

RETAIL

Pandemic accelerating in-store, online changes: Saks Fifth Avenue CEO

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Bameys at Saks floor at New York flagship. Image courtesy of Saks Fifth Avenue

By ELLEN KELLEHER

Department store chain Saks Fifth Avenue has seen its physical stores continue to play a crucial role in boosting sales amid the COVID-19 pandemic, and executives do not believe this can be replaced by digital channels.

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Speaking at the National Retail Federation's Big Show on Jan. 21, the retailer's CEO discussed Saks' strategy for weathering the COVID-19 crisis. For the luxury sector, an omnichannel approach that uses digital strategies can be effective in elevating the in-store experience for shoppers and increasing sales.

"People want to go to the theatre and they want to experience it, and that's stores for us," said Marc Metrick, president and CEO of **Saks Fifth Avenue**, New York. "Our digital business began to fire even more when our stores opened."

Weathering the storm

As the pandemic dragged on, Saks seized the chance to re-platform its website Saks.com with the help of Salesforce and put more technology in the hands of its associates ([see story](#)). As a result, sales at its stores have reaped the benefits through the peak of the pandemic, with Saks stylists generating \$150 million in revenue.

The crisis also offered a lesson to Saks on its product cycle, an issue the luxury industry has been wrestling with for some time.

The usual course of action for Saks used to be for the delivery of its pre-fall products to take place in June.

"So, you'd get leather, fur-lined product coming into New Orleans in June," Mr. Metrick said. "It never made sense."

The closure of stores due to lockdowns forced a shake-up in the product mix. When Saks re-opened in May, summer clothing was on the racks, much to shoppers' delight.



Broadway stars Reeve Carney and Eva Noblezada of Hadestown appear in the Saks fall campaign. Image courtesy of Saks Fifth Avenue

"We met the customers' needs with the product," Mr. Metrick said. "So, we learned a lot about how to get delivery cycles right."

For Saks, the pandemic provided the engine to spark changes that were already being put in place by customers, per Mr. Metrick. Shoppers still loved fashion, but they wanted more personalization and the purchasing process to be easier.

The acceleration of changes triggered by the pandemic have created what Saks refers to as the "next normal" since a new relationship between the store and its shoppers is in place and will continue to evolve.

The retailer is focusing on finessing what it represents as a brand.

What Saks is keen to do is to continue to work on figuring out what its brand represents and becoming great at that.

There are three pillars to Saks' current business strategy, dubbed "Luxury Disrupted." The first pillar is not to forget fashion.

"It's so easy right now to say that you're running a data company or a technology company or an internet company, but we're a fashion company," Mr. Metrick said.

The second is ease, with Mr. Metrick explaining the importance of frictionless shopping experiences for time-poor shoppers. The last pillar is personalization and making sure Saks still owns the "high-touch" relationship with its shoppers.

While data has become the great equalizer for stores, Saks is going a step further and building a technology platform that connects its in-store experience to its online one.

Key for the retailer is figuring out how each customer wants to interact with Saks. For instance, some consumers have become more interested in private shopping experiences amid the pandemic.

"We're using data to really give the customer the best possible experience when they come into our store," Mr. Metrick said. "People have learned that maybe they don't want to shop with thousands of people around them."

What has pleasantly surprised the CEO is the resiliency of Saks' customers' desire to continue to purchase fashion amid the crisis as a kind of escapism.

"People were buying things in the height of the pandemic that there was no absolute functional end use for," Mr. Metrick said. "But they love fashion and they view luxury as the comfort food of retail."

During the same session at NRF, Celeste Burgoyne, president for Americas and global guest innovation at **Lululemon**, also outlined steps the yoga clothing specialist is adopting to shore up its business amid COVID-19. Activewear has seen strong sales amid the pandemic.

Similar to Saks, Lululemon has taken a three-prong approach to respond to COVID-19.

First, the brand closed all of its stores to support its employees' health and safety. Secondly, it is leaning into its strengths by leveraging its omnichannel strategy and third, it is looking to invest in the future following its \$500 million acquisition of the interactive workout platform Mirror over the summer.



Lululemon has mastered the art of experiential retail: its store staff are styled as educators, not sales associates. Image credit: Lululemon

"It's an example of how we're playing a long-term game even in the year of the pandemic," Ms. Burgoyne said.

Among its COVID-19 achievements is Lululemon's ability to fulfill its promise to buy online and pick up at its stores within a two-hour window. More than 100 pop-up stores have also proved successful, drawing new customers in areas where store access is limited.

Both Lululemon and Saks have prioritized spending on its physical footprint despite digital advancements.

"There's obviously a real behavior shift to digital and we do not believe that will go away," Ms. Burgoyne said. "Yet we believe strongly that the physical stores are still really, really important."

In-store meets online

Once the pandemic hit, retailers were forced to think creatively about how to keep customers engaged without the power of the in-store shopping experience.

Throughout the year, Saks implemented strategies that successfully combined the in-store experience with digital developments, placing a significant focus on customer personalization and ease and, ultimately, creating new practices for the digital era and mobilizing product presentation ([see story](#)).

Saks partnered with wholesale ecommerce platform NuOrde to streamline the store's buying process and merchandising approach. In June, Saks announced it would use NuOrder's technology to digitally curate and deliver a fresh merchandise assortment across the apparel, footwear and accessory verticals ([see story](#)).

Most recently, Saks Fifth Avenue has unveiled the Barneys at Saks experience on the fifth floor of its New York flagship store.

With a focus on exploration and discovery, Barneys at Saks offers a wide range of emerging designers as well as familiar labels. To celebrate the launch, Barneys at Saks is featuring merchandise across multiple categories, including women's and men's ready-to-wear as well as handbags and accessories, providing customers a holistic approach to shopping at Saks ([see story](#)).

"If you look around, the retailers that win are the ones who know who they are, who understand their identity and who just want to be great at that," Mr. Metrick said. "That's what we're trying to do at Saks.

"We don't try to do what other people are doing."