

RETAIL

Saks strengthened services, ecommerce to thrive during COVID

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Saks Fifth Avenue has prioritized customer experience. Image credit: Saks Fifth Avenue

By SARAH RAMIREZ

NEW YORK Although U.S. department store chain Saks Fifth Avenue was an early adopter of ecommerce, the COVID-19 pandemic motivated the retailer to take a more personalized approach to online channels.

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In a fireside chat with Luxury Daily editor in chief Mickey Alam Khan at the Women in Luxury eConference June 2, a top executive from Saks discussed how the retailer has adapted since the pandemic started. Customer experience was a guiding tenet, and helped Saks attract new luxury shoppers even as the greater retail industry struggled.

"I think the reason why ecommerce is so important to us is, from a customer experience perspective, that the personalization capabilities of ecommerce are really unparalleled," said Emily Essner, chief marketing officer of [Saks Fifth Avenue](#), New York. "We simply have more data about what a consumer is interested in the ways that they like to interact with us, when they like to interact with us and we are really able to tailor our communication to his or her preferences.

"What that allows us to do is really be able to serve them even better," she said.

Women in Luxury 2021 was produced by Luxury Daily.

Building loyalty

Saks began building its ecommerce presence nearly two decades but, like many retailers, experienced significant acceleration in its online business at the onset of the pandemic.

"We know from lots and lots of experience and data that our customers who have shopped with us in both channels in-store and online they're going to be significantly more loyal," Ms. Essner said. "So that's a very exciting development for us that we think has a lot of implications as we move ahead here."



Saks took its styling services online. Image credit: Saks Fifth Avenue

With physical stores shuttered and consumers wary about public spaces, some longtime Saks shoppers turned to online shopping for the first time in a meaningful way. While this shift may have started because of limited options, these shoppers found themselves becoming more comfortable with spending on luxury goods online.

According to Ms. Essner, as ecommerce becomes a fundamental way for affluent consumers to shop, the idea that certain product categories are off-limits for online and must be purchased in-person has become outdated.

During COVID-19, Saks has also attracted younger consumers, with nearly half of new customers under 35 years old.

Ms. Essner explained that this trend was unexpected amid the current climate, but consumer data shows that these newcomers to luxury price points have seen the retailer was aspirational and top of mind because of its upscale experiences.



Emily Essner is chief marketing officer of Saks Fifth Avenue

"To be able to be the first place where a consumer is getting a luxury experience, to be the retailer who they choose to have that experience with I think says a ton of great things about our brand," Ms. Essner said. "It also says a lot of things about the runway that we have with those consumers who are young, and they have the propensity to spend.

"Hopefully we're creating great experiences for them and really driving that loyalty," she said.

The retailer has adapted many of its in-store experiences to online during the pandemic, helping it reach new customers and retain existing shoppers.

For instance, a digital stylist program allowed Saks stylists to work with shoppers remotely.

Saks' VIP client program featuring "money can't buy experiences" such as one-on-ones with designers or front row seats at Paris Fashion Week was also scaled to become accessible for highly-engaged digital consumers.



L'Avenue at Home: Box C option, if the hunger bug strikes. Image courtesy of Saks Fifth Avenue

In another pivot, L'Avenue, the popular French restaurant for shoppers at Saks' iconic Manhattan store, debuted do-it-yourself meal kits, cocktails and Pierre Hermé desserts for New York pickup, as well as delivery to the Hamptons ([see story](#)).

"We are really looking to enhance the overall customer experience," Ms. Essner said.

Ecommerce evolution

While physical stores remain fundamental to the Saks experience, online marketing has critical for the retailer.

About three-quarters of the brand's online traffic comes through mobile, but luxury purchases typically require several visits before a consumer converts.

"We've really been focused on scaling a lot of our core marketing tactics, as well as getting into some new digital marketing tactics," Ms. Essner said. "We are really focused on growing the business and acquiring new customers."

Saks is currently investing in paid search; paid social, including Pinterest; television and podcast advertising. Out-of-home and print advertising, including both magazines and newspapers, are also important to the retailer.

"It is very important to pick the places that are going to be meaningful whether that is getting to the right consumers or having the right brand positioning, and ideally doing both," Ms. Essner said.

In looking to better invest in ecommerce, Saks has split its digital business from its stores, though the two entities remain closely linked.

Saks and SFA work together for a seamless omnichannel experience. Both continue to use Saks Fifth Avenue as their customer-facing name.

Marketing and merchandising is managed by the ecommerce business, Saks, which will also keep ownership of Saks Fifth Avenue intellectual property. Meanwhile SFA will fulfill physical functions including buy online, pickup in-store, exchanges, returns and alternations ([see story](#)).

"We felt like it was a really wonderful time to be able to spin that business out, have dedicated focus on it and really be able to focus on growth," Ms. Essner said. "And so what that has meant for us is that we have been able to invest significantly more into both marketing of the business and in the customer experience."