

RETAIL

In a people-first world, retailers must adapt or fall behind

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Exterior of Barneys New York flagship. Image credit: Barneys

By BRIELLE JAEKEL

NEW YORK At Luxury Interactive 2017, a Barneys New York senior executive stressed the importance of truly putting the customer first as he discussed the new expectations that consumers have today.

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During the Oct. 17 keynote session "Becoming A Data-Centric Business To Drive A Better Customer Experience," the senior executive explained that it is not about what the retailers want anymore. Retailers who value what the customer wants above all else are the ones winning in today's cutthroat retail environment.

"Customers no longer demand exceptional experiences, they expect them," said Martin Gilliard, chief information officer, senior vice president of [Barneys New York](#).

"Companies today have two choices: you can adjust to meet the needs of the new customer or you can fall behind," he said. "That is the new reality."

A people-first world

While many experts reference that 80 percent of transactions still occur in stores, the path to purchase is much more complicated than that today. Customers have an endless number of touch points with retailers that influence their purchasing decisions.

Most customers research online before finalizing their transaction.

It is the retailer's duty to ensure that the customer has the option to purchase any way they would like.



A consumer shopping. Image credit: Neiman Marcus

Retailers who cater to the people first significantly outperform those who do not, but this cannot be done with a simple technology or personnel change. Having a customer-first business requires total restructure and a new company outlook.

There are multiple paths to purchase for customers. As retailers, it is their duty to make it easy for consumers to purchase on any path they would like, as it caters to their lifestyle.

Retailers often overestimate what is necessary to create a positive customer experience and drive loyalty, aiming for a deeper emotional connection than consumers expect, according to a report from InMoment.

Brands believe that consumers feel stronger emotions when having a positive shopping experience, and they also underestimate the severity of consumers' feelings when they are dissatisfied. When it comes to loyalty, consumers are most apt to return to brands that deliver "satisfaction," with that emotion outranking all others ([see more](#)).

Collect, connect, context

Mr. Gilliard explained that to accurately cater to individuals, retailers must collect, connect and provide context for consumer data.

When collecting data, it is crucial to collect all the data around individuals. Data from just bricks-and-mortar or only from online will not tell the true story of the customer journey.

Connecting this data means to understand how it connects to everything such as point of sale and online shopping.

The "context is king" mantra is extremely true as well. Retailers need to understand how all this data relates to the customer journey and what it means in context in order for it to matter.

For luxury brands and retailers, ensuring an online advertisement is seen by the right target audience is difficult to gauge and has led to lackluster ROI and wasted ad spend.



Online shopping becomes extremely prevalent. Image credit: Bloomingdale's

The current retail environment sees consumers demanding seamless service that is both relevant and consistent across all devices, channels and through each step in the path to purchase. This environment has proved beneficial for online giants such as Amazon and China's Alibaba, who have had a head start in leveraging data solutions to better serve consumers' near-instant expectations ([see more](#)).

During his presentation, Mr. Gilliard shared that after purchasing a carseat for his son online, his mother continued

to receive ads for that particular product a year later, even though she had already purchased the seat for her grandson, and was not a mother of a small child.

Mr. Gilliard explained what a disservice this is for retailers to not provide a better experience and that this type of misguided strategy could create a bad image of that retailer in the eyes of that consumer.

The retailer of the car seat also missed an opportunity to drive greater sales. If it determined that she had already bought the car seat, it could possibly be able to advertise and sell her a booster seat when the child became older.

"Everyone says context is king, but it is true," Mr. Gilliard said. "Very few people have been able to use information in context.

"But this will be what makes the big difference in regards to channel" he said.

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