

RETAIL

How can retailers lure consumers away from mass-market sites?

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Retailers must be open to new technology and systems that will create a more personalized shopping experience for customers. Image credit: Unsplash

By NORA HOWE

Online behemoths such as Amazon and Google continue dominating as product discovery destinations, so a top priority among high-end retailers is finding new ways to reroute the digital consumer's shopping journey.

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According to a [report](#) from Retail Systems Research, 34 percent of customers begin their shopping journey on Amazon, while 28 percent begin on a brand's website. To remain competitive and increase profitability, 83 percent of retailers consider acquiring new site traffic as the top priority and are investing in new technology to reach their goals.

"Everyone knows COVID-19 has turned the world upside down, but what we wanted to know, going into this research, was exactly what that means for retailers who have been trying to fill in every new gap with improved ecommerce," said Steve Rowan, managing partner at [Retail Systems Research](#), in a statement.

"Google advertising isn't going to be enough anymore, and [retailers] are starting to reevaluate the money they have been pouring into that channel for far more engaging tools going forward."

For this report, RSR used its own BOOT Methodology model to analyze issues within the retail industry. This method is designed to prioritize business challenges, opportunities, organizational inhibitors and technology enablers.

Findings are based on an online survey conducted in Q4 2021 with respondents primarily from the United States as well as Canada and Europe.

Name of the game: acquisition

When it comes to business challenges, the top three issues retailers are facing are the digital experience at 61 percent, followed by anticipating customer expectations at 56 percent and how those expectations are moving faster than their ability to deliver compelling experiences at 51 percent.

For years, retailers have leaned heavily on search engine spending, however, the majority of them are not seeing the results they expected. Nearly one in three retailers says they are spending too much on search engine marketing and

optimization efforts to garner new prospects, but are seeing high bounce rates.

Retailers are not prepared to give up on SEO efforts, however, and see significant value in having their products stand out where customers are already searching Google.

About nine in 10 retailers prioritize building a website that requires fewer clicks to complete a purchase.



Bloomingdale's will soon have its own curated online marketplace to engage digital-first customers. Image credit: Bloomingdale's

In addition to seamless website navigation, retailers are turning to increased personalization, 65 percent, new digital touchpoints, 62 percent, and machine-learning product recommendations, 61 percent, to improve the online experience.

Retailers who will come out as winners are the ones who are willing to acknowledge external pressure sooner than their counterparts, converting challenges into opportunities.

Regarding organizational inhibitors, the greatest challenge for retailers is the speed at which technology advances is far greater than the speed at which they can integrate it.

Over the past few years, technology has certainly optimized performance, flexibility and scalability, and retailers are struggling to keep up.

The greatest challenges retailers are facing in regards to organization are a lack of in-house knowledge or an innovation team to lead and deploy change, 65 percent; technology being too difficult or cost-prohibitive to change, 63 percent; and a lack of support from executives, 53 percent.

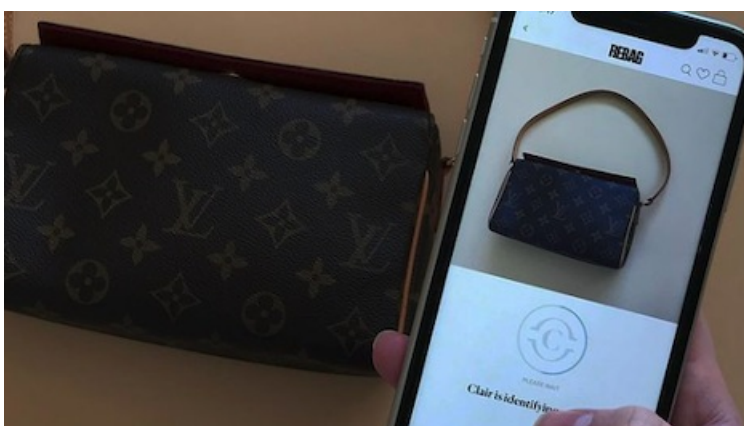
Retailers see an opportunity in streamlining the ecommerce experience that leads the consumers to the desired solution, however, community interaction between shoppers and replenishment offers stand out as two primary opportunities.

According to the report, retailers hope that the more a consumer interacts with them, the better the chances are that the consumer will identify themselves while shopping.

To compete with the Amazons and Walmarts of the world, retailers must offer a more personalized experience, which has become more about relevance than it is about a one-on-one interaction.

Is AI the answer?

With such a heavy emphasis on personalization, retailers are considering implementing machine learning and artificial intelligence technology to provide accurate recommendations and relevant content.



Clair AI can identify luxury handbags with 91 pc. accuracy. Image credit: Rebag

More than three in four retailers, 77 percent, are already using AI in search and product discovery, 69 percent are using it for product recommendations and 65 percent are using it to offer richer content and expert guidance.

Several luxury brands and retailers recognize how the use of AI and additional digital technology can assist them in reaching consumers and creating a more personal experience.

In June 2021, French luxury goods conglomerate LVMH Mot Hennessy Louis Vuitton partnered with the Google Cloud Platform in a push for innovation. The partnership aims to assist those who work for the brands with AI support and machine learning technologies, improving business operations by demand forecasting and inventory optimization.

The technology also aims to elevate consumer experiences through personalization ([see story](#)).

In February 2021, resale platform Rebag launched an artificial intelligence tool to empower consumers to learn the value of their handbags in seconds.

Available for download on iOS and Android devices, Clair AI is an extension of the platform's pricing tool. The mobile application also allows users to scan virtual representations of a handbag, giving consumers the ability to learn about an item's resale value before purchase ([see story](#)).

For retailers, the ecommerce site is a customer's first step into their omnichannel shopping experience, and, according to Retail Systems Research's data, they acknowledge the role that next-generation, cloud-based technology has in securing new customers and fostering loyalty.

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