

RETAIL

Bricks-and-mortar traditions must break to cater to digital-first consumers: Microsoft

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Printemps partners with Wirecard and becomes the first department store in France to accept payments via Alipay. Photographer Paul Blind (PRNewsFoto/Wirecard AG)

By BRIELLE JAEKEL

NEW YORK Luxury retailers must learn to shed their long-standing store operation strategies for one that incorporates digital and blurs offline and online to cater to the new consumer, says a Microsoft executive.

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Millennials' values have changed, making it imperative for luxury retailers and brands to change with them and shed old traditions that are keeping them behind. At Luxury FirstLook 2017: Time for Luxury 2.0 Jan. 18, the Microsoft exec explained that the percentage of luxury retailers that have an omnichannel experience is far too low.

"For this generation the idea of being online and offline blurs," said Dave Rodgerson, retail industry executive at Microsoft Canada. "As I talk to retailers I explain to them that if you want to be successful in omnichannel, it isn't just a case of having an online presence and offline presence.

"It is blurring the line that exists between the two of them," he said.

Luxury Daily produced **Luxury FirstLook 2017: Time for Luxury 2.0**

Modern marketing

During the session "Postcards from the Future 2017," Mr. Rodgerson explained that with a constantly evolving landscape it is imperative for brands to know where the future will be and jump on it. To find the elusive "key to the future," marketers should follow millennials and digital-first consumers and listen to what they have to say.

Creating a community in which consumers can share a common interest and feel a part of something is huge for marketers. Within these communities, consumers will feel special and have stronger loyalty feeling towards the brand.



Image courtesy of Neiman Marcus

But this is also a way for brands to gain insight on what they consumer wants and where the future lies. Retailer should listen to what consumers feel or think about their business, such as whether an upcoming line of sweaters should be carried or not.

Not only can retailers use this information to create a better experience and product for their audience, but also consumers like to be heard. If they feel they are being heard they will have more loyalty towards your brand.

Many retailers have shown a common thought that the only way to drive loyalty is to drive down prices. However, there are endless possibilities of different ways to build a meaningful connect and retain loyalty.

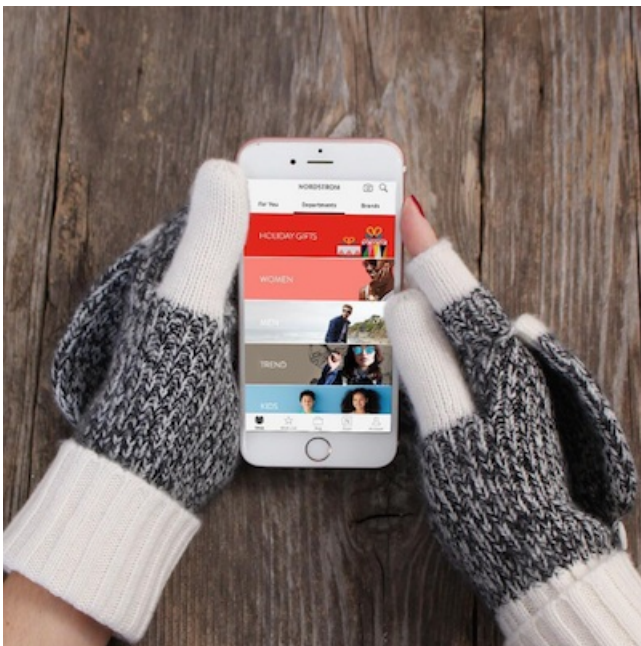
Listening to the consumer is one, but a major strategy is creating a memorable experience for consumers that they will remember. With such short attention spans, this idea is highly important.

When asked about what they would rather spend money on in terms of luxury, the majority of millennials responded that they would rather have an experience such as a vacation than buy a product. This should be incorporated into retailers' strategies and they should create a lasting memory for customers.

Omnichannel examples

A smart example of creating an experience that consumers want by blurring digital and bricks-and-mortar is Nordstrom. The department store chain created a new executive position to lead the brand into the future.

Nordstrom appointed Geevy Thomas, a long-time leader in the company, as the first chief innovation officer, who will focus on strategizing the store of the future. Retail is moving toward omnichannel, and with declining sales, retailers have been pressured to rapidly adapt through experiential and digital touchpoints or become obsolete ([see more](#)).



Nordstrom's app

There are few omnichannel leaders and many followers among the nearly 100 U.S. and U.K. retailers surveyed by L2 for its fourth annual "Intelligence Report: Omnichannel Retail 2016."

The rise of digital has sparked opportunity for retailers by creating "always-on interactions," but internal infrastructure and technologies as well as consumer behavior and devices have progressed slowly. Although retailers are improving omnichannel offerings, L2 found that only six retailers analyzed can be seen as strategy leaders ([see more](#)).

"I want to drive people from my online store into the physical store," Mr. Rodgerson said. "I want to have things in the store that are digital that are going to engage them.

"So I can learn more about them and I can provide more services," he said.

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