

Getting Personal

At WWD's Digital Forum in New York, retailers talked strategy. From revamping rewards programs to storytelling, from localized content to tech fusion, companies looked to chart the best course forward, taking their customers with them.

PHOTOGRAPHS BY PATRICK MCLEOD

Inside Walmart's Dot-com Transformation

● Walmart.com has added approximately 1,100 brands since last April.

There's a "major transformation" occurring at Walmart's e-commerce platforms and it's all about adding brands, editorial content, bigger and cleaner visuals, and strategic partnerships with celebrities and retailers.

"We're establishing ourselves as a fashion destination across all our platforms," Denise Incandela, senior vice president of fashion of Walmart's U.S. e-commerce sites walmart.com, Jet.com and Shoes.com, since October 2017, said in a conversation at the forum with WWD deputy managing editor Evan Clark. "We are very focused on broadening the assortment....I think we have brought on 1,100 brands just since April."

Incandela suggested that spirits are running high at Walmart, in the aftermath of the relaunch of walmart.com last May and the relaunch of Jet.com two weeks ago. "This is really an exciting time for us. Historically, we have been known as a consumable platform, and now we feel very passionate about servicing our customer with apparel, accessories, footwear and beauty that we know she is looking for.

"We are very focused on these big strategic initiatives," Incandela said, highlighting EV1, the just-introduced collection in collaboration with Ellen DeGeneres, and the Lord & Taylor store on walmart.com introduced last summer. EV1 has an extensive assortment including jeans, jackets, T-shirts, footwear, sweats, socks and totes.

More strategic partnerships are coming up, Incandela said, and so are possible additions to Walmart's web portfolio. "We are always in the acquisition mode," she said. There has been a string of acquisitions by Walmart in recent years, including Jet.com, Bonobos, Shoes.com, Flipkart, Modcloth and Moosejaw.

As part of its relaunch, Jet.com created a localized site for New York and will be creating local sites for Boston, Washington, D.C., and Philadelphia. "That platform is focused on hyper-localization of the big urban markets. If you live in New York, it will be hard to get through the city without seeing some kind of Jet advertising, whether it's television, billboards or social media. That's how big it will be.

"Walmart.com and Jet.com are very different platforms," she added. "Walmart.com has [more than] 100 million unique monthly visitors. Essentially, a third of the country is visiting walmart.com every month. It has a wide array of product from fashion to home to consumables, etc., and it's appealing to a third of the country. It's very much focused on that busy family.

"The Jet platform is focused on a very different customer – the urban, Millennial, super cool, high household income, looking for something very different. It's a very curated assortment – a very personalized assortment....We have lots of great brands on all of our platforms. With Jet, it's Nike, Birkenstock, and it goes on and on. We are creating a specialized experience for Nike."

With walmart.com and its relaunch, "We've been focused on bigger images, cleaning up the site, creating a beautiful shopping experience, because whether the dress is \$15 at Walmart or \$200 at Jet, or

Denise Incandela



\$2,000 at Saks, it should look beautiful."

Additionally, the walmart.com team has been working on editorial content. "We built an editorial team over the last six months and we're really excited to provide what historically the luxury players have owned," Incandela said.

"Everybody needs styling advice and direction, whether you are buying a \$15 dress or whether you are buying a \$200 dress. That was missing," from walmart.com. "If you go to our fashion landing page now, we would be talking about the 'It' list for fall, seasonal styles and how to outfit pieces more ways," the kind of online discussions that normally would just be found on upscale web sites such

as neimanmarcus.com and Net-a-porter, Incandela said. "Historically, you haven't seen it on accessible price points."

To get the word out on walmart.com's fashion initiatives, "We are disproportionately putting fashion on the homepage, e-mailing millions and millions. We know that while we service her really well in consumables, we haven't had that offering on the fashion side. Customers are asking for it. They are searching for it and so now we are building out those capabilities.

"Our mission is to save people money so they can live better lives," Incandela said, echoing the slogan that appears on the Walmart web site.

Incandela said consumers shopping

online are gravitating to "big platforms" such as Alibaba's Tmall, Amazon and walmart.com. "That is where the traffic is going. That's where they are starting their searches. But we feel we are uniquely positioned. We are not just online. We have a big store presence as well. The Ellen [DeGeneres] line is being launched in both channels." Of the 1,100 brands added since April, "most are online only, but some may be overlapping with the stores," Incandela added.

"We are in the midst of a transformation in so many different ways. That's the thing that energizes me so much," she said. "We're doing 16 different things at once – fixing the plane while we are flying it."

– David Moin

Chief Marketer Scott Meden On Nordstrom's New Way

• The retailer will soon launch a revamped loyalty program called Nordy Club.

For Nordstrom Inc., there's a bigger future in localization and personalization.

The vision was spelled out by Scott Meden, Nordstrom's executive vice president and chief marketing officer, at the forum, where he revealed that Nordstrom overhauled its loyalty program, renamed it the Nordy Club, and emphasized that personalization is at its core. Nordy Club launches next month.

"Our current program, Nordstrom Rewards, is a really strong program, with 10 million active members, a third of our customer base. It drives over 50 percent of our sales." But with Nordy Club, "We have layered on things that are more experiential and personalized. Part of that is technology and re-platforming that, and data analytics and how we can leverage that.

"We have rethought the program from end-to-end, gave it a new name, and have levels that are renamed as well. We are trying to get across this experiential and personalized program that hopefully, in a compelling way, brings the best of Nordstrom to our most loyal customers," he said.

Nordy Club's benefits include three points per dollar for purchases at Nordstrom, a 50 percent increase in earn rate, and members paying with cash or a non-Nordstrom card will receive one point for every dollar spent. There's also early access to sales such as the "Clear the Rack" off-price clearance or possibly to "pop-ins," which is Nordstrom's innovative pop-up format housed inside eight full-line stores, as well as invitations to events such as beauty and style workshops. There is also the "Nordy Portrait," where members can get illustrated portraits of themselves and an integrated dashboard so customers can easily see their status and point balance. The idea is to extend offers and invitations in a discriminating, personalized manner



Scott Meden

so customers are notified of what's most relevant to them.

"The real key is not everybody wants to be inundated with every last thing that we are doing. So how do we personalize it?" Meden said.

Nordstrom employees and shoppers loyal to Nordstrom are often referred to as "Nordies."

In outlining Nordstrom's priorities, Meden said, "We have spent time, energy and dollars around our site experience, our data capabilities, our technology, and that's all coming to light. But probably the best way to describe it is our local strategy. We are really looking at it through the customer lens and how the customer shops today.... We don't think about shopping in channels. We are moving pretty seamlessly from digital to physical and back. We have been building on a number of things – service elements, experiential elements. If you pull it all together in a market, we really think

we can have a differentiated offer that no one can duplicate."

Nordstrom's local market strategy includes Nordstrom Local service stations or "neighborhood hubs." The first Nordstrom Local opened on Melrose Avenue in Los Angeles; two others are set, for Brentwood and downtown Los Angeles. Nordstrom Local offers curbside pickups, online ordering, returns, alterations, consultations with stylists, and even a glass of wine.

Nordstrom Local could open in Manhattan, after Nordstrom's women's flagship opens on 57th Street and Broadway next year. "There's nothing to announce," Meden said, though he added, "If you think about the idea of Nordstrom Local being a convenience location, absolutely Manhattan makes sense for that."

During the session, Meden responded to several questions, including the below:

• On the average age of Nordstrom

shoppers: "The average age has gone down and it's been intentional. The average age is 42, it's younger in the Rack, and the average age of our shoppers is lower than any of our competitors."

• On building brand partnerships for greater exclusivity: "We are focused on what we do to have a differentiated product mix that's really compelling to customers. Customers are looking for a journey of discovery. They're looking for something new. We need to have a group of brands that are strategic partners," such as Madewell and Allbirds, which Nordstrom has established partnerships with. "Some are emerging brands, a lot are brands born on the web. Designer brands are also key strategic partners and we have our own private brands. You mix all that together and we have our strategic brands. It's 40 percent of the business, and we expect it to go to over 50 percent by 2020."

• On Nordstrom's Anniversary Sale: "You have a limited offer, new product, current season. It's not a clearance end-of-season sale. That's why the event is so strong. When you have a limited quantity in a limited time, customers want to make sure they get that product."

• On HauteLook's flash-sale format: "The flash sale is still a relevant part of our business. Customers like the whole idea of private sale and limited-time offering is still really compelling." HauteLook is owned by Nordstrom.

• On the women's flagship in Manhattan, scheduled to open in the fall of 2019: "Literally, when I started at Nordstrom in 1985, within a year we started talking about whether we could be in Manhattan, what location, could we find the right spot. It's been 30 years of considering Manhattan, and knowing that at some point, we really wanted to be here. It's not easy to find the right location. We think we have a fantastic location, 57th Street and Broadway. Manhattan has fantastic retail, you can say the last thing Manhattan needs is another store, but we hope we are bringing something, from the range of product that we carry to the service experience that we offer, we feel is differentiated. We know the bar is high." – David Moin

The Future of Storytelling At Estée Lauder

• Alicianne Rand shares insights on the company's storytelling strategy at the Digital Forum.

"Marketing is not about the stuff you make, it's about the stories you tell," said Alicianne Rand, executive director of global content and influencer marketing at The Estée Lauder Cos. Inc.

Storytelling is an increased focus for Estée Lauder, which has a daily reach of more than 177 million people on Facebook and Instagram. In her talk, Rand outlined four questions the company considers when it comes to the storytelling process: "what drives us," "who inspires us," "how do we execute" and "where are we going."

The first of these is "creativity-driven, consumer-inspired storytelling," which has proven to drive sales, particularly in the case of Clinique. A video advertising the brand's Fresh Pressed Daily Booster racked up 16.3 million views on YouTube and an increase in searches, which ultimately led to the product selling out globally within its first month on the market.

Patrick Starr, a Filipino-American YouTuber known for challenging beauty industry norms, is an example of someone

who inspires the storytelling. Starr partnered with MAC on three collections, the first of which sold out within a month.

"When a brand has a stance and shares its point of view, even if it challenges conventional norms of what society thinks is right or wrong, those are the brands that win," Rand said.

For execution, Estée Lauder focuses on video content fit for social media platforms like YouTube.

"Every single day, we spend over a billion hours watching YouTube content," she said. "That's more than Netflix and Facebook video combined. By the year 2020, 75 percent of content we consume will be video."

Estée Lauder has worked with Google to develop what Rand called "the ABCDs of effective video storytelling." These include: attracting the viewer's attention within the first five seconds of the video, incorporating proper brand placement, forming a connection with the viewer and directing the viewer on what he or she



Alicianne Rand

should do next, i.e. buy product.

"We are hit with content from every single angle, which is influencing our purchase decision," Rand said. "What this means for us as brands is we need to get creative and open up new paths of discovery and conversion and think about how we can leverage technology to make this a reality."

One way in which Estée Lauder is leveraging technology is through an augmented reality experience that allows customers to try on as many as 30 lipstick

shades in 30 seconds. This receives 31,000 global daily interactions and leads to a nine percent increase in basket size for those who use it.

The company has also partnered with Google Home on Liv, a voice-activated technology that answers questions pertaining to nighttime skin care. First-time users typically spend more than six minutes interacting with Liv, whereas returning users spend more than double that.

– Alexa Tietjen

Levi Strauss Gains Artificial Intelligence With Ask Indigo

• The year-old chatbot has needed some tweaks along the way, but is driving conversion and lowering returns for the brand.

Ask Indigo – Levi Strauss & Co.’s chatty venture into artificial intelligence – is helping to lead the denim company into the future.

But it hasn’t been a straight path.

Levi’s chatbot launched in August 2017 and, while the company worked to carefully root the high-tech experience in its heritage, the digital feature still needed a few course corrections along the way.

Brady Stewart, senior vice president, Americas digital, said the trick – for the chatbot and tech innovation in general – is to move quickly, avoid spending lots of money and be ready to switch up the approach.

Consumers are moving fast and are more digitally obsessed, and companies need to be the same.

Stewart noted that people check their smartphones 86 times a day – every 11 minutes, assuming an eight-hour break to sleep. Four out of five shoppers also use their phones while they’re shopping in Levi’s stores.

“Consumers are bringing omnichannel to us – it is up to us to deliver them a great experience around it,” she said, referring to the long-touted convergence of clicks and bricks.

That need to answer the consumer demand and a belief that conversational commerce, or shopping via messaging platforms, is going to become more important led Levi’s to build the chatbot. The feature is available across devices and acts as a kind of automated sales associate

that can recommend styles and answer typical questions shoppers have in stores.

“What makes conversational commerce most impactful is when you’re actually able to replicate authentic conversations that happen in real life between store employees and consumers,” Stewart said.

Shoppers on the Levi’s web site also need some guidance.

“We have over 20,000 denim [stockkeeping units] on our site, so we need to give our consumer some guidance so they don’t get lost in that sea of denim,” Stewart said.

To get the voice of the chatbot right – it had to carry denim authority and be true to the brand – Stewart said she and her team spoke with the company’s stylists and designers and customer service reps.

The result is a chatbot that, when asked for light-blue jeans under \$50, comes back with “Sure, let’s try these out...”

“We’re actually seeing some really great results,” Stewart said. “Users who interact with Ask Indigo are 50 to 80 percent more likely to convert. That’s a direct sales driver and very powerful result for us.”

Additionally, she said returns were being reduced as shoppers get better fit data and are less inclined to buy two styles intending to send one back.

Along the way, Levi’s found some things about its own approach that didn’t fit so well.

Ask Indigo was first called a Virtual Stylist, but users thought they were going to get a live chat and were disappointed

Brady Stewart



to connect with a machine. The name was changed to Stylebot, but that didn’t sync with the brand’s voice and the name was finally changed to Ask Indigo.

That kind of flexibility is central to Stewart’s approach to tech innovation in general.

“Get your concept out quickly and don’t over invest in it,” she said. “You can spend infinity money and infinity time building out the perfect consumer

experience during which time the consumer and the market will have leapfrogged you. The best thing to do is to get out quickly, learn and iterate from there... Celebrate your failures. You will learn as much and as profoundly with what doesn’t work as with what does and it will help you challenge your assumptions about what you think about your consumers and it will help you to learn more.” – *Evan Clark*



Kate Blythe

Everything’s a Story at Matchesfashion.com

• Chief content officer Kate Blythe explains how the merchant connects with consumers.

Whether it’s a five-second video, a morning e-mail or the five-story London town house at 5 Carlos Place that serves up private shopping, supper clubs and more – everything is part of the narrative at Matchesfashion.com.

And that story, with many different entry points, connects consumers with brands, informing, entertaining and ultimately selling.

Kate Blythe, chief content officer, said: “Storytelling is embedded in absolutely everything that we do and part of our mission is to build the most personal online luxury shopping experience in the world, a thread that runs through everything, adding strength and authenticity.”

Blythe described “content” created by the brand as centered on three Cs: culture, community and commerce. Culture speaks to the customer’s life and style, while community connects customers, influencers and designers, and commerce brings people back to shop.

All of this is intended to encapsulate the product, bringing it and the experience of buying to life.

“How do we get customers excited about a new label that no one else is stocking yet and how do we educate them on an avant-garde trend and how do we show them these labels and trends can become apart of...their lives?” Blythe asked, describing the thought process that goes into building that narrative.

“Content is the reason that people come back time and time again, it’s

storytelling through the Matchesfashion lens and it takes the form of multiple platforms,” she said.

Among them are a digital weekly magazine, e-mails (which saw an average open rate of 49 percent last year), social media and 5 Carlos Place, which just opened this month.

At the town house, Matchesfashion is seeking to create personalized, intimate moments with consumers.

The 7,000-square-foot location has shopping floors, a kitchen with a chef’s table, a courtyard and a new broadcasting hub, creating content from the experiences onsite, feeding back into the commerce loop.

Shoppers at the space can scan a bar code at reception and sign in and get a tour of the space before heading to one of the suites, which feature items they have picked out and others selected with the help of data gathered from their wish lists, online baskets and purchase history.

Looks that aren’t available on-site can be ordered via the app and delivered within 90 minutes.

“We saw the future of retail was experiential, so we launched the ultimate experience,” Blythe said. “Content is a tool in whatever form it may take now or in the future and we are using it to amplify our fashion point of view. In 2018, the customer is open to hearing that fashion point of view and, as always, interpreting it in their own unique way.”

– *Evan Clark*

Neely & Chloe Eyes Maintaining Customer Relations During Growth

- The brand is using digital channels to create a personal connection with consumers.

Millennial-targeted accessories brand Neely & Chloe is leveraging the Internet to establish a personal connection with consumers.

Founded two years ago by sisters Chloe and Neely Burch, the handbag, shoe and small leather goods line operates via e-commerce, trunk shows and limited wholesale partnerships.

"A lot of our brand is built around the holes we felt as consumers ourselves. We were young, just out of college, moved to New York and tried to keep up with all the chic girls running around but couldn't figure it out on an entry-level salary — all of the bags we wanted were in the four-figure range," Neely said of the brand's premise. Most of Neely & Chloe's products are

priced at under \$300.

The sisters grew up surrounded by retail and fashion — their uncle is Chris, and their aunt is Tory. For them, fashion was a typical dinner table conversation.

The company was hatched from "five pain points," that Neely and Chloe identified in talking to consumers their own age. "Quality at a certain pricepoint that didn't break the bank, product that felt targeted and special, a curated assortment, and a sophisticated shopping experience that feels elevated," Chloe explained of the brand's founding principles.

With a consumer base largely hailing from the selfie generation, the sisters have noticed a higher engagement on products that are promoted with their own images.



Chloe and Neely Burch

"There is a founder focus. It can be candid photos, too. We are seeing about 2.5 times the average engagement of a simple product shot with pictures that feature either one of us," Neely said.

Trunk shows that are personally spearheaded by the sisters have also lead to growth in sales. "We are building a brand with an identity. Our generation connects on a deeper level when they know who is making the product. They want to identify with you, so the experience is more than just purchasing a bag that is cute.

Something goes off when there is a human connection. People want to buy into that and be a part of it," Chloe said.

Personalization is proving to be a popular feature, particularly in trunk shows — where, if offered, personalized goods tend to outsell regular ones by 50 percent.

The next hurdle, the sisters believe, is to maintain this founder-client relationship as the brand continues to scale. They are examining how to expand upon their trunk show model with digital technology.

— Misty White Sidell

Technology Fusion Is Coming to Beauty, Fashion

- Companies should start to use combinations of AI, AR, live-streaming and machine learning, according to YouCam's Wayne Liu.

The days of using just augmented reality are over, according to YouCam Makeup's Wayne Liu, general manager and vice president of business development.

Today, both beauty and fashion companies would benefit from fusing different types of technology together — something YouCam offers as a service — in order to connect with their shoppers. The app has been downloaded more than 650 million times, and the company's technology is used by more than 150 brands globally, Liu noted. YouCam has more than 100 million active users, he added.

Using just one of the slew of tech offerings today is "not innovation," Liu said — "it's not disruptive." Augmented reality is "not something good to have — it's

essential," he said.

"It's just like social media," he continued. "If your parents are on that, if your grandma is on that sharing some fake news or something...you're going to another social media [platform], which your parents don't even know how to use."

Companies' tech advancements should mirror individuals' social media evolutions, Liu said.

"Right now, if you use just one technology, AR, or you're using AI, or blockchain, it's not sexy anymore. You have to perfectly mix everything together, just like a chef," he said.

He outlined three new offerings — "dishes" — that YouCam is serving up.

The first, AI Look Transfer, allows users of YouCam's app to take a picture of something and virtually try it on using a mix of augmented reality, object recognition computer vision and machinery. If a user were to take a picture of an Estée Lauder makeup advertisement for example, the app could match the look so the consumer could see what it looks like on them, and suggest which products to buy, Liu said.

The second is On Demand Live Beauty Advice, Liu said, which combines live-streaming with augmented reality. Users would call a beauty adviser from the app, and a real person on the other end of the phone sends the consumer various looks and gives advice through the phone. Suggested products can also be loaded into a consumer's shopping cart.

The final combined offering links face recognition, machine learning and data analysis to better allow retailers to understand what a consumer is thinking when he or she walks into their store. "When customers go into your store, you can recognize what he or she is thinking," Liu said. — Allison Collins



Wayne Liu



Aaron Luo

Caraa's Aaron Luo Brings Luxury Angle To Gym Bags

- The firm's products are the result of changing lifestyles amongst urban women.

In influencers he trusts. Caraa bags' cofounder and chief executive officer Aaron Luo has built a digital-native luxury gym-bag business aimed at the Millennial woman.

The bags, which typically range from \$200 to \$450, are the answer to changing lifestyles among urban women, he said. "Their schedule has changed, now she goes to the gym after work instead of drinks. Eighty-two percent of customers plan their day based on where they work out. We've seen this affect apparel's standpoint — evolving to become more active and body-inclusive. But when we looked at the overall accessories space, things remained the same," Luo said.

Thus, Caraa's day-to-gym-to-night carryalls were born. "Handbag options were limited. There were designer handbags and sports bags that didn't have that designer look, which meant carrying multiple bags. We are able to offer a luxury good for under \$400 from a brand that is both emotional and technical," Luo said.

The company was launched in 2015 with

just two styles and has expanded to some five collections. Luo said Caraa's average purchase per customer is 2.8 pieces.

Caraa has tapped professional athletes like gymnasts Simone Biles and Jordyn Wieber as well as local fitness trainers with loyal followings to promote its product on social media. "There is more than ever a place for digital-native brands. We cannot settle with mediocre product that overcompensates with fancy branding and marketing — it doesn't work anymore," said Luo.

"We are betting on thriving in this environment based on innovative product with a cultlike following and using digital for brand-building and communication," he elaborated of his strategy.

Though launched as a direct-to-consumer label, meaning "healthy margins," as Luo said, Caraa has since grown to wholesale with select retailers like Nordstrom and the Equinox luxury gym chain. Wholesale accounts for about 20 percent of company sales. — M.W.S.

How Chatbots Are Transforming Beauty

● Andy Mauro, ceo and cofounder of Automat, talks artificial intelligence and chatbots at Digital Forum.



Facebook counted 2 billion messages sent between consumers and businesses last year. This year, that number has already quadrupled.

Andy Mauro, chief executive officer and cofounder of Automat, a company specializing in artificial intelligence-driven conversational marketing, spoke at the forum about the rise of chatbots. Mauro said the technology is especially popular in beauty, as “most beauty brands” have already launched at least one bot or voice system.

“Our customers thought that, using conversational AI, they could achieve this marketing dream of talking to every customer,” he said. “That’s an impossibility. Technology is making that at least partly possible. What happens when you start talking to customers is you start learning about them in their own words.”

Chatbots, he said, allow the customer to be more vocal about what they’re looking for. This in turn provides more insight

to companies on their customers in a way that is personal and less creepy – an increasingly important distinction in a post-Cambridge Analytica world – than other modes of online marketing.

Most current systems offer product recommendations, which Mauro called “guided selling on steroids.”

According to a study Automat conducted with Wakefield, two-thirds of women felt overwhelmed by the amount of products in stores, and nearly the same amount said they didn’t want in-person help. About 71 percent of respondents said they were on their phones – on Amazon, Google and Sephora – while in store, and 49 percent said they would speak to a virtual beauty adviser if one were available.

“In a post-Siri, post-Alexa world, people are willing to give this stuff a shot because they need help,” Mauro said.

He said it’s most beneficial for companies not to use separate vendors for chatbots and voice channels, since chatbots can be a great data source for doing voice in the future.

“L’Oréal, who we’ve been working with for a long time, are seeing that benefit,” he said.

Mauro said the data shows a positive response to the technology. Cover Girl, for example, launched “the world’s first influencer marketing chatbot” with Kalani Hilliker, who has 5 million followers on Instagram. Within the first 24 hours, 14 times more people sent messages to her bot than to the real her. Users knew the bot wasn’t a real person and yet, 91 percent of them said they loved it.

A chatbot, Mauro said, is a great way to get people to do something, whether it’s buying a product, completing a form or giving you data, which you own.

“It’s first party data,” he said. “You don’t have to license it from somebody else like Google or Facebook. You own the data.” – *Alexa Tietjen*

Snapchat’s Millennial Picture

● The social media platform is helping brands court younger consumers with pictures.

When it comes to courting on-the-go Millennials, pictures speak volumes.

And Marni Schapiro, director, retail at Snap Inc., said the company’s Snapchat social platform was plugged in to the massive generation and its growing spending power.

“They have a tremendous amount of money and that money is only going to keep growing,” said Schapiro, putting the current Millennial spending power at \$3 trillion.

And beyond that raw ability to spend, Millennials also consume media differently than other generations and are very quick to understand what they want to buy.

Snapchat lives in a Millennial world. Schapiro said the platform was one of five apps that reaches more than half of the cohort globally, covering people from somewhere in the college years to their mid-30s.

“In the U.S., we reach 72 percent of them every day...and the average users is on the app 25 times a day,” she said.

It’s an age group that is moving through a series of milestones, from college graduation to having their first baby to buying a home. (That is if they don’t have too much college debt to do so.)



As digital natives, they are quick to see what they want and savvy enough to know when they’re being sold something.

“The way that Millennials and [the even younger] Gen Z to come, the way that they engage in content is just very different,” Schapiro said. “They do not need 30 seconds of content to understand what the brand message is. They don’t need to understand what you’re trying to sell them, they know.”

Pictures are a way to communicate a lot of information and a short period of time and are connecting.

“Everything we do moving into the future should start with a camera,” Schapiro said, noting one trillion smartphone pictures were taken last year.

“Text has become formal,” she said. “Being able to communicate with a picture brings back a level of intimacy that most people haven’t experienced since it was normal to go meet for coffee.”

To play on that field, Snapchat has been developing camera marketing, giving brands access to augmented reality, filters and stickers as they court shoppers.

It’s an approach that has become much more accessible.

“This is no longer for the really big guys in the marketing world, AR is democratized now,” Schapiro said. “These things used to be very big-ticket items, they aren’t anymore.”

And playing with a Snapchat lens makes for a branded experience in a world where engagement seems to be the holy grail.

She pointed to a lens with Nike that let users view a 3-D image of Michael Jordan as he flew through the air on his way to the basket, ready to dunk.

“Seventy million people play with lenses every day for an average of three minutes,” Schapiro said. “As a marketer, if I could get three minutes of engagement with one users, that is important.”

– *Evan Clark*

Chris Paradysz of PMX Agency Talks Collaborations and Data

● The pace of change is happening at a rate one never would have anticipated yesterday.

Chris Paradysz, co-chief executive officer and founder of PMX Agency, an integrated global performance marketing agency, shared topical thoughts about luxury, collaborations, data – and sneakers.

“Dangerous assumptions, lethal conclusions. In our business, in ways that we do business, making assumptions and worse making conclusions is actually the underpinnings of the decline of good business,” he said. “We make decisions based on experience. The problem with experience it tells us often times what we don’t want to know or conclusions we might make that pop up as fact.”

For example, he said several years ago at these summits the audience heard that Amazon would never sell luxury, see-now-buy-now was where it’s at and showrooming was going to destroy retail. He said they heard that morning that four out of five people who walk into a store are carrying their cell phone and shopping and about a two-hour delivery cycle. “This is where we’re going and is part of the industry we’re in,” he said.

“All of us are trying to keep pace with the technology changes. What’s underpinning that is the consumer. We’re seeing these cycle times of change. It’s happening at such a rate we could not have anticipated yesterday,” Paradysz said.

He referred to summit speakers from Snap, Stadium Goods and Nordstrom and what they’re doing with data. “We can know how much we’re able to use, how public we can be with that, how much we can apply that and not get in trouble. We’ve seen a busy winter at places like Facebook. We can know so much more of who our customers are, and to be there in a way for them, and not just selling, but to building that relationship.

“When you look at opportunities, the mash-up, collaborations, the new ways of selling, like Hypebeast. Influencers are now selling and third-party sellers like Stadium Goods are massive businesses and have exciting new investments in it,” Paradysz said.

He then asked the audience: “How do we deal with all this onslaught of information

coming in? How do we manufacture the best ideas, how do we light a match to make fresh and new happen? We know what’s going on is the confidence online is rising. Not a surprise.” If you rewind three to four years, online was still being wrestled with the major luxury brands and that is very much changing, he said.

“Digital influencers and bots have followers. It’s a time where all this mashing up and opportunity can happen,” he said.

He talked about the dad shoe phenomenon from Balenciaga. “Try to get your hands on it. Two years ago, you never thought you’d see sneakers blowing up like they are. Sneakers are a passion, sneakers are fashion and dramatically changing the luxury space,” he said.

He noted that Serena Williams wore Off-White/Virgil Abloh throughout the U.S. Open tennis tournament which got people talking. “What happens with this drop phenomenon around sporting events? It’s taking on a whole new phenomena around driving interest and driving fascination,” he said. When Abloh signed up as a

collaborator, “Within an hour, 100,000 likes showed up and by the time that day was over they were over 200,000.”

“Luxury is leading that in a way we couldn’t imagine a few years ago. Serena with Off-White, the urban phenomenon in luxury appears across multiple brands. She had a shoe called the Queen. Within three days, that shoe almost added \$400 in resale value [over three days of the U.S. women’s finals]. We’re seeing not just influencers, but collaborations be very, very important,” he said. – *Lisa Lockwood*



ABG's Nick Woodhouse on Building an Influencer Network

- The company created Winston, a proprietary software program, to find people to promote its brands.

Paying models or celebrities to hawk your brand is so 2016. Instead, Authentic Brands Group has found a novel alternative by creating a proprietary influencer network where it unearths fans of its brands and then brings them into the fold as influencers to communicate organically with other potential customers.

The software is called Winston and it allows the company to recruit influencers based on their number of followers, brand affinity and the content they share.

Nick Woodhouse, president and chief marketing officer of ABG said that because the company is now so large – ABG today owns 33 brands, operates over 4,600 stores globally, has 20 million unique visitors, 236 million social followers and will have sales of nearly \$8 billion this year – it was becoming expensive and unwieldy to navigate through a sea of influencers.

One day, when researching the social media data the company had compiled about its Aéropostale division, Woodhouse found that by the hashtags and emojis its customers used that this was viewed as “a happy brand.”

He said, “[Our industry] has probably spent tens of millions of dollars on brand studies to see what our consumers are saying. And I’m not saying those are not important, but this is free information. And we can now measure sentiment.”

This is evident with everyone from Colin Kaepernick and Serena Williams to Aretha Franklin, he said. “This data is available and we use it all the time for our licensed partners and our retailers around the world.”

With that as a backdrop, Woodhouse launched an experiment. He asked his head of digital to search social media for people who had mentioned Marilyn Monroe over the past six months. ABG owns the estates of Marilyn Monroe, Elvis Presley and Muhammad Ali and controls the Thalia Sodi, Shaquille O’Neal and Greg Norman

Nick Woodhouse



brands, among others including Nautica, Juicy Couture, Spyder and Neil Lane.

The digital chief came back in 45 minutes with a list of people. “Some had 11,000 followers, some had 100,” Woodhouse said. “I said DM [direct message] them all and ask them if they’d like to be an influencer for us. He did it and got a resounding response. They were astonished that the estate of Marilyn Monroe had contacted them. They’re gratified that we have reached out, they feel special, and they’re helping me promote my Marilyn Monroe brand.”

This led to the creation of Winston, which Woodhouse described as “a platform of influencers and creators driving sales at scale. We operate through Instagram’s API [application program interface], requiring all members to opt in through their personal Instagram accounts. You go on, punch in what your interests are and we can parse out which campaign you would organically like to talk about.”

Although the term “influencer,” is relatively new, the social relationship it

describes is ancient. Woodhouse joked that Jesus was probably the original influencer but everyone from Vladimir Putin to Barack Obama can be considered one. “Kris Jenner and the Kardashians, God bless them, they helped to invent this business and love them or hate them, certainly respect them because we use them all the time and they move mountains. And they moved a mountain of Juicy Couture velour for me,” he said.

While traditional celebrity endorsements still have their place – Woodhouse said Jennifer Aniston still has credibility talking about hair products, for example – those are few and far between.

“That’s what we’re always struggling with, when we hire or use influencers,” he said.

So instead, ABG opted to use Winston to winnow down the list of people it would work with.

“If we want to shoot the new Spyder campaign and we want some influencers, we say, we want 10 shots on the mountain

with a Spyder jacket and then our team would decide which shots are the best and we would go ahead and use those on social and we would compensate that individual either through product or through funds,” he said.

Today, ABG works with over 1,800 influencers who have more than 150 million combined followers. “Every single one of our influencer campaigns now is based out of Winston,” he said. “We are, in effect, the agency.”

The company is using the same strategy for searching out people to model for its brands. “I can’t stand writing checks to models anymore,” he said. And realizing that “there are 80 million young women who would like to model for Juicy Couture,” ABG now uses the women it found through Winston to be the face of the brand. “We’re crowdsourcing and insourcing all the services we used to outsource,” he said. “But it’s organic. I don’t have an agency telling me this person likes Juicy Couture. My head of Juicy Couture can speak to them and we can decide if they’re going to promote our brand.”

One key component of this software, he stressed, is that everyone involved in the program has opted in and ABG is “maniacal” about vetting them to ensure that they’re legitimate. And while Woodhouse said that ABG hasn’t seen the response it expected from some influencers, it has been pleasantly surprised by others. “We haven’t gotten the ROI on some of the influencers with large numbers of followers that we thought we would, but we’ve gotten way more engage-able content from people with fewer followers because it was way more organic,” he said.

Looking ahead, Woodhouse said ABG is intrigued by the idea of synthetic CGIs or computer-generated imagery of humans. “I would equate it to Marilyn Monroe and Elvis Presley,” he said. “They always show up on time for their photo shoots and I never have to read about them in Page Six. That’s why we don’t purchase a lot of other celebrity brands because I’m always worried about what’s going to happen. With a synthetic influencer you can dictate what they’re going to do and it makes a lot more sense. We haven’t done it yet but I’m excited to learn a lot more about it.”

– Jean E. Palmieri

How Localized Content Helped Stadium Goods Succeed

- John McPheters, cofounder of Stadium Goods, believes the phrase “If you build it, they will come” no longer applies to retail.

John McPheters, cofounder of Stadium Goods, a global sneaker and apparel marketplace that opened in 2015, remembered taking a trip to China years ago when he was in grad school. McPheters remembers walking into a newly opened Sam’s Club in Shanghai, which was empty, and a bustling Carrefour, a retailer based in France that competes with Sam’s Club.

“Sam’s Club felt like the big, drunk American coming through and selling things in bulk,” McPheters said. “Carrefour actually learned from the localized Chinese market and it was set up to feel as local and natural as possible. As if they were a part of the community.”

Years later, McPheters recalled this and applied it to the expansion strategy when Stadium Goods partnered with Tmall’s

Alibaba and entered the Chinese market. Outside of participating in Alibaba’s 11.11 shopping event, McPheters and his team present a site that’s in full Mandarin and work with local Chinese talent on weekly live broadcasts.

“Storytelling is universal, but listen to the market,” McPheters said. “Don’t be afraid to throw things to the wall and see what sticks.”

Honing in on storytelling also helped Stadium Goods establish success in the U.S. McPheters explained how its SoHo shop, that comes with a \$40,000 a month rent, wasn’t an immediate triumph.

“The first few weeks were painful,” McPheters said. “There were days when we only sold \$100 worth of product.”

They turned this around by using the

John McPheters



retail as a backdrop for storytelling – it’s frequently used for Complex’s popular Sneaker Shopping series – and making it an inclusive shopping experience, which isn’t typically inherent to streetwear and sneaker stores. DJ Khaled, who did a store meetup at Stadium Goods in 2016 that was mobbed by customers, helped McPheters see how important inclusivity was.

“A huge reason why DJ Khaled is successful is that he bridges the gap between elite brand persona and his fans,” said McPheters, who described Khaled

taking time to meet and interact with every customer.

Because of these shifts, the store now does \$5,000 per square foot, which is on par with Apple, and has gotten attention from LVMH Luxury Ventures, which backed the retailer earlier this year.

Next up for Stadium Goods is implementing more gamification in the U.S. shopping experience, which is already performing well in China, paying attention to gaming leagues, and creating more content directed at women. – Aria Hughes

Yoav Susz



Marketers Should Focus on the Overall Customer Journey

- Testing and isolating customer data allows one to learn what's working and why.

A brand really does need to “manage every customer’s unique journey.”

That was the conclusion of Yoav Susz, vice president, North America, for Optimove, who spoke on “Managing Every Customer’s Unique Journey.” Optimove combines marketing with data science to autonomously generate marketing for

personalized campaigns across multiple shopping channels.

Susz noted the advantages of using a flow chart, mostly due to the “ease of presentation and ease of measurement.” One would start by planning out a series of interactions with a customer over a single journey beginning with Day One. Each

change would result in an alteration of the chart. The presumption is that the marketer knows what to say a few days down the road even on the day the chart is created. Because of that, the flow chart does have limitations due to its inflexibility, Susz said.

He pointed to “micro-segmentation” as a better option, one that he describes as involving an “infinite journey.” But the reason why it isn’t used is because the process requires access to data, a problem for many firms because they have data spread across multiple platforms, Susz said.

So what does one do about that?

According to Susz, “Think about what is your reason to start a conversation. What is the intervention point? What do you want to say to your customer?”

He emphasized that marketers shouldn’t be thinking about the entire sequence of

the journey that a customer might have, but instead focus more on “what you want to say to the customer right now.”

He also spoke about two e-mails he received on his birthday, both from the same retailer. One was a “we miss you” e-mail that offered as an incentive a 30 percent discount to return to the site and buy something, while the other came later in the day offering 10 percent off for his birthday.

“It was more important that I’m a churned customer and you’re willing to pay more for that than because it’s my birthday,” Susz said, explaining that the example showed a problem with both prioritization and exclusion.

Another example was an active skin-care customer who hadn’t purchase in 90 days, even though most on average buy every 50 to 60 days. That’s an example of when a company might want to reach out to try to convert them back to being active customers.

One final example involved four different customer profiles, such as one group always buying on sale. Susz explained that if each group had four options each day, each road becomes prioritized and every “permutation would exponentially create large numbers of journeys that no human mind can try to fathom.”

And companies can do tests by layering in moments of outreach to understand individual customer behavior. An example he gave was replenishment in the pet food category, where how regularly one reorders often depends on the size of the animal, which in turn impacts the cadence of how soon they finish the food. Testing and isolating data allows one to find out what’s working and not working, and why.

Susz cautioned marketers not to get frustrated just because one step in the overall journey isn’t great, even if the overall path looks good. Looking at just the click-through rate or number of impressions doesn’t give the whole picture.

The better approach is looking at the overall journey, and then you can “double-down on what’s working,” he advised.

— Vicki M. Young

ThirdLove Relies On Data for Its Decision-Making

- Sometimes the most useful information is from consumers who elect to do “returns and exchanges.”

For ThirdLove, it’s about data, data and more data.

The bra firm’s cofounder and co-chief executive officer Heidi Zak, told attendees, “Data is in every part of our business.”

According to Zak, who spoke on “To Each, Her Own,” the company has data on 10 million women and 600 million data points. The firm garners much of its data from its online proprietary fit finder, which was created to replicate the styling and fit information a woman would have received from a personal fitter had she been in a boutique store. Data from the fit finder also provides the company with intel on fine-tuning its inventory levels from style of bra to how many in each size, a must for a brand that now boasts 70 size options.

Zak noted that sometimes the data that’s most useful “comes from people who don’t keep the product.” She explained that “returns and exchanges” can provide useful product information, while queries and responses about the customer experience can inform one on how to improve

customer service.

Zak got the idea for the company from her own attempt at trying to find a bra that fit, and hating the experience. “I want a brand that relates to me as a modern woman,” she said. Her goal was an experience that helps women everywhere gain confidence. “The best thing I can hear from a ThirdLove customer is when they say to me ‘I wear your bras and I don’t even think about it,’” she said. That means she can go about through her day and do other things, instead of pulling up her bra straps or feeling uncomfortable, Zak explained.

The company, which has sold more than 3 million bras and has 1 million active customers, employs 300, including 30 on the data science team. The key focus is on personalizing the experience through understanding the customer, both on who they are and what they want, she said.

“We’re the only brand in the world that has half-cup bras,” Zak noted. She also explained her mission to create a bra that’s

both “beautiful and comfortable.” One example is that there are no tags used on the bras. Printing of information on the material adds 30 cents to each bra, which has an average price point of \$60 to \$70.

“It’s about creating something better that makes a difference in women’s lives,” Zak said.

In addition to data driving the company’s decision-making, in part because it doesn’t have any stores or pop-up shops, the co-ceo said listening to customers also helped the company determine the best “Seven Shades of Naked,” a group of skin-tone color options.

Zak said listening to customers – in particular, a woman named Hope, aged 50 – helped inspire and change the look of the brand’s new catalogue, which now includes more mature women as models. Hope sent a photo of her wearing a ThirdLove bra, pointing out that the catalogue models didn’t include older women. Zak, who said the brand always was meant to be inclusive for all women, invited Hope – and she accepted – to be a model.

Separately, the company earlier this month unveiled its new campaign tagged “To Each, Her Own,” starting with a take-over of the Bleecker Street subway station in Manhattan for one month. Two other stations will follow, one at Columbus Circle and the other in Brooklyn, along with a national television commercial ranging from 30 seconds to one minute. The campaign includes women of various ages, who are at different stages in their lives.

— V.M.Y.

Heidi Zak

