

RETAIL

Personalization key to retaining valuable clientele: Boston Retail Partners

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About half of retailers are missing out on in-store personalization opportunities. Image credit: Printemps

By SARAH JONES

Personalizing consumers' retail experiences can lead to loyalty and increased spending, according to a new report from Boston Retail Partners.

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Today consumers expect more individualized communications and interactions with retailers, with 59 percent saying that personalization impacts their purchasing decisions. Identifying and appealing to shoppers with relevant offers or communications can help to establish a relationship between consumer and brand.

"While many retailers think of Amazon as the enemy, they do many things very well that are worth emulating: offering personalized online experiences, efficient delivery times, reasonable or free shipping for preferred members and an easy checkout process," said Perry Kramer, senior vice president and practice lead at **Boston Retail Partners**, Boston. "Amazon has made personalization mandatory for most retailers because they have elevated consumers' expectation for most shopping experiences."

Personal approach

Forty-four percent of shoppers say they would shop again with a particular brand after receiving individualized service. Additionally, a study by Infosys found that almost a third of consumers desire a more personalized shopping experience.

To deliver on this, retailers need to first know who their customers are. Incentives are a popular tactic used to convince shoppers to share their data, with all but 18 percent of brands issuing some form of reward for those who sign up.

Fifty-three percent of retailers create specialized offers in exchange for customers' information, up from 40 percent last year. Getting consumers to share who they are opens up a dialogue and allows a potential relationship to form.

Infosys found that 93 percent of consumers are willing to share their personal data to receive custom rewards. However, Boston Retail Partners points out that brands need to deliver on consumers' expectations for the use of their information.



Consumers want to know that their data is being used well. Image credit: Facebook

The most important clients for a brand to identify are their top customers.

Typically 20 percent of consumers account for 80 percent of a retailer's business, calling for strategies that find, engage and reward them for their loyalty.

Three-quarters of retailers can identify their VIP customers, but 69 percent say that their methods of doing so could be improved. While most brands will look at data such as how recently a customer has shopped, how often they make a purchase or amounts spent to determine how valuable they are, more retailers are using factors such as a shopper's brand advocacy to find their top clients.



Being able to identify shoppers in-store allows for greater personalization. Image credit: Hugo Boss

Once customers are identified, another piece of the puzzle is providing frontline sales staff in bricks-and-mortar locations with the information they need to personalize the in-store experience. Only about half of retailers have a system in place to identify valuable customers to sales associates before checkout.

"Brick-and-mortar retailers have unlimited opportunities to offer customers unique, interactive experiences that can't be replicated online," Mr. Kramer said. "Human interactions are much more real and personal than online experiences and the physical store creates a theatre for shopping experiences that tap all five senses and an environment for events that are entertaining and social.

"Luxury retail sales associates have the opportunity to build a personal profile, discuss trends, product offerings and build trust in the brand not just the product."

VIP clientele

In luxury retail, a number of brands have established special services or experiences for their VIP clients.

Online retailers Net-A-Porter and Mr Porter are easing the ecommerce experience for their top customers.

Starting last fall, the ecommerce sites have offered their "Extremely Important People" the option to try on their newly purchased merchandise while the delivery person waits, streamlining the return process. The retailers are also introducing new personal styling experiences in the comfort of these clients' homes ([see story](#)).

Similarly, LVMH-owned Italian fashion house Fendi designed a "Happy Room" with architect Cristina Celestino ahead of Design Miami in 2016.



Fendi's traveling VIP Happy Room. Image credit: Fendi

After its unveiling, Fendi's Happy Room has served as the brand's traveling VIP dressing room, a first for the house, where it hosts trunk shows and personal appointments. For the design of the Happy Room, Ms. Celestino found inspiration from Fendi's house codes, ensuring that the project is a true representation of the brand ([see story](#)).

"Creating a personalized shopping experience is most critical for the luxury retail segment, as it typically has the longest one-on-one customer engagement model and customers expect the highest level of service," Boston Retail Partners' Mr. Kramer said. "Successfully engaging with customers on a personal level requires retailers to identify the customer early in the process at any touchpoint, which initiates dialogue and sets the foundation for relationship building and personalized experiences based on customer context.

"Customer context is the interrelated factors of customer insights and environmental conditions that make the shopping experience relevant," he said. "It enables retailers to personalize the shopping experience based on customer preferences, purchase history, their closet, their most recent online browsing history, time of day, weather and their physical location all based on real-time information, personalized to create a bond with customers and encourage customer loyalty.

"Your most valuable customers respond most favorably to a personalized experience because they want to feel recognized and rewarded for their loyalty."

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