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Customer experience should be at center of brand innovation strategies: report

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Brands and retailers need to focus on fostering a culture of innovation and not stagnation

By DANNY PARISI

While there are many ways that brands can drive innovation, the common theme among them all is that they are focused on improving customer experience.

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In a new report on how innovation is driven in the fashion and beauty worlds, iVentures singles out product innovation, business model innovation and operational innovation as key to improving customer experience. This presents a helpful guide post for luxury brands as they develop their business models to deal with the changing tides of retail.

"The most important type of innovation for high-end luxury brands is customer experience innovation in order to create a unique customer experience and increase customer intimacy," said Aurelia Ammour, managing partner at **iVentures**, San Francisco.

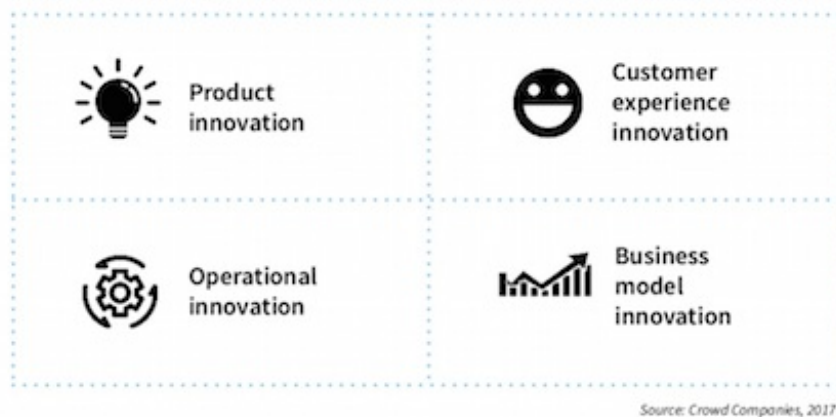
Culture of innovation

In their report titled "Retail, Fashion & Beauty: How Companies Drive Innovation," iVentures looks at the different kinds of innovation that can affect a brand or retailer.

While “innovation” may seem like a vague word, it is helpful to think about it as any new method or process that changes some aspect of how a business is operated.

This can take many forms. iVentures lists a few such as product innovation, where the actual product is changed in some way and operational innovation where something behind-the-scenes is altered.

4 types of innovation are company-driven



Four types of innovation

Ultimately, every innovation that a brand or retailer implements should be to serve the customer experience. iVentures notes a few examples.

Brands can implement product customization, issuing personalized versions of products unique to each customer, faster delivery options, to give customers a quicker and easier way to receive their purchased items, or immersive in-store experiences, such as smart mirrors in fitting rooms or sales associates with mobile devices to help search for information in-store.

The challenge for brands is to focus on innovation at all levels, from the design stage to manufacturing and shipping to actually selling in-store.

Additionally, creating an organizational structure that incentivizes innovation and not stagnation is critical.

Innovative opportunities

Many luxury brands have turned to supporting innovation not just within their own company but elsewhere as well.

For example, Kering sponsored an accelerator program offering incentives to start ups that focused on sustainability.

Kering has come on board in support of the “Plug and Play - Fashion for Good” accelerator, a collaboration between Fashion for Good and the C&A Foundation. Plug and Play is a global innovation platform that supports and accelerates the development of startups in the retail and fashion sector ([see story](#)).

9 ways for companies to drive innovation



Source: Ventures Consulting, 2017

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How brands can drive innovation

Similarly, BMW used the innovative spirit of Coachella to support its own sustainable initiatives

Coachella is known for unique experiences in performance and installation throughout the festival. BMW is capitalizing on this idea of innovation and futuristic initiatives with its accompanying campaign for its BMW i electric vehicle branch, which focuses on sustainability ([see story](#)).

Luxury brands need to understand what the focus of their innovation is in order to be effective in pursuing it.

"Luxury brands first need to understand the importance of embracing innovation processes and culture," Ms. Ammour said. "Innovation is already a reality for high-end retailers (Nordstrom, Neiman Marcus, etc.) that try to differentiate from each others by leveraging innovation (in store and online)."

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