

RETAIL

The retail customer is the channel: report

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Traditional retailing has been redefined by consumers with new expectations. Image credit: WWD, American Express

By NORA HOWE

As vaccination distribution continues and COVID-19 immunization rises, the world is re-entering a new normal with evolving perspectives and demands.

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Traditional consumer behavior has completely shifted, and certain strategies may or may not work, so brands and retailers must adapt to dynamic customer journeys. In its **Business Insights** report sponsored by **American Express**, fashion publication *Women's Wear Daily* pulled insights from industry leaders and found that to be successful, merchants must leverage data to increase personalization, foster deeper connections with customers and emphasize sustainability and social responsibility across the value chain.

"Consumers are leveraging online, mobile and ecommerce solutions not just to transact, but also to complete more thorough research, to seek more detailed information and to make comparisons across different retailers prior to making a purchase," said Emily Chin, vice president and general manager of the National Client Group, Retail at American Express, New York.

"With COVID, especially during the national shutdown of most retailers, consumers also looked for clean and safe ways to buy their goods, turning to the Internet to complete transactions that they may have otherwise made in-person," she said. "When it comes to spending, consumers have pent up purchase demand and are open to new ways of shopping and spending."

Omnichannel approach

To accurately provide solutions for customers and give them what they need, brands must learn and understand consumer behavior through data.

U.S. department store chain Neiman Marcus has made significant investments in analytical capabilities to ensure it has data to support its business decisions, according to the retailer's president and chief customer officer David Goubert.

In the report, Mr. Goubert explains how the group has leveraged its shopping insights and data to support buying choices, allowing them to be fully focused on the luxury shopper.

Similarly, technology-based personalization and customization have been a key driver of success at men's apparel company [UNTUCKit](#).

UNTUCKit's vice president of marketing, Alberto Corral, told *WWD* that the company leverages data, artificial intelligence and analytics to understand its customers and provide the most relevant recommendations based on their needs.

Through its conversational commerce strategy and technological innovation, UNTUCKit was well-positioned to transform its brand during the pandemic.

Additionally, acknowledging that the customer experience has changed is crucial. Brands that cannot recognize these changes will not be able to engage the post-pandemic consumer.



Retailers are utilizing data, AI and analytics to better understand customers. Image credit: WWD/ American Express

Jeff Orschell, consumer retail leader at [Ernst and Young](#), Americas, says consumer behaviors and trends are evolving quickly and many new habits and expectations are here to stay.

"We're seeing many shopping and distribution channels begin to blur and finding that many retailers focused on the new definition of convenience," Mr. Orschell told *WWD*. "Consumers may expect to shop online and pick up in-store, engage directly with social shopping apps or have products delivered to their doorstep within a few hours of purchase."

He explained that the new customer journey typically begins in one channel and ends in another, so brands and retailers must learn how to meet their customers where they are whether that is online, in-store or through a mobile app.

"It is our goal to meet customers wherever and whenever is convenient for them," Neiman Marcus' Mr. Goubert said in the report. "We are in the business of building and deepening relationships [which means] we need to be able to meet the customers where they are and create the right experience they are looking for."

Marcie Merriman, cultural insights and customer strategy leader at Ernst and Young, Americas, suggested retailers invest in the appropriate technology and infrastructure to support consumer-first shopping experiences.

"Customers are increasingly expecting to shop in ways that integrate effortlessly with their lifestyles in seamless, convenient and personalized manners," she said.

With technological innovation, however, comes additional safety measures. More than ever, customers want a sense of security when it comes to online and mobile payments.

The accelerated adoption of digital commerce during the pandemic has resulted in higher rates of fraudulent activity and organized retail crime, according to the [National Retail Federation](#) (NRF).

TransUnion found that global fraudulent attempts rose 46 percent between March 2020 and March 2021.



Customers want to be confident that check-out processes are secure, their data will be protected and not used inappropriately. Image credit: WWD/American Express

This month, Neiman Marcus announced a data hack that impacted the personal information of approximately 4.6 million online customers. The group notified the affected customers about the issue, which took place in May 2020, as well as law enforcement.

The retailer enlisted cybersecurity firm **Mandiant** to investigate the incident, though the scope remains undetermined ([see story](#)).

In response, retailers are investing in resources to safeguard their customers, employees and operations, and should continue to ensure that systems are in place to provide secure and frictionless checkout experiences.

Focus on ESG

Sustainability, diversity and inclusion have become integral in determining how consumers shop and how they support brands.

More customers are consuming with their environmental footprint in mind, which has led to a massive rise in resale and secondhand fashion.

Online retail group **Yoox Net-A-Porter** recently partnered with resale technology provider Reflaunt to launch a new luxury resale platform, in an effort to contribute to a circular fashion model.

The collaboration intends to draw on Net-A-Porter, Mr Porter and The Outnet's heritage of personalized customer service to encourage and enable shoppers to contribute to a more circular fashion industry through resale. The service will initially launch on Net-A-Porter, followed by Mr Porter and The Outnet in early 2022.

Beginning at the end of October, Net-A-Porter customers will be able to send any well-preserved, pre-loved designer items in their wardrobes to a new home in exchange for Net-A-Porter store credit.

In addition to the credit, customers may receive an extra 10 percent credit incentive or direct bank transfer once items have sold ([see story](#)).

Regarding diversity and inclusion, social justice movements and activism, like the Black Lives Matter movement, have shined a light on the importance of diversity and inclusion in business.

LVMH-owned retailer Sephora has implemented new strategies to amplify Black voices.

The retailer committed to dedicating at least 15 percent of its shelf space to Black-owned brands through its 15 percent pledge. Only 3 percent of brands at major beauty retailers are Black-owned, according to a 2020 report from Fast Company.

In June 2020, Sephora carried eight Black-owned brands, however, by the end of 2021, it will more than double its

assortment overall, including achieving the 15 percent benchmark in prestige haircare. As of July 2021, Sephora's offerings include 16 Black-owned brands, and several new brands are expected to launch this fall ([see story](#)).

"Consumers, especially Millennials and Gen Z, are thinking about the environmental impact of their consumption and purchase decisions," American Express' Ms. Chin said. "Many are actively seeking out companies that support their values and are willing to pay more for higher quality, sustainable products."

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