

RETAIL

## Luxury must marry old-world service with new technology

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Facade of Nordstrom Men's Store at Columbus Circle, New York. Image credit: Nordstrom

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New technologies are fast enabling luxury brands to micro-segment their customers more surgically than ever before.

The United States is currently much more liberal in a brand's use of customer data than any other country in the world.

The window of opportunity to leverage new technologies to reach best customers on a highly bespoke basis, tailored to buying history, interests, income and lifestyle, remains open. For how long is anyone's guess.

Face it

The smartest luxury brands on the leading not bleeding edge are already taking advantage of this phenomenon in ways that endear them to their customers by providing special offers and curated content.

New technologies, for those attuned to them, are already, or will be, one of the most important strategies for top marketing executives of the world's most prestigious brands.

Facial recognition now allows marketers to effectively know their customers better.

Visitors' photos function as cookies referring to the identification and storage of user settings, making loyalty cards obsolete.

As soon as the best customers walk into a store, the staff will already know their purchase history thanks to the camera's footage and technology.

This is certainly a game-changing advantage for retailers struggling to keep up with the pace of Internet giants such as Amazon and online stores that offer targeted deals and fast delivery.



*Greg Furman*

Facial recognition technology can also be used to retarget customers with personal offers.

Imagine that you walk into a store such as Herms or Bergdorf Goodman, and examine a scarf, evening gown or pair of Jimmy Choo shoes, but choose not to buy.

In a few days you could be shown an ad online for the same item with a discount or receive a personal message on social media with relevant information about the product that interested you.

Luxury brands must have a strong **data backup strategy** when it comes to collecting, storing and using data of any kind. This is more critical than any time in retail history.

But what about technology misreads or errors where technology picks up a face that is not the right one? Soon, if not already, technology will totally remove the possibility of error.

Bricks and clicks

Technology, which was used primarily by retail giants for security, has taken a dramatic turn for progressive luxury marketers and advertisers as well.

Old-world push advertising is already dead and one-directional pull advertising will soon be a thing of the past. This means that soon marketers using Big Data, whether through online transactions or in store preferences, can create campaigns that will be 100 percent targeted to a single customer.

Nordstrom in one of its 47,000-square-foot emporiums has created a very sophisticated shopping-tech laboratory one of several where it is diligently experimenting with ways to make upscale, high-touch retail more competitive in an ecommerce- and mobile-driven era.

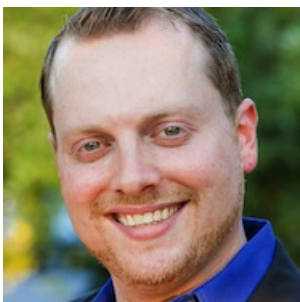
Store layouts showcase subtle but important technological enhancements.

Some are super-practical such as self-service bins where shoppers can drop off returns including online purchases and get credit almost immediately. Others have a wow factor: In the suits section, customers can see how bespoke jackets would look on life-size avatars of themselves, projected on screens.

Other stores pamper their customers by offering the option to "reserve" a product online, then "try on before you buy" and have a fitting room waiting with their name on the door.

**Nordstrom's Manhattan store** illustrates just how much faith it has in bricks-and-mortar and at the same time shows how crucial this dynamic between new technology and artificial intelligence is the future of retail.

Few, if any, department stores have been more successful in embracing technology and that success has helped Nordstrom dodge much of the drama buffeting retail.



*Christopher M. Olshan is CEO of The Luxury Marketing Council*

Still, for all luxury marketers there are challenging clouds on the horizon.

Dwindling of mall traffic has taken its toll: sales at full-service stores have been declining for five years.

More than a few luxury retailers have become increasingly dependent on discount chains that could seriously erode the cachet of their brands.

The smartest marketers are testing a wide range of tech savvy initiatives that profitably marry bricks-and-mortar and online for profit

IF LUXURY BRANDS fail to set the gold standards for personal one-on-one customer service, no amount of leveraging Big Data or new technologies will serve to surprise and delight the most sophisticated, affluent best customer.

Appropriately marrying old-world service to new-world technology will separate the winners from the losers in an increasingly competitive world.

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