

IN-STORE

Former Bergdorf Goodman CEO: Customer-first approach translates to retail success

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By JEN KING

NEW YORK - A former Bergdorf Goodman executive at the Luxury Retail Summit: Holiday Focus 2013 yesterday discussed how the New York-based retailer found success through curated collections, knowledgeable sales team and its high standard of customer service.

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Throughout the “Luxury Retailing Then and Now” session, the former executive discussed the noticeable difference in the quality of service among retailers today compared to when his career began at Bergdorf Goodman in the mid-1970s. For retailers catering to affluent consumers, a dedication to customer service is a must as the retailer aims to be an extension, as well as an inclusion, to the consumer’s affluent lifestyle.

“To position itself as a contemporary retailer, Bergdorf Goodman placed special attention on its customers,” said Ira Neimark, former chairman/CEO of [Bergdorf Goodman](#), and director of [Hermes of Paris Inc.](#), New York.

“Today, retailers don't pay as much attention to customer service,” he said. “The knowledge of salespeople creates loyal consumers, but retailers today have removed salespeople to save money.”

“For Bergdorf Goodman, the retailer cares for a consumer who is used to being taken care of and expects the same level of service from a retailer.”

Luxury Daily produced the Luxury Retail Summit: Holiday Focus 2013.

Scattering the ashes

Bergdorf Goodman earned its position as the leader in luxury retail by paying close attention to the needs of its frequent consumers.

The retailer's emphasis on customer service and its knowledgeable sales team kept consumers coming back, while its curated collections launched countless brands that got their start with an in-store section within Bergdorf Goodman.

To earn leadership in retail, Mr. Neimark explained the importance of understanding the target consumer.



Former Bergdorf Goodman CEO Ira Neimark addressing marketers at the Luxury Retail Summit

In Bergdorf Goodman's case, the retailer understood that its target consumers were women who go to the best hotels, clubs and restaurants in the city and need a retailer of the same caliber to match their overall lifestyle.

To achieve the same caliber of service as those frequented by its consumer, Bergdorf Goodman needed to put as much care into its customer service as it does its products.

“Carrying a tremendous assortment of products combined with a knowledgeable staff creates a buying experience, the enjoyment of going into a store,” Mr. Neimark said.

“Retailers cannot lose sight of the consumer wanting to be treated well by people who know the products well,” he said.



Mr. Neimark making a point

As retailers are already spread too thin through constant expansion and growth, quality customer service has been put on the backburner and has steadily diluted the identities of many retailers.

In comparison to Bergdorf Goodman's model, other high-end retailers today pay little attention to customer service as a way to save funds.

According to Mr. Neimark, a dedicated team of sales people with a depth of product knowledge is a must for a retailer in the luxury sector.

In-store consumers should be seen as a valued commodity, especially as ecommerce increases.

Although ecommerce is to some degree impersonal, it gives consumers a chance to purchase no matter their location, but highlights the importance of local consumers.

Treating in-store consumers well will help the retailer maintain consistent foot traffic.

The chance of a repeat consumer frequenting a particular location is based heavily on his or her in-store experience, especially when assisted by a member of the retailer's sales team.

Bricks-and-mortar locations are able to increase their survival rate simply by paying close attention to the quality of its customer service to maintain its allure and luxuriousness.

Expansion bubble

The luxury market is exploding and continually growing, while medium- and low-priced retailers are struggling. But the consumers that frequent retailers such as Bergdorf Goodman still have the means to spend accordingly.

As global affluence increases in regions such as Asia, Brazil and elsewhere, retailers and brands will also expand their reach, but this will likely have drawbacks due to a change in focus from what is good for the consumer to what is good for the retailer or brand.

For example, Neiman Marcus Group Inc. was purchased for \$6 billion by investment firm Ares Management and the Canada Pension Plan Investment Board on Sept. 9, which makes this the second United States-based department store after Saks Fifth Avenue that has new Canadian owners ([see story](#)).

Neiman Marcus' new owners now have the opportunity to further expand the brand and revamp it into a retailer that is ready to take on the next generation of consumers. With the recent purchases of both Neiman Marcus and Saks, both retailers are looking to expand their global presence while creating a loyal customer base ([see story](#)).

Expansion is a natural progression for successful brands, but it may have its drawbacks.

“Expansion causes customer service to falter,” Mr. Neimark said.

“The luxury market is based on the facts that there are customers out there and wealth is continually growing every day,” he said. “Affluent people want to spend their wealth.

“[To succeed] retailers cannot lose sight of the consumer wanting to be treated well by people who know the products well.”

Final Take

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