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Luxury retailers need to compete with mass brands in personalization: report

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While consumers have changed the way they shop, bricks-and-mortar retail is still vital. Image credit: Neiman Marcus.

By BRIELLE JAEKEL

Personalization in a bricks-and-mortar experience has become just as important as it is in digital, and with mass consumers expecting an elevated individualized experience, luxury brands need to work harder at delivering customized retail.

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A new survey from Boston Retail Partners shows that 79 percent of consumers believe that a personalized experience from a sales associate is an important driving factor in deciding where to shop. More than half of all retailers are focusing on personalization within stores for 2019, making it more important for luxury brands to heighten their customer service.

"A key takeaway from this year's POS survey is that retail continues to rapidly evolve, with consumers as the catalyst and their constantly increasing expectations for a better shopping experience, including more personalization and an improved mobile experience," said Brian Brunk, principal at **BRP**. "In the uber-competitive retail environment, retailers need to adapt quickly to new customer expectations.

"Agility is key to retail transformation, and retailers are taking action with 94 percent indicating that they have or plan to implement a single commerce platform within the next three years," he said.

Customer service across channels

Boston Retail Partners has released its **Annual POS/Customer Engagement Survey**, and this year's results show that retailers must take a holistic approach to consumer engagement and customer service to meet expectations.

Mobile and digital devices can help elevate customer service within a bricks-and-mortar location. There should be full integration of omnichannel services into a retailer's strategy, spanning offline and online.

For instance, 63 percent of shoppers use their mobile devices while in stores for retail purposes, opening up a prime opportunity for retailers to make a stronger connection and powerful experience.



Consumers are interested in personalization in stores. Image credit: Aventura Mall

About 49 percent of retailers make mobile a top priority for customer engagement, leaving those that do not far behind.

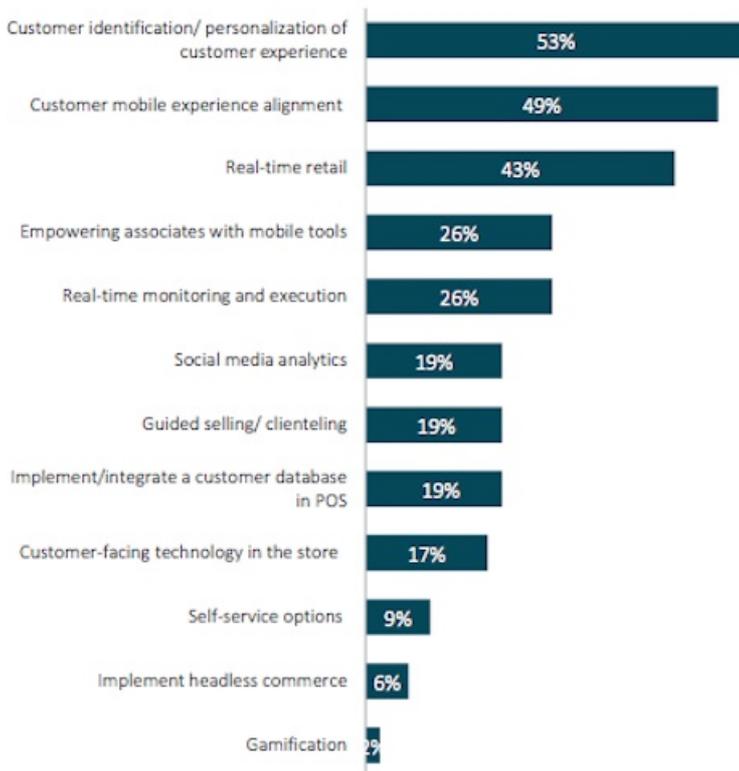
However, such a connected experience opens up greater opportunity for fraud. Sixty-one percent of retailers offer end-to-end encryption to keep customers' data safe.

This is extremely important as 56 percent of consumers allow retailers to access purchase history, preferences and personal details for a faster, more tailored experience.

Fifty-six percent of shoppers say they are more likely to purchase with a retailer that allows them to have a shared cart across all channels, and more retailers are serving that need. Within one year, the number of retailers implementing a unified commerce platform has grown 10 percent, and is now up to 94 percent of retailers.

For 2019, retailers are looking to add capabilities to their current POS systems, with 53 percent saying this is their top priority. This is followed by payment security at 45 percent, omnichannel integration at 43 percent and a unified or single commerce platform at 41 percent.

Exhibit 2
Top Customer Engagement Priorities for 2019



Retailers are prioritizing personalization of customer experiences. Image credit: BRP

With customer engagement becoming so important in the in-store experience, retailers need to prioritize customer identification services. Right now 43 percent of retailers identify customers at checkout, while only 12 percent identify the customer in the store before checkout.

If retailers, especially luxury retailers, can identify a shopper while he or she is perusing the store, a significant potential for connection arises.

Additional insight

As the lines between physical and digital stores continues to blur, retailers need to personalize shopping experiences beyond in-store and continue to create consistent brand experiences online.

Another report from Boston Retail Partners finds that 51 percent of consumers want a personalized experience across all digital channels within a brand. Currently, less than a fifth of retailers use customer-identifying technology in their stores, pointing to the potential for more customized engagement ([see story](#)).

Consumers' growing expectations of a seamless, channel-agnostic shopping experience are causing retailers to adapt their technology strategies.

According to a new report from Boston Retail Partners, 71 percent of retailers expect to have a unified commerce platform in place within the next three years, and more than half listed omnichannel integration as their number one point-of-sale priority for 2017. While digital advances remain a focus for retailers, the bricks-and-mortar store still holds weight within the shopping experience ([see story](#)).

"One of the more surprising findings from the POS survey is how much consumers rely on mobile capabilities while they are shopping in a store," Mr. Brunk said. "According to BRP's Consumer Study, 63 percent of consumers use their mobile phone while shopping in a store to compare prices, look for offers or coupons or check inventory availability.

"Retailer are recognizing the ubiquitous use of mobile across they shopping journey, as 49 percent of retailers indicate that the mobile experience is one of their top customer engagement priorities," he said.

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