Macy’s Gets Personal to Compete With Web Sales

By Chris DeRose and Noel Tichy
February 7, 2013

In a holiday season compromised by Hurricane Sandy, the fiscal cliff, and unseasonably warm winter weather, Macy’s (M) stands out as the role model for traditional retailers trying to level the playing field between the store and the website.

The department store handily beat Wall Street’s estimates, with a 5.5 percent sales bump during the most recent quarter, the payoff for a multiyear investment in physical renovations, enthusiastically integrating mobile technologies, and its “Magic Selling” program, which coached its employees to be friendlier and to help tailor merchandise to local preferences. Macy’s secret? Unlike other struggling retailers trying to remake themselves—J. C. Penney (JCP) and Best Buy (BBY) come to mind—Macy’s transformation has engaged, and been guided by, its employees.

Whether it’s Macy’s turn-by-turn GPS guidance, which is delivered to mobile phones to help customers self-navigate the massive Herald Square store in New York (also convenient for sales staff looking to locate a product quickly), or an integrated inventory system that enables associates to find in-stock products and ship direct to customers, Macy’s investments have improved the customer experience by empowering the salesperson. The result: Salespeople are able to differentiate the in-store experience through their personalities and service while still delivering the basics of price, assortment, and convenience that customers get through online shopping.

None of this should be a surprise. More than half of consumers do research online before visiting a physical store, so they expect more insight than basic product information. In fact, disappointing service is
a driver to online outlets. As the 2012 Kellogg Shopper Index reported, 59 percent of shoppers said they received poor or average service that led them into competitors’ arms via showroming. Among those, 40 percent reported that they never intended to buy online but were driven to it by the frustrating in-store experience.

Retailers trying to reinvent themselves should listen carefully to what Cheryl Berinato, director of consumer insights and strategy at Macy’s, told attendees at the National Retail Federation’s annual show in January: "If we keep the experience worthwhile, consumers will come back. … Our associates are our most powerful tool.”

Personalizing the customer experience and building loyalty rests on the foundation of having talented, trained, and motivated frontline people actively contributing ideas for how to improve operations.

Noel M. Tichy and Chris DeRose are co-authors of Judgment on the Front Line: How Smart Companies Win By Trusting Their People.

http://www.businessweek.com/articles/2013-02-07/what-retailers-can-learn-from-macy-s#r=auth-s

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