 360-degree video of a client modeling a particular outfit, allowing them to see clothing on themselves from all angles as well as save and share the visual. This interactive digital touchpoint, which has since been added to some of the retailer's beauty counters and sunglass departments, alters the in-store experience for Neiman Marcus' consumers and further empower sales associates to provide customer service ([see story](#)).



Neiman Marcus memory mirror

Four percent of respondents currently offer the ability to videochat with a sales associate from home, enabling an interpersonal interaction from the comfort of their home.

Social media is now the main avenue luxury fashion brands are using to communicate with consumers for customer service, with 58 percent leveraging Facebook Messenger, according to a recent report from L2.

Traditional customer service communication platforms are tired and outdated, and consumers now expect a more modern method for reaching out to brands and retailers. Many brands are taking note and launching communication methods on mobile messaging platforms such as Facebook Messenger, with 71 percent of watch and jewelry brands following suit ([see story](#)).

"For luxury retailers, real-time retail represents a tremendous opportunity to digitize the black book' and elevate the customer experience," Mr. Brunk said. "Retailers that can provide associates with customer data in real-time before the customer reaches the checkout, by identifying the customer right away, are able to provide a more personalized experience and can offer suggestions to customers that impact their purchase decisions.

"A digital black book, combined with customer identification technology, enables sales associates to personalize the customer experience by understanding what is currently in the customer's closet, their preferences and what they have browsed online," he said. "With this information, a sales associate can easily suggest products that coordinate with the customer's current wardrobe and even show her how well items can coordinate together.

"Further real-time capabilities enable quick inventory look-up and margin optimization opportunities across the enterprise that can be factored into real-time suggestions and optimized fulfillment for products not in the store."

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