



# ONLINE

## Retail Marketing Strategy: How to Win Customers in an Era of Disruption

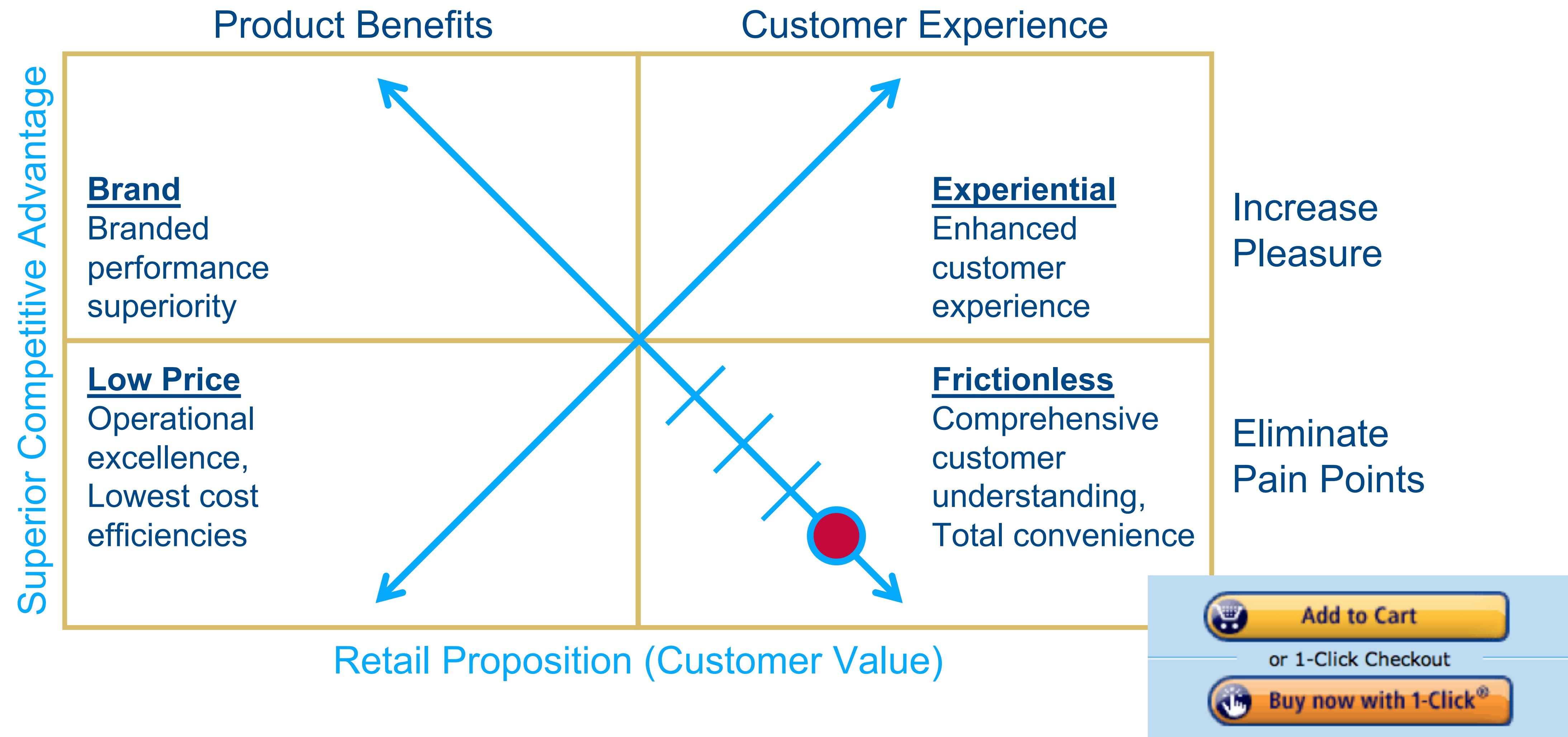
Focus on the Leaders: Winning Strategies of Amazon

Barbara E. Kahn, Patty and Jay H. Baker Professor of Marketing

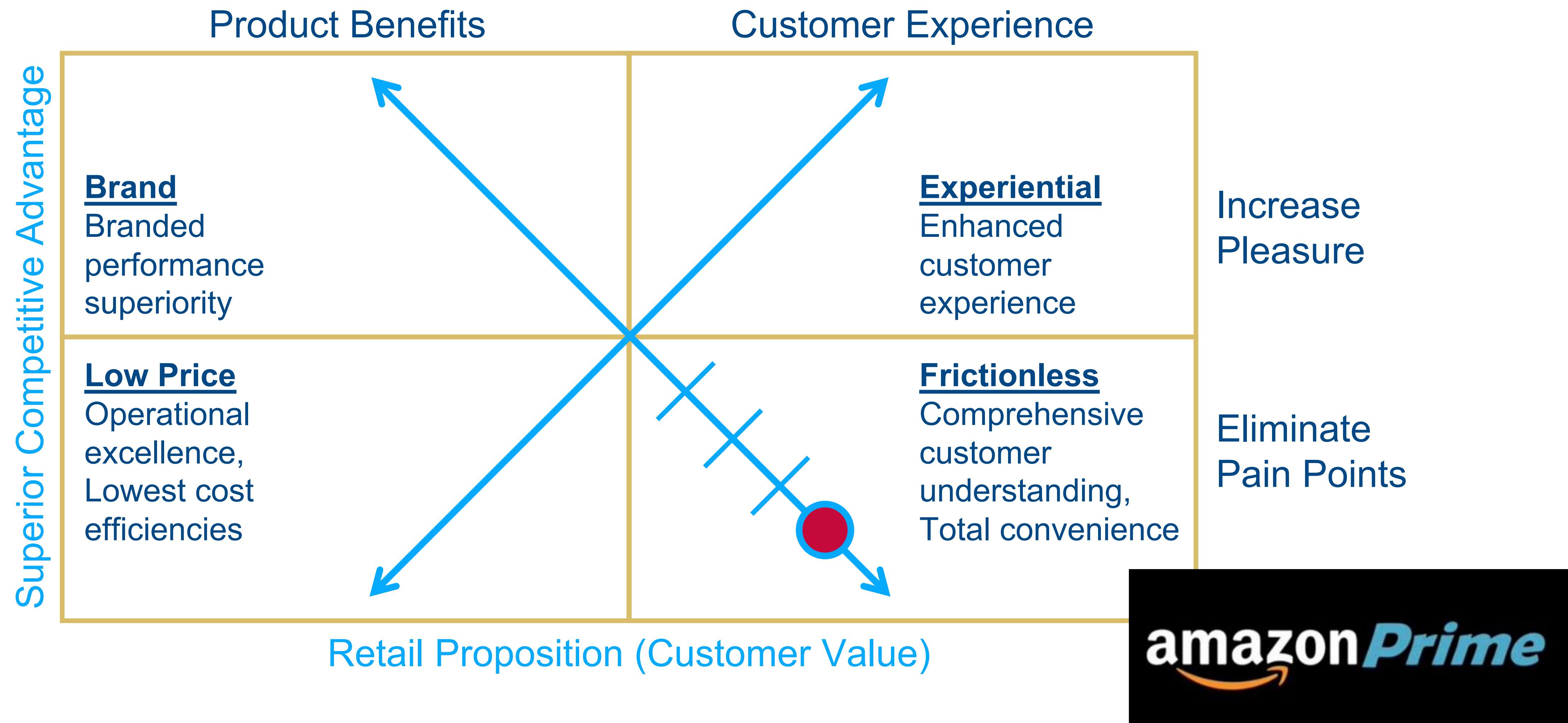
# Winning Retail Strategies

- Focus on the leaders
  - Amazon, Walmart, Target, Costco, TJ Maxx, Home Depot
- Luxury strategies
- Customer-centered omni-channel strategies
  - Technology and data management

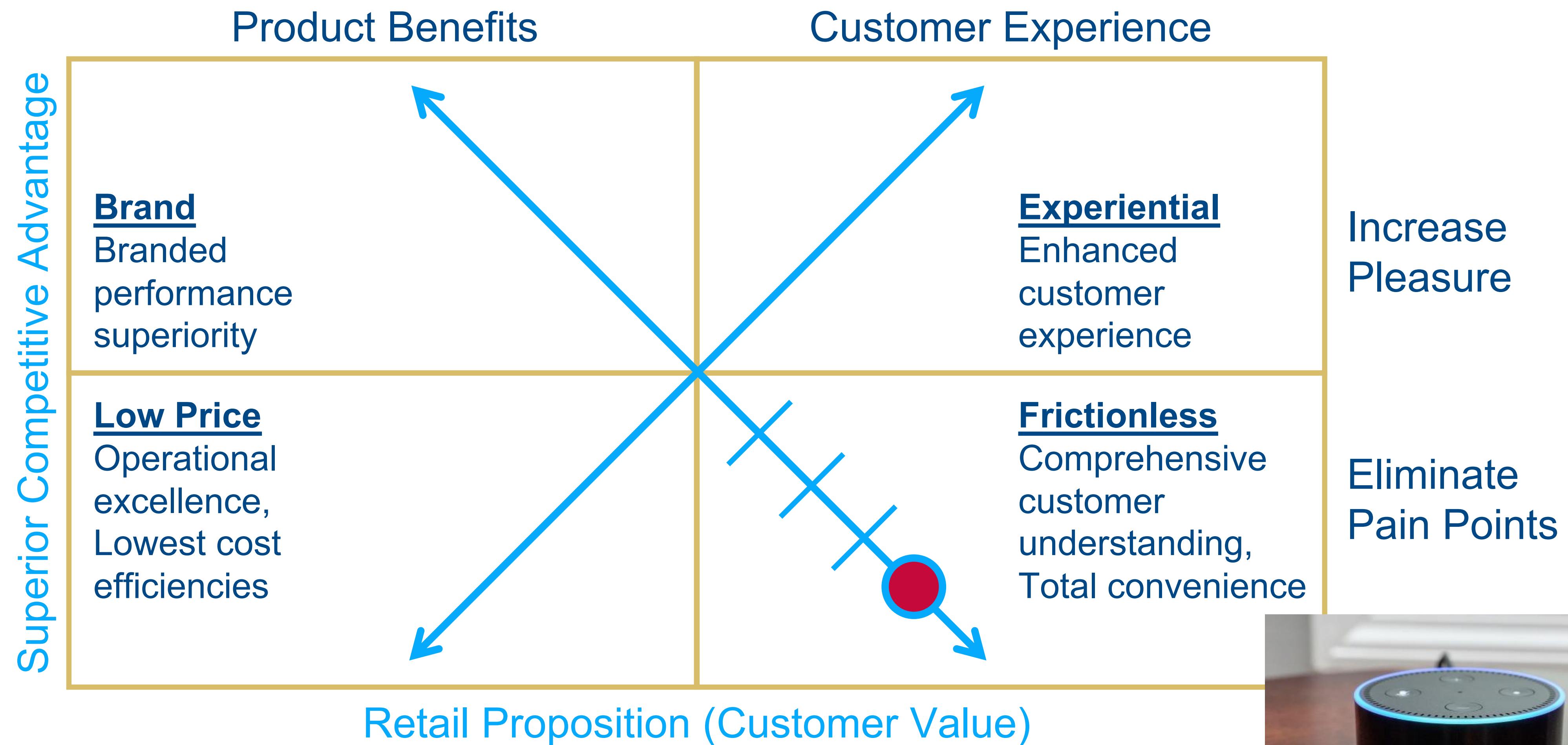
# Amazon



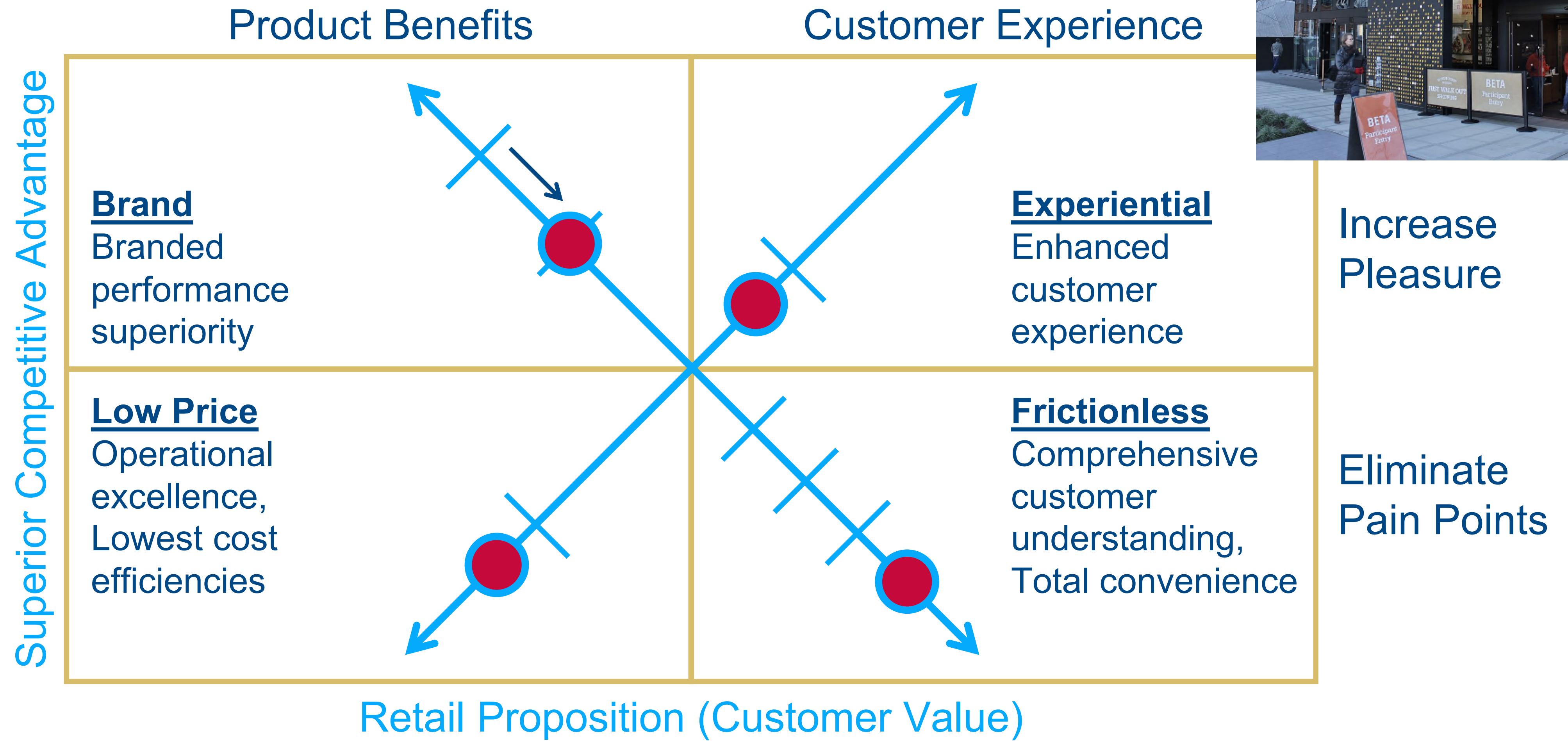
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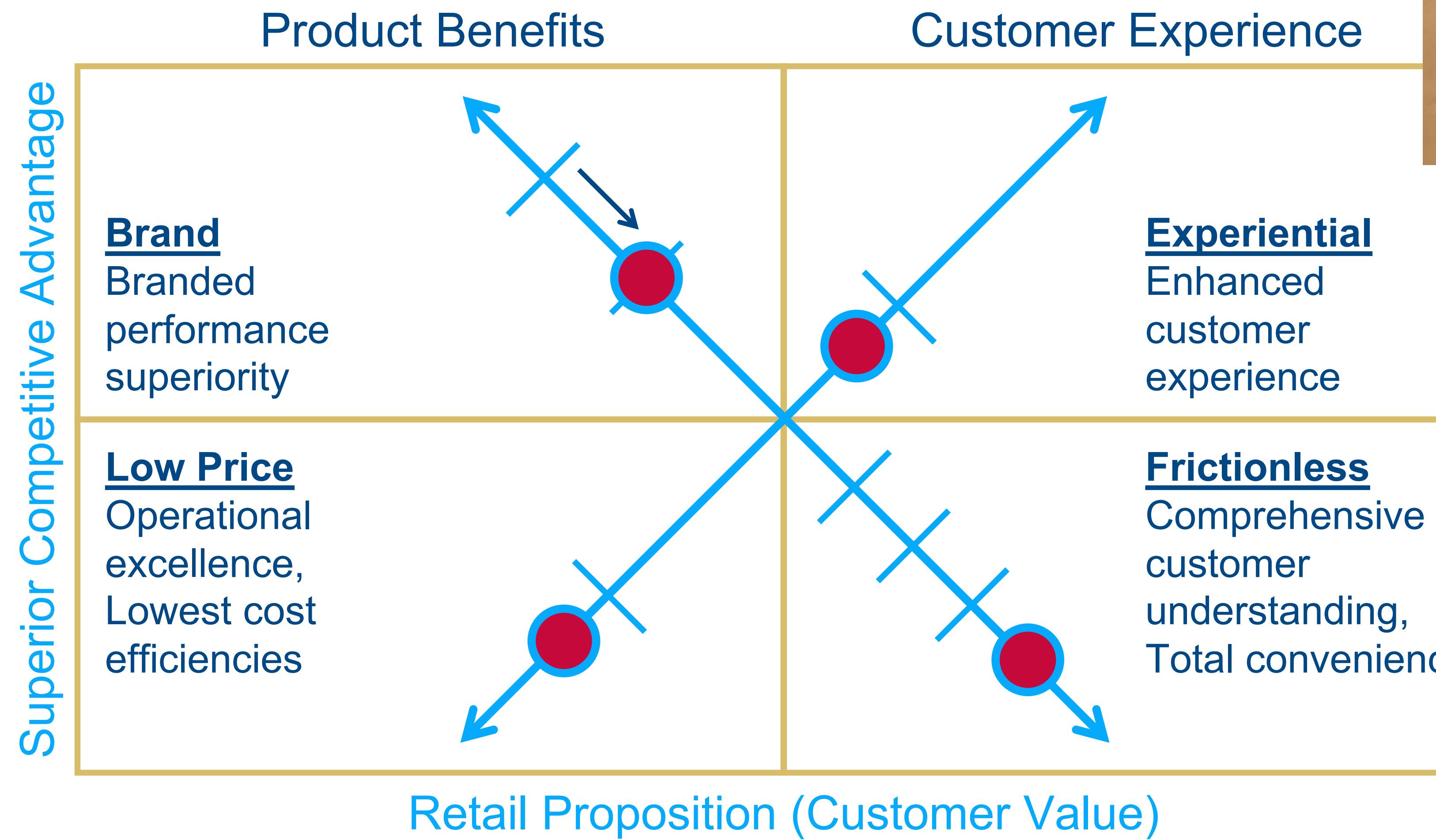
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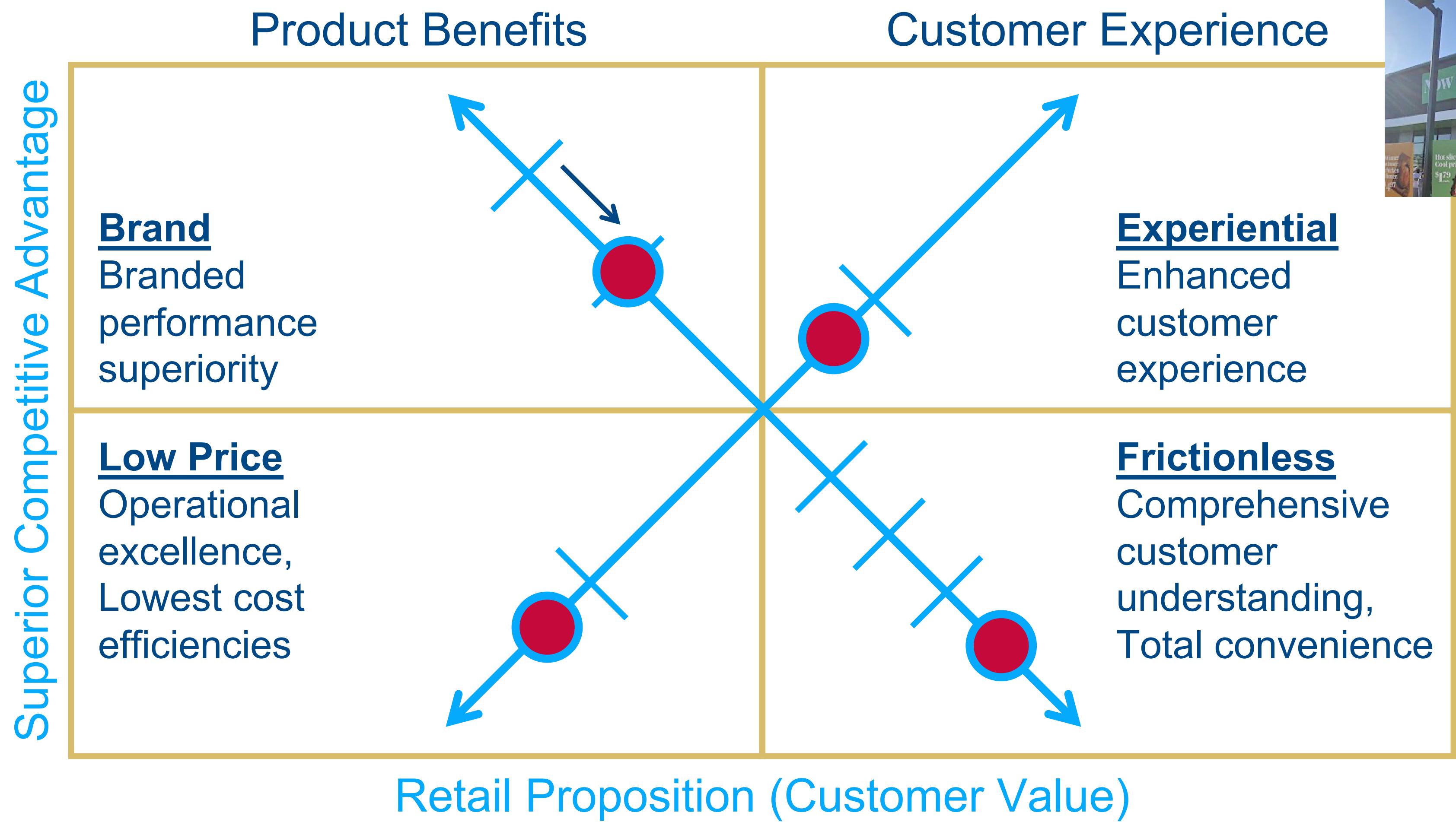


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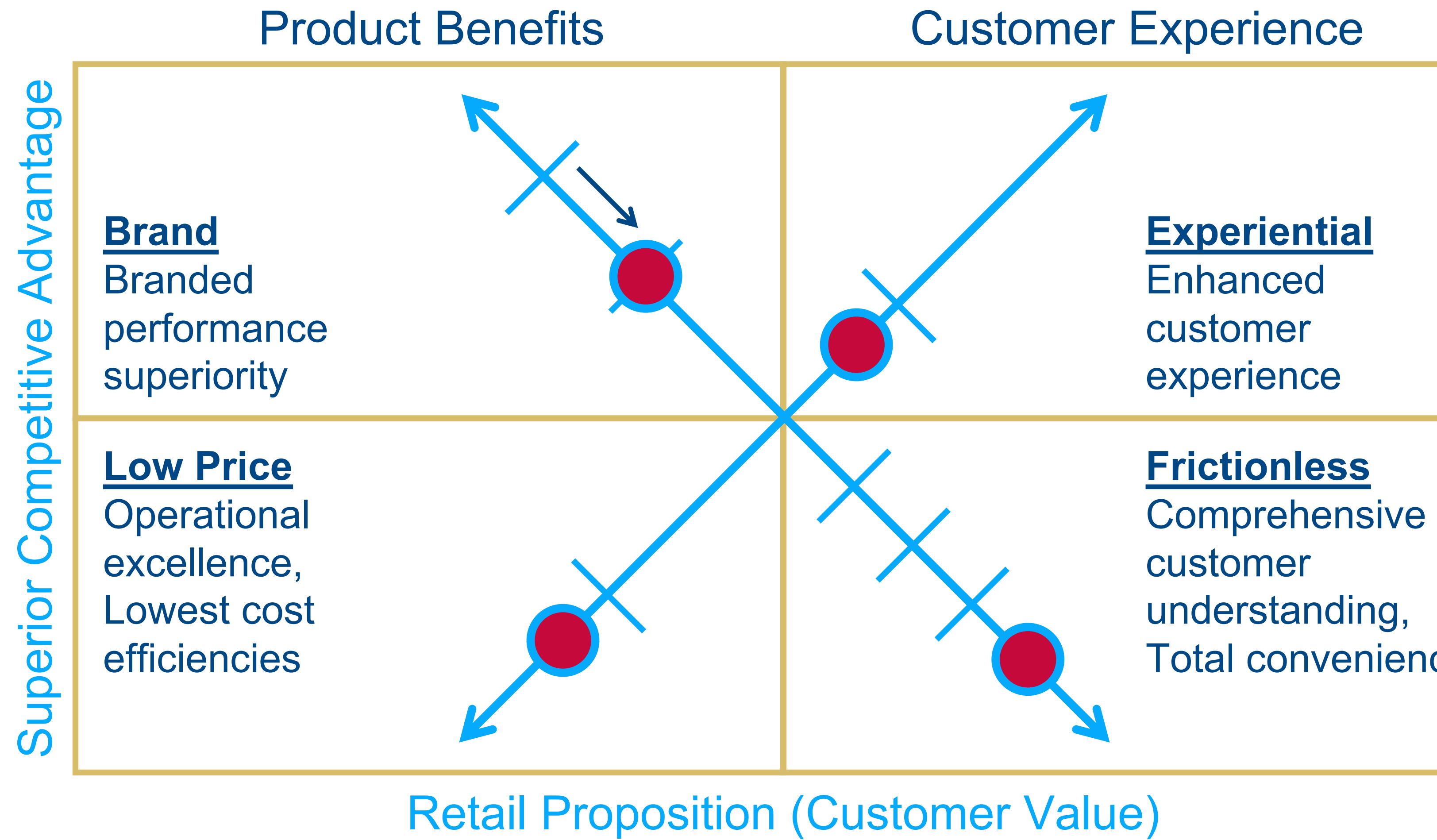
Increase Pleasure  
Eliminate Pain Points

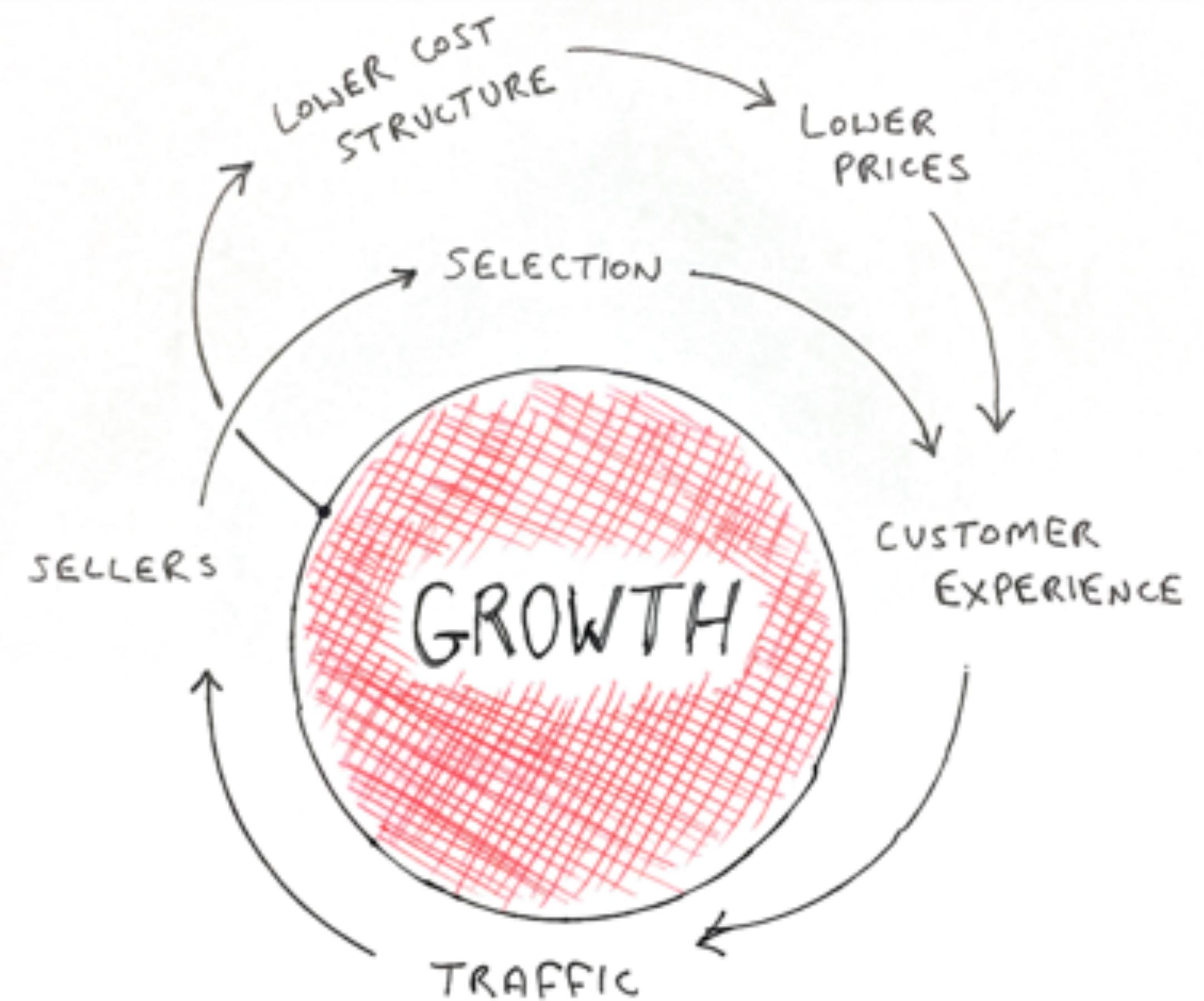
# Amazon



Increase Pleasure  
Eliminate Pain Points

# Amazon







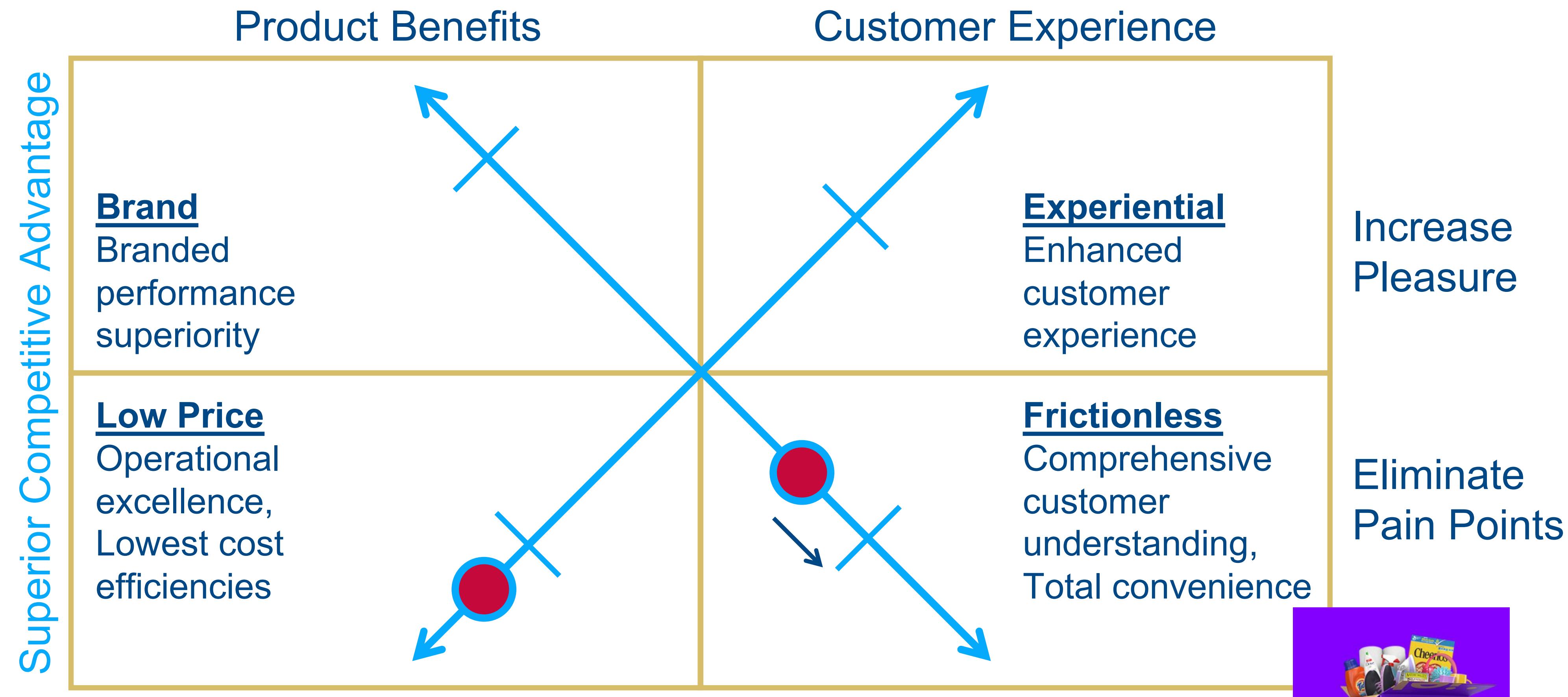
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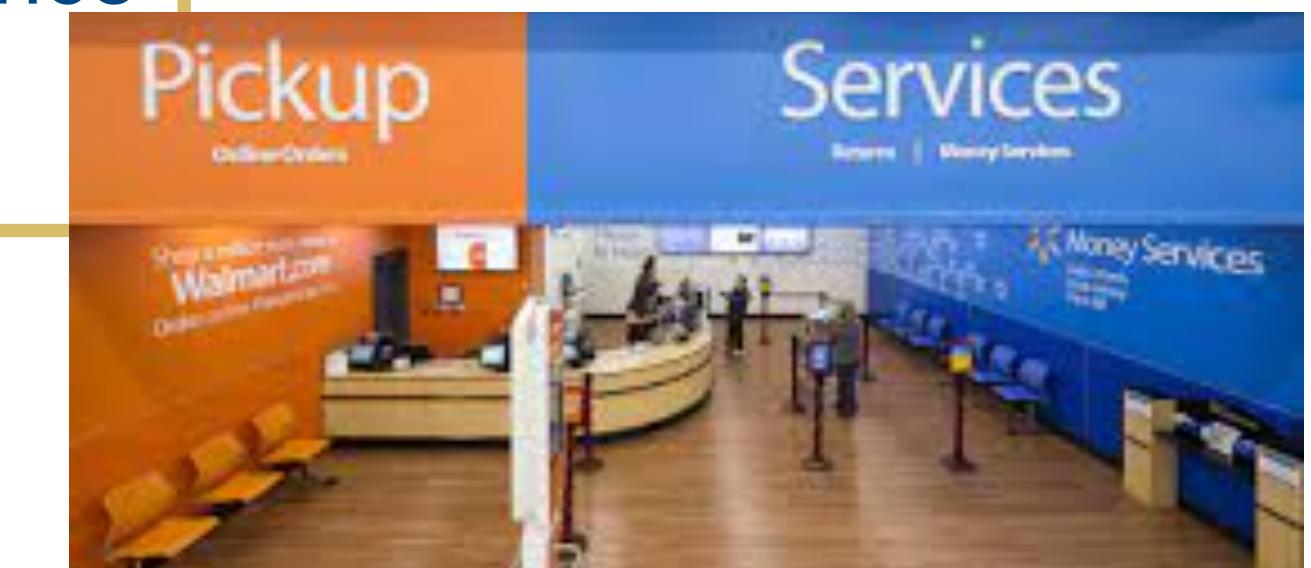
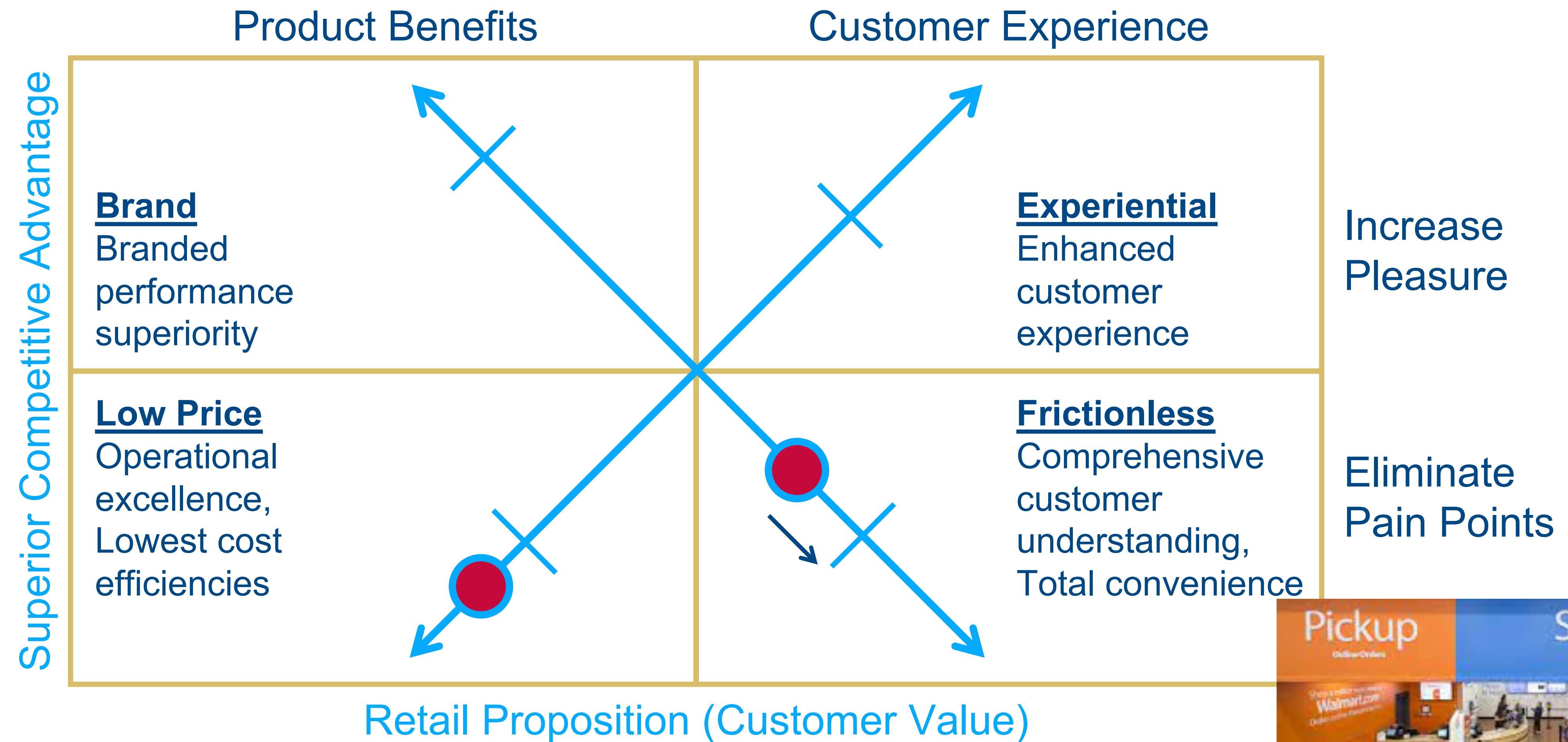
Focus on the Leaders: Winning Strategies of Other Top Retailers

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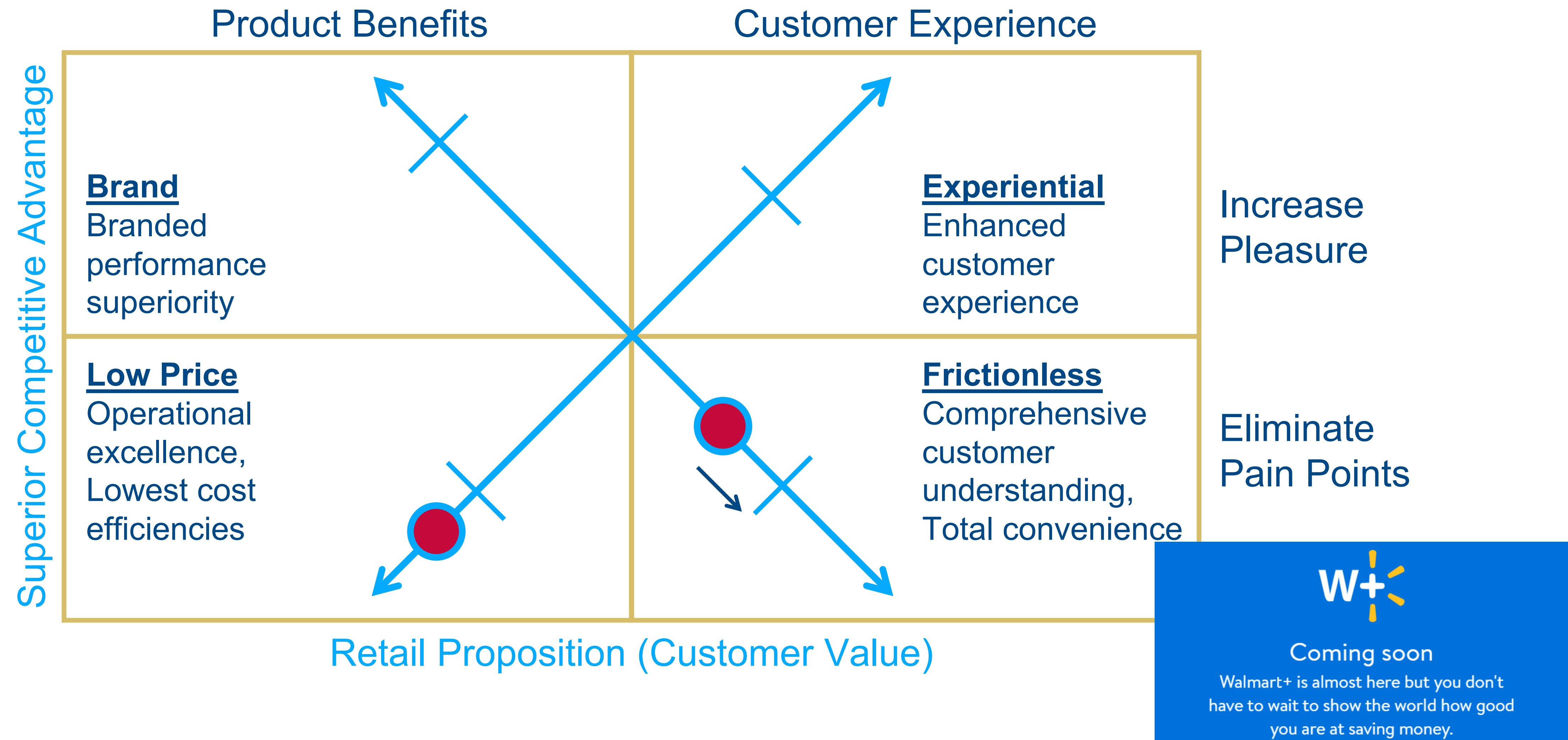
# Walmart: Everyday Low Price (EDLP)



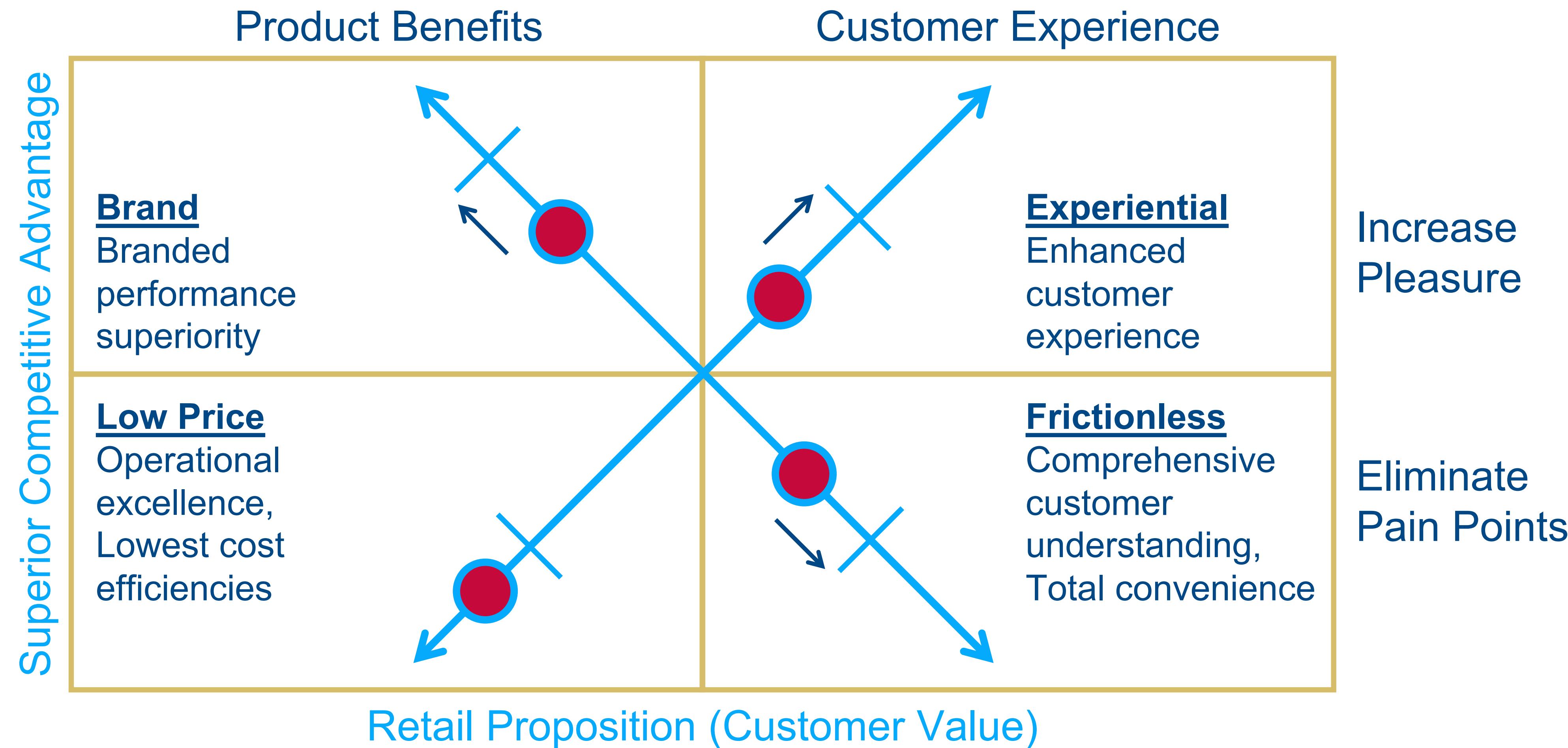
# Walmart: Everyday Low Price (EDLP)



# Walmart: Everyday Low Price (EDLP)



# Walmart: Everyday Low Price (EDLP)



# Target



# Target

- Target to invest \$4B annually on store expansion 3/2021

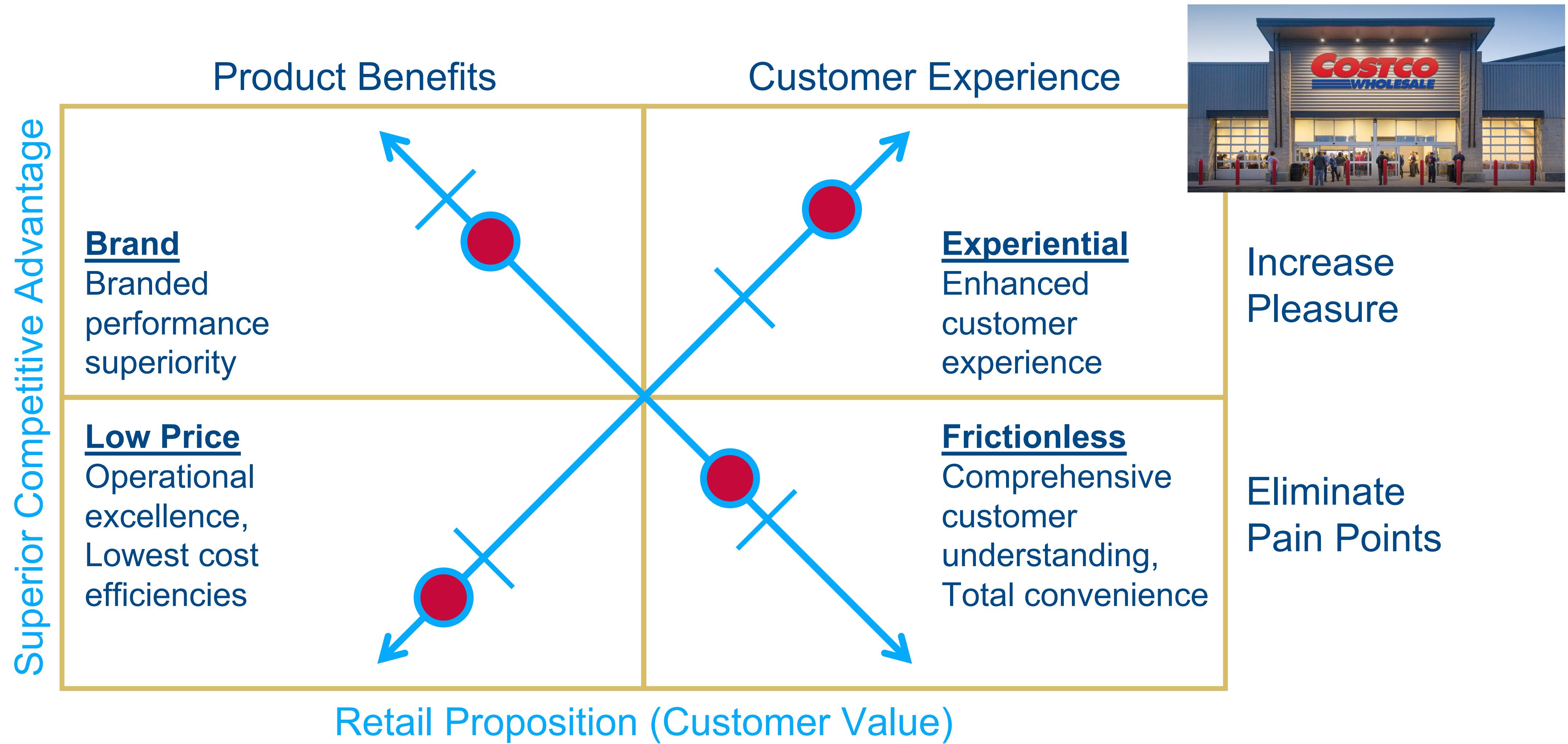


# Costco

- First Costco warehouse started in 1983 in Seattle as a membership club
- They use their clout to guarantee the lowest prices on the market
- Limited array of products
  - Costco stocks about 4,000 items
  - Walmart Supercenter might carry 140,000



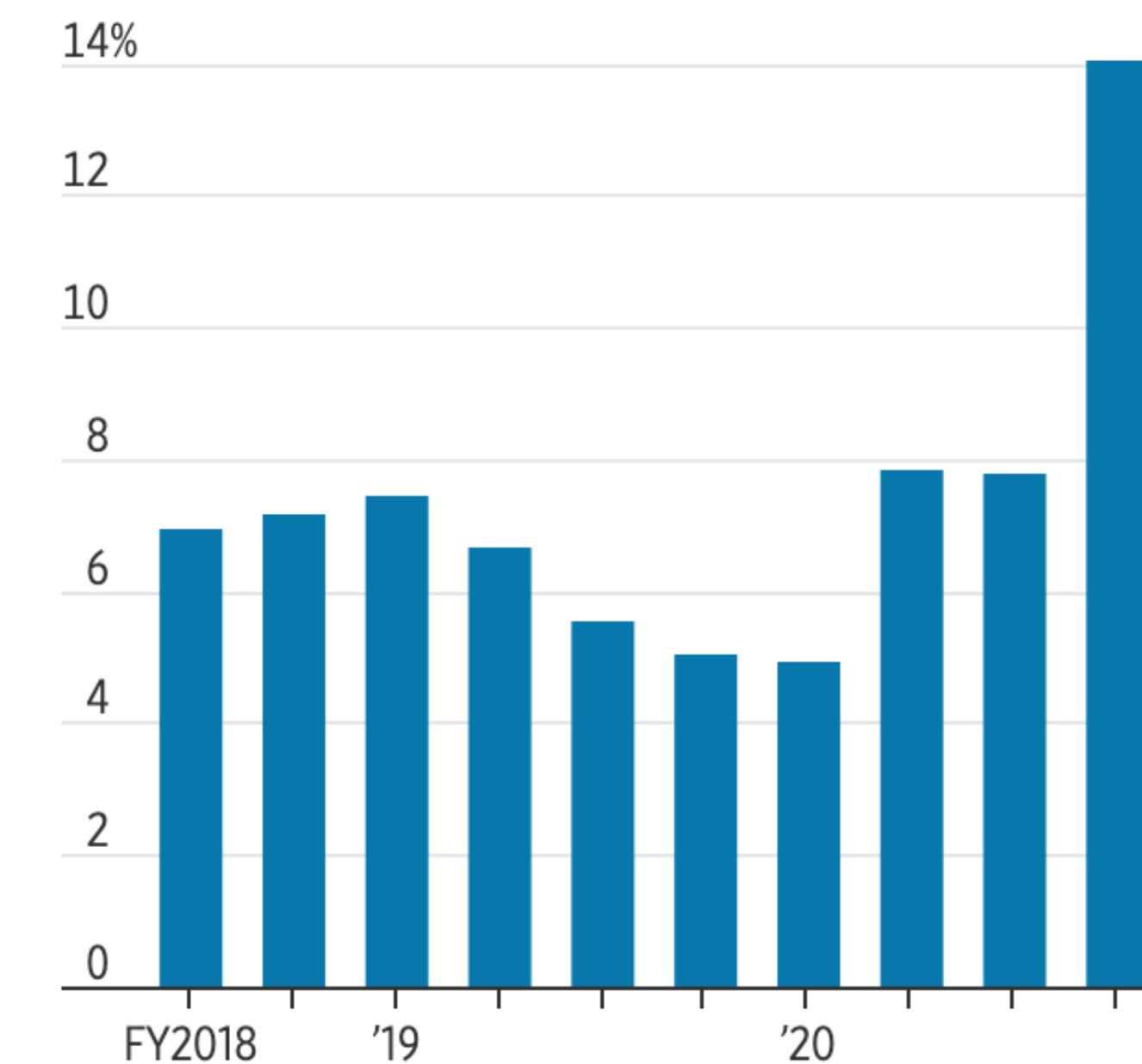
# Differentiate on Customer Experience: B2B and the Treasure Hunt



# Costco Gets a Boost from Pandemic Shopping



**Costco's comparable store sales, change from previous year**



Notes: Excludes the impacts from changes in gasoline prices and foreign exchange; fiscal year ended in Aug. 30

Source: the company

# TJ Maxx Strategy

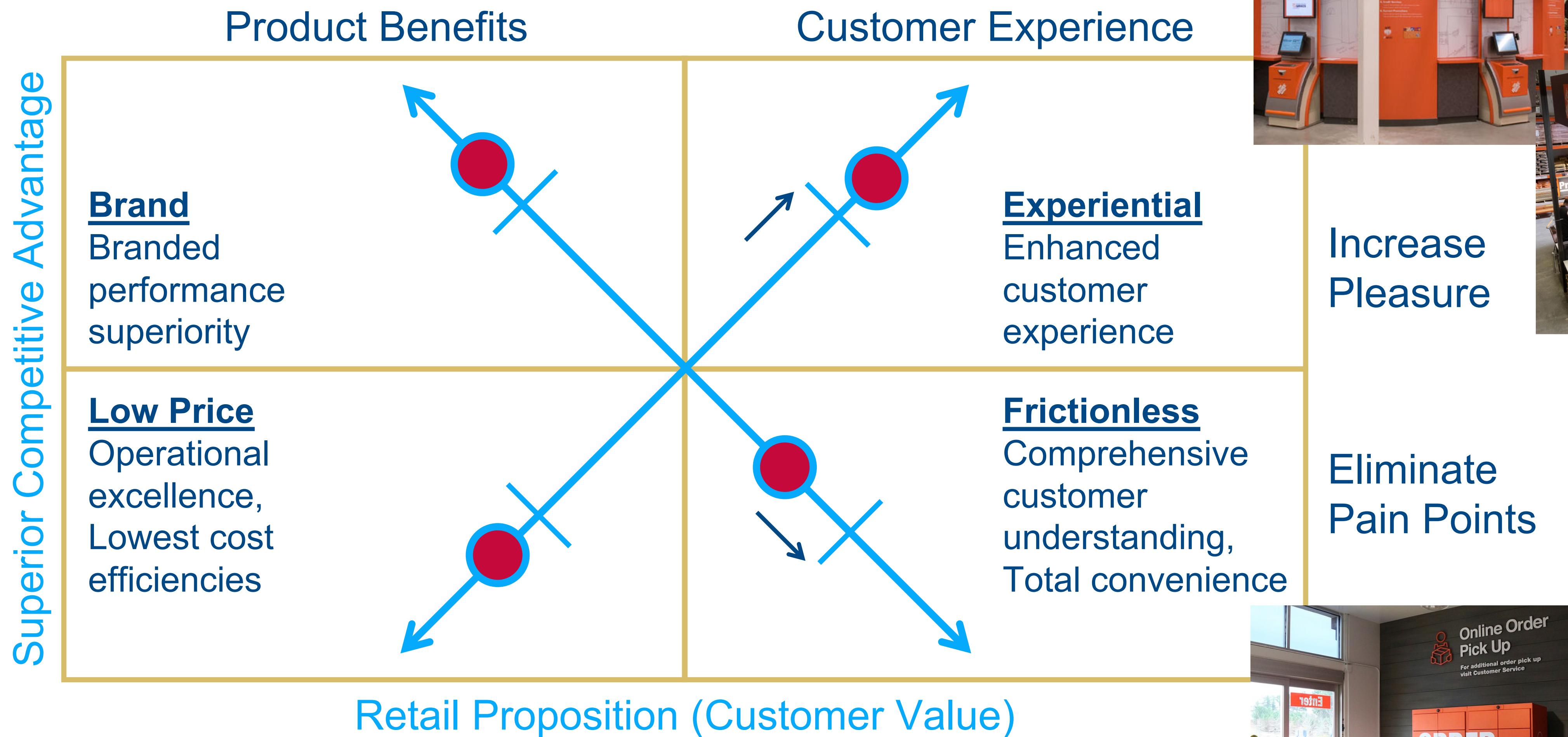


# Off-Price Retailers

- Buy in bulk
- Key is distribution center
- EDLP
- Can be pre or post
- Trends



# Home Depot





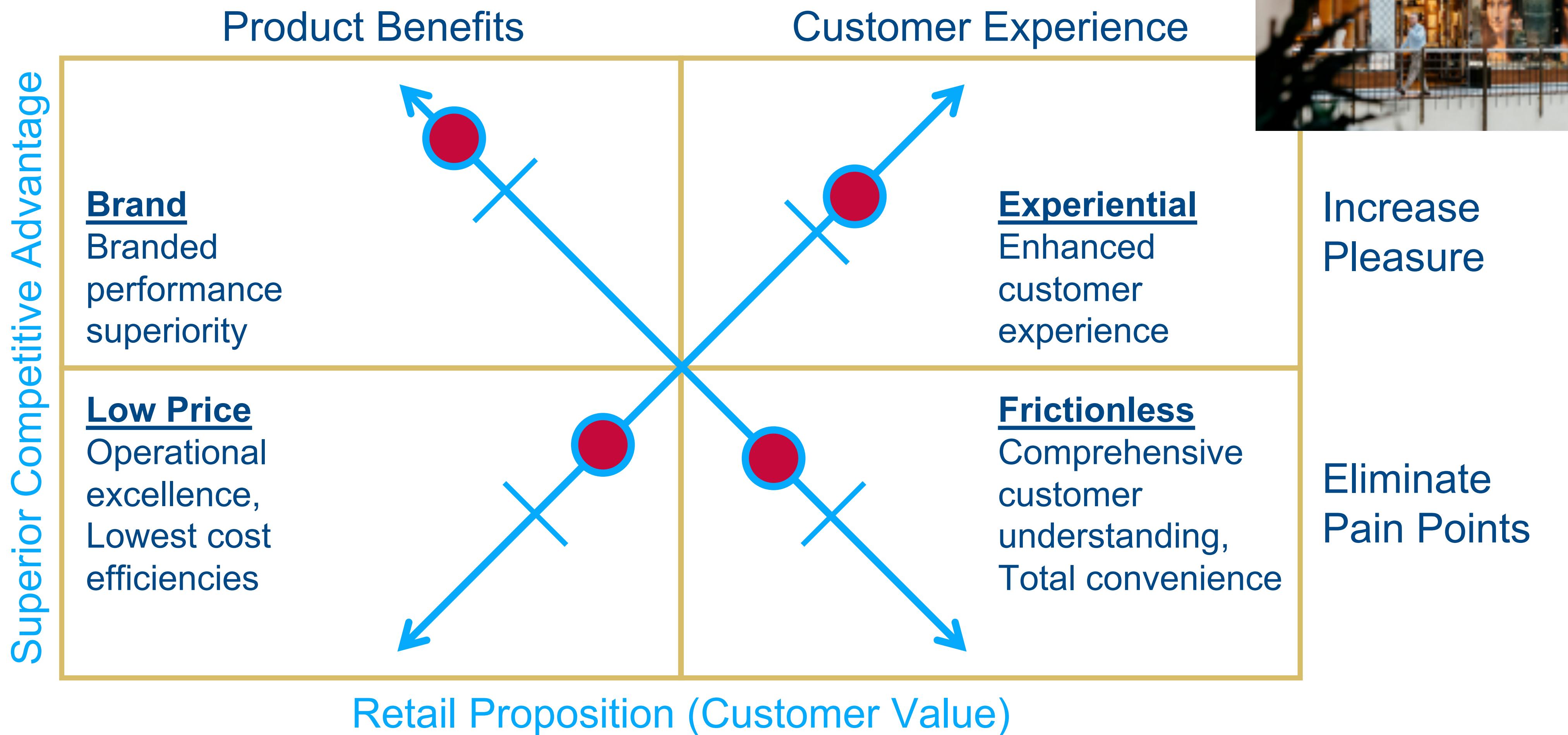
# ONLINE

## Retail Marketing Strategy: How to Win Customers in an Era of Disruption

### Luxury Strategies

Barbara E. Kahn, Patty and Jay H. Baker Professor of Marketing

# Paradox of Luxury



# Luxury Customer Experience



Louis Vuitton Singapore



Le Concierge at Galeries Lafayette

# Luxury

Biggest lesson from COVID-19:

“Stores are still important”

- CEO Marc Metrick,  
Saks Fifth Avenue



# Neiman Marcus “Connect”

**Your NEIMAN'S**

The Neiman Marcus family is here to help you look and feel your best—no matter how you shop with us. Our community is united by an unapologetic love of fashion—and each other. Whether it's finding the looks you want for your day-to-day, previewing the latest designer collections, or serving melt-in-your-mouth popovers, we're here for you, online and in stores.



**WE'RE MAKING SHOPPING PERSONAL**

The world is changing, and we're all adjusting our habits to accommodate the new normal. Your comfort and safety is our utmost priority, so we've introduced innovative ways for you to shop with us.



**IN-STORE APPOINTMENTS**

Our fitting rooms are more than a place to try on clothes—they're a luxury experience. Schedule an appointment today and get ready for a day of fun and fashion.

[BOOK YOUR APPOINTMENT](#)



**CURBSIDE PICKUP**

Whether you order online or purchase through your style advisor by phone, we'll have your items packaged and ready to go so you can pick up your order without ever leaving your car.

[FIND OUT MORE](#)

# Nordstrom's Flagship Store in NYC



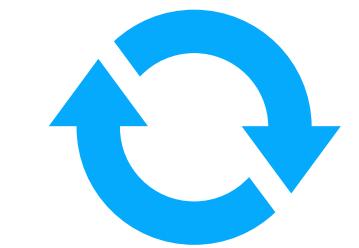
# Nordstrom Local



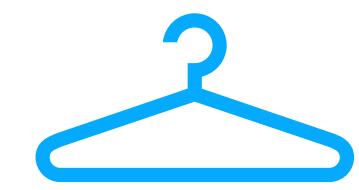
Alterations



Buy Online &  
Pick Up in Store



Easy Returns to  
Other Online Retailers



Nordstrom  
Personal Stylists

# Drop Culture



Supreme “drop day” line



Kylie Jenner's pop-up shop at the Westfield Topanga Mall in Los Angeles



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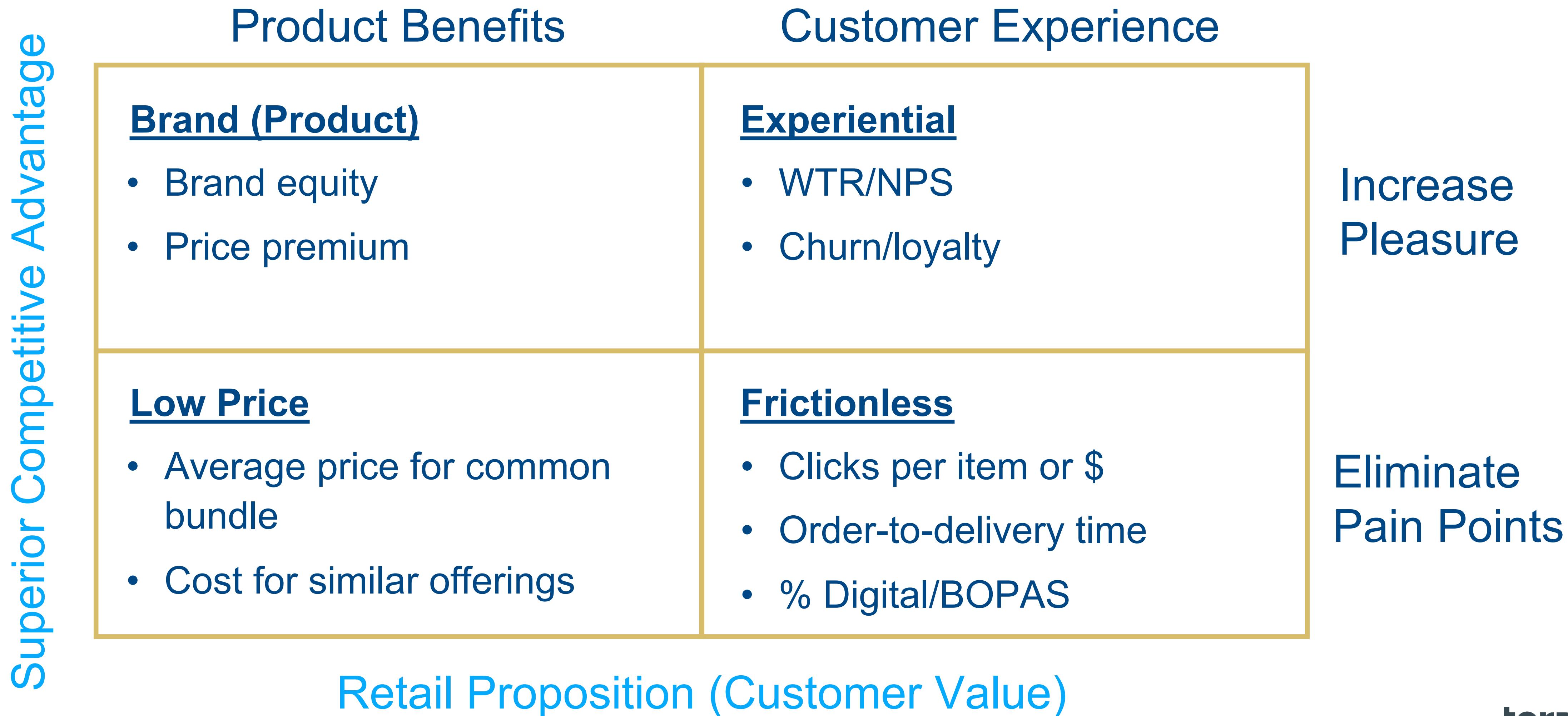
### Customer-Centered Omni-Channel: Technology & Data Management

Barbara E. Kahn, Patty and Jay H. Baker Professor of Marketing

# Technology Enablers for Retailing Success

|                                |                                     | Product Benefits                | Customer Experience             |  |
|--------------------------------|-------------------------------------|---------------------------------|---------------------------------|--|
| Superior Competitive Advantage | <u>Brand</u>                        | Content management              | Customer journey (low touch)    | <u>Experiential</u>                                    |
|                                | Brand marketing enablers            | Digital marketing               | Omni-channel personalization    | Touchpoints/interactions (frontend) Increase Pleasure  |
|                                |                                     | Data driven marketing           | Video/voice assistance          |  |
|                                | <u>Low Price</u>                    | Process efficiency              | Human centered design           | <u>Frictionless</u>                                    |
|                                | Business operations optimization    | Data efficiency: BI + analytics | UX design                       | Process/simplification (backend) Eliminate Pain Points |
|                                |                                     | IOT advanced automation         | Artificial intelligence enabled |  |
|                                | Retail Proposition (Customer Value) |                                 |                                 |  |
|                                |                                     |                                 |                                 |  |

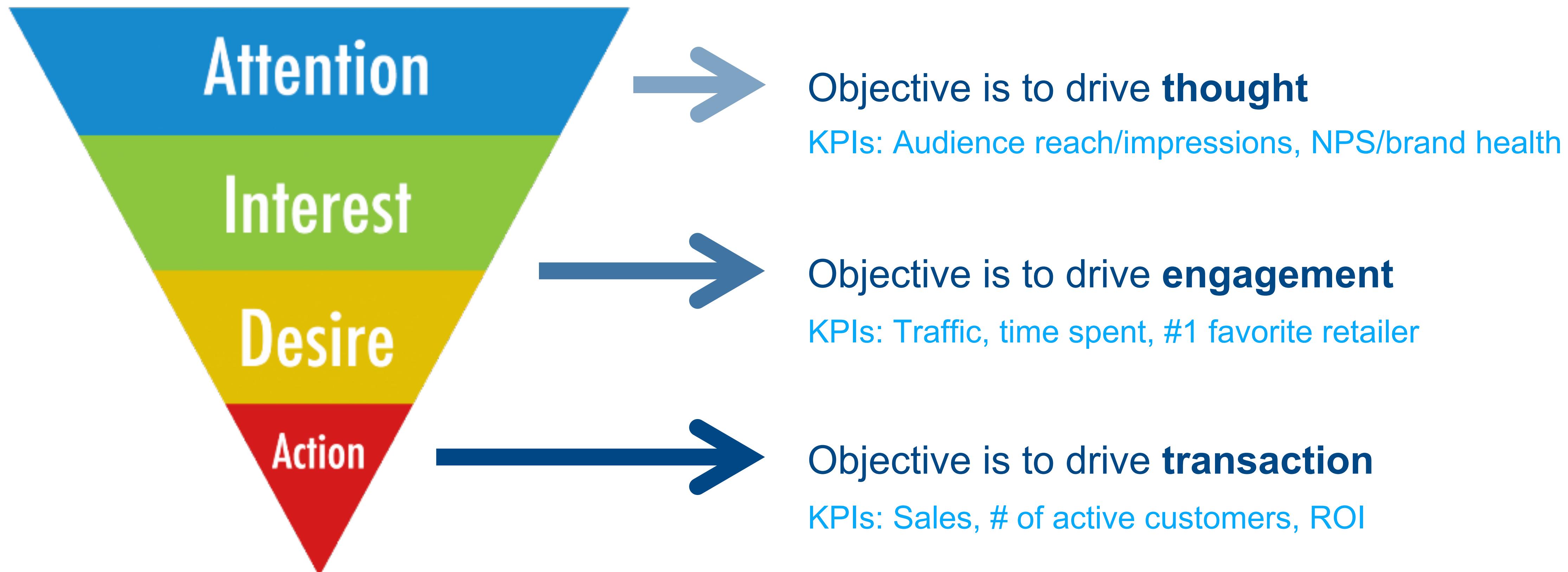
# Kahn Retail Success Matrix: Example Metrics



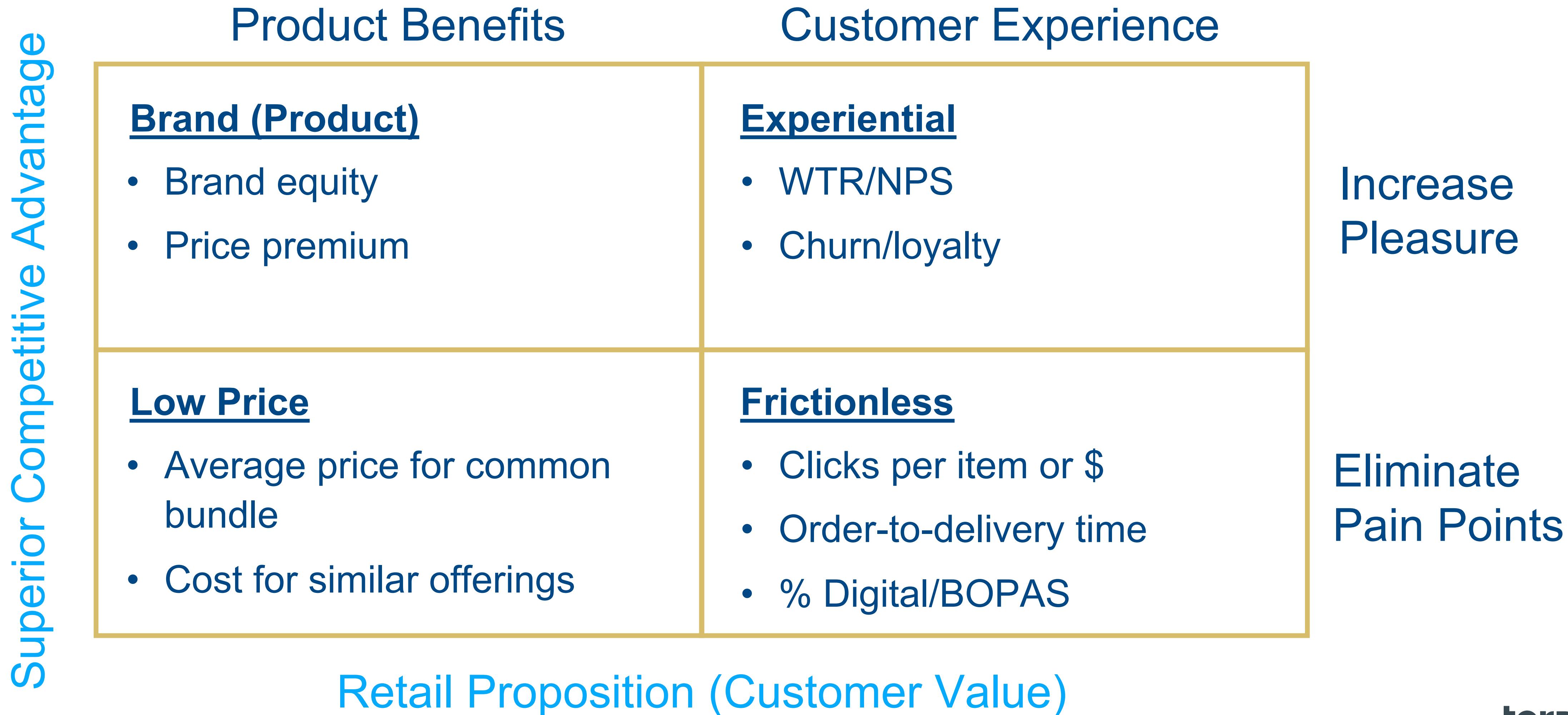
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# Measuring Performance Across the Funnel

Brand/experience and upper funnel campaigns



# Kahn Retail Success Matrix: Example Metrics

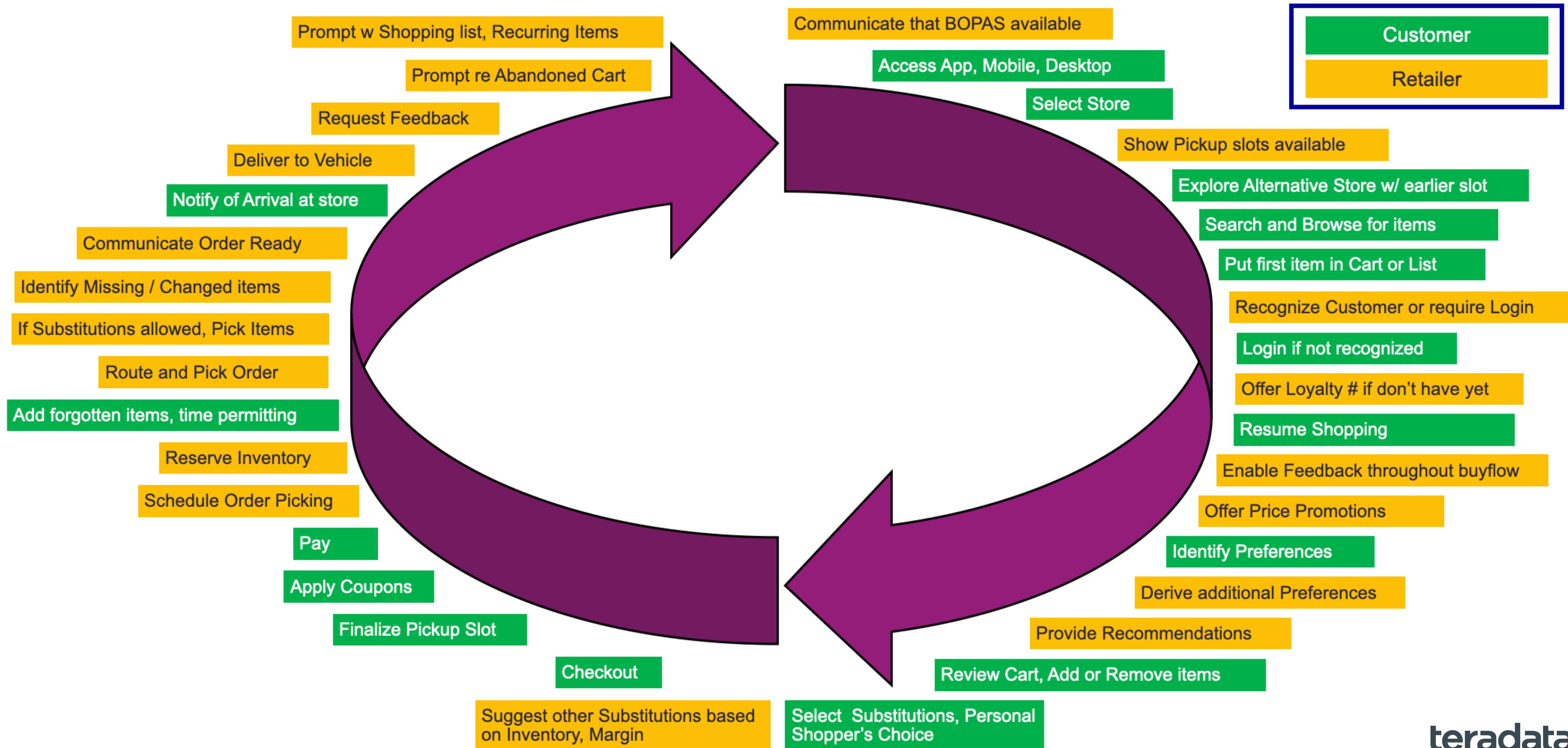


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# Map Customer Journey

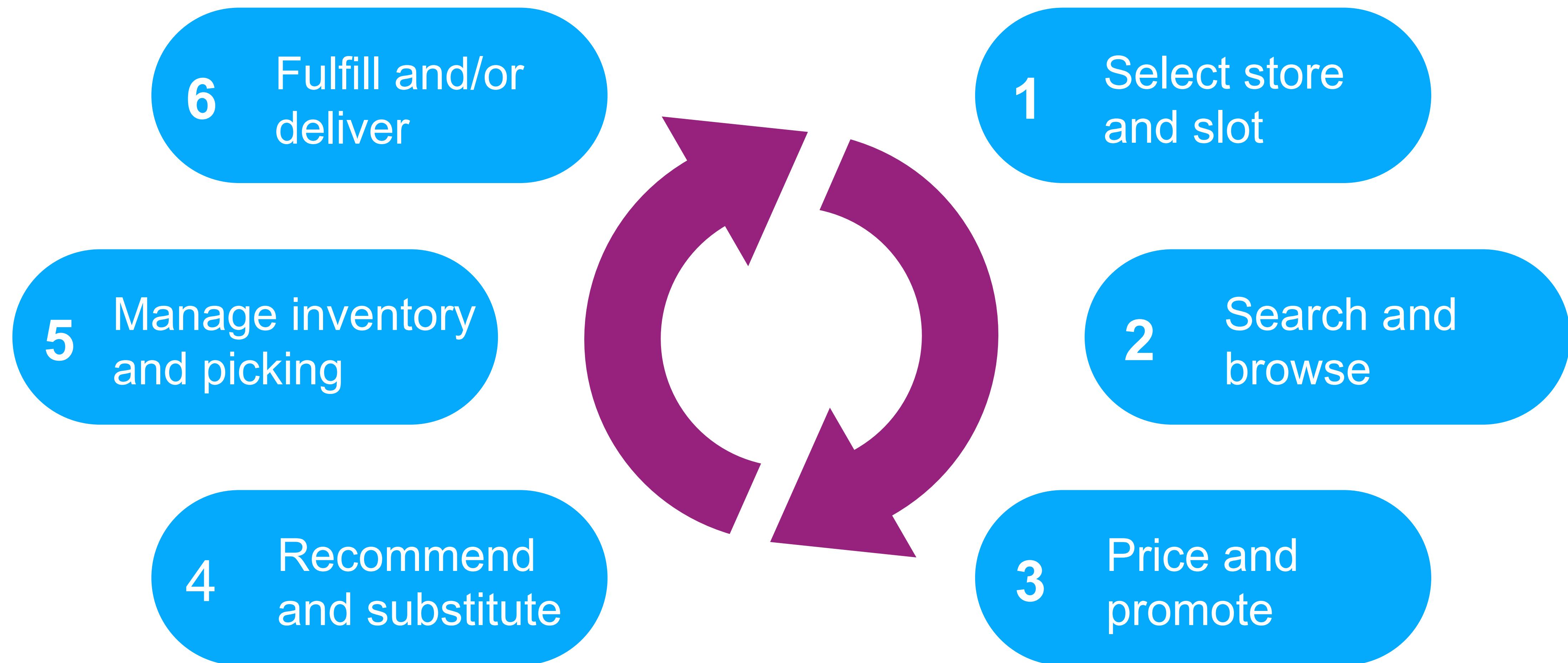
- Detailed visual depictions of customers' unique set of experiences
- Focuses on specific steps and activities a customer might experience

# The “Buy On-Line, Pick-up at the Store” Customer Journey

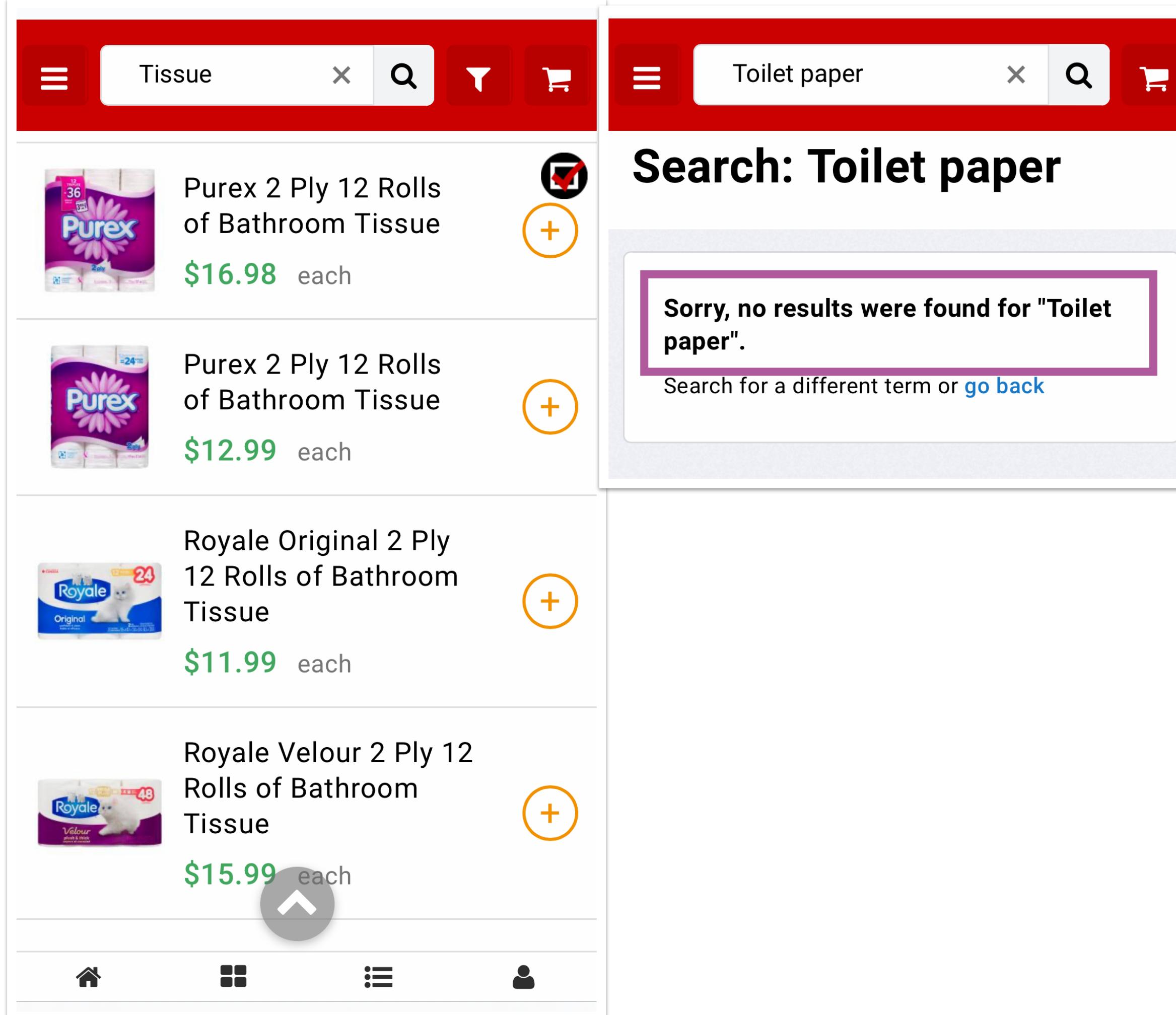


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# Focus on Simplified Set of Activities



# Search and Browse



- Source of friction?
  - Search items not accurate
  - SKU overload
- Retailer issues?
  - How can we help customers find what they need online?
  - How can we sell impulse items?
  - How do we grow the basket?

# Search and Browse

The image displays two side-by-side screenshots of a grocery store's mobile application interface.

**Left Screenshot (Search for "Tissue"):**

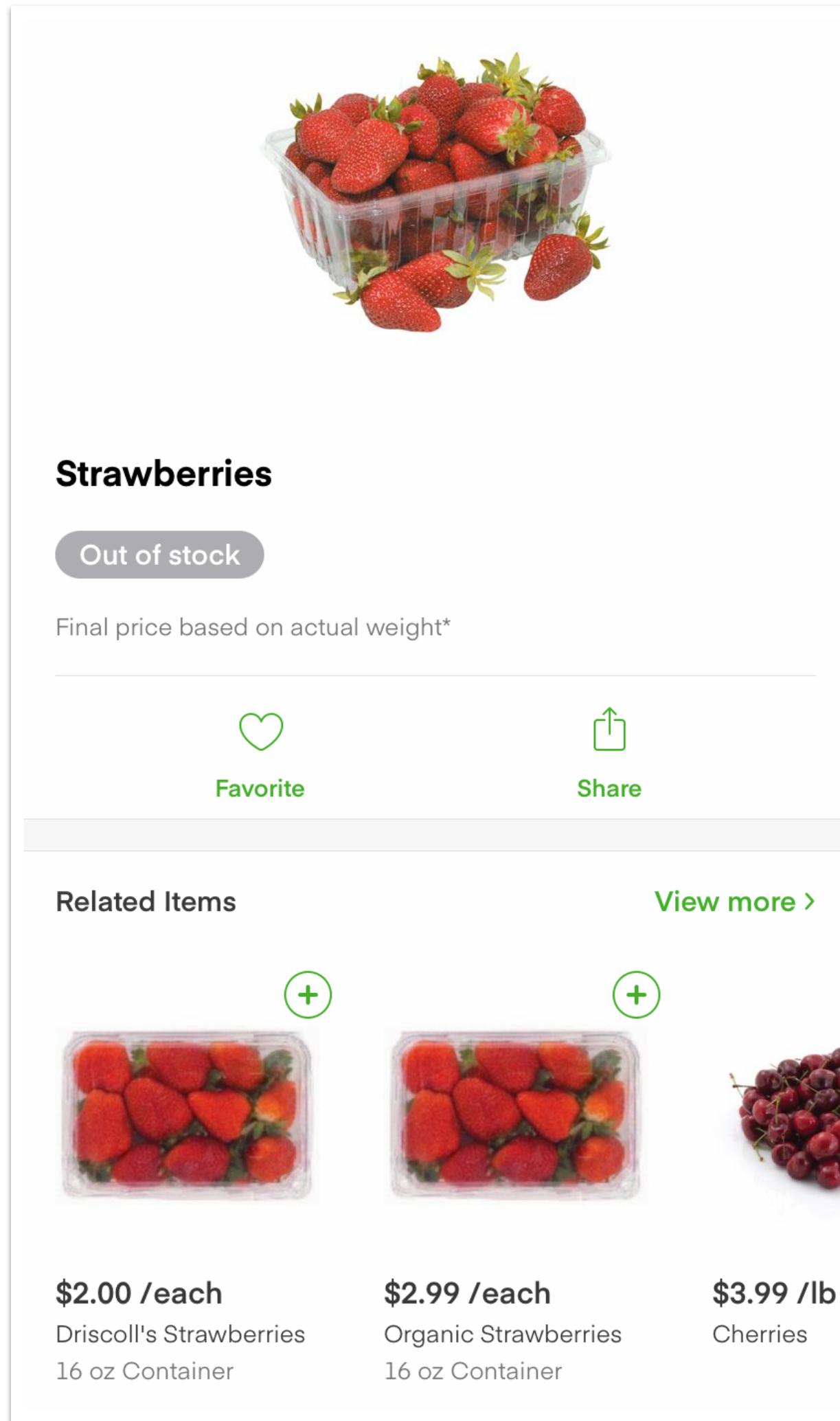
- Search bar: Tissue
- Results:
  - Purex 2 Ply 12 Rolls of Bathroom Tissue: \$16.98 each. Add-to-cart button (+) with a checked checkbox icon.
  - Purex 2 Ply 12 Rolls of Bathroom Tissue: \$12.99 each. Add-to-cart button (+).
  - Royale Original 2 Ply 12 Rolls of Bathroom Tissue: \$11.99 each. Add-to-cart button (+).
  - Royale Velour 2 Ply 12 Rolls of Bathroom Tissue: \$15.99 each. Add-to-cart button (+).
- Bottom navigation icons: Home, Grid, List, Profile.

**Right Screenshot (Search for "Toilet paper"):**

- Search bar: Toilet paper
- Results: Sorry, no results were found for "Toilet paper".  
Search for a different term or [go back](#)

- Metrics/analytics to check
  - Clickstream path and patterns
  - Text analytics
  - Compare BOPAS to in-store carts

# Recommendations - Provide Helpful Examples



- Sources of friction?
  - Out of stock (O-O-S), what next?
  - Online assortment is overwhelming
- Retailer issues?
  - Lose impulse/discovery purchases
  - Personalize recommendations
- Metrics/analytics to check
  - A/B testing
  - Propensity models based on store and digital habits
  - Collaborative filtering

# Substitutions and Out of Stock - Gotchas

My Cart (6)      Done

Breakfast & Cereal

Kashi GOLEAN Cereal Crunch! - 13.8 Oz (\$0.25/oz)  
Club Card Price \$3.50 \$4.49  
**1 in cart**

Remove      Item Preferences  
 No substitution if unavailable

---

Kellogg's Froot Loops - 19.4 Oz (\$0.23/ea)  
Club Card Price \$4.50 \$6.49  
**1 in cart**

Remove      Item Preferences  
 No substitution if unavailable

paper towels      9 \$19.95

4 Items      Sort & Filter

|   |   |
|---|---|
| <br>\$8.48<br>Cambridge 16oz Dw Stmls Faceted Rainbow W/lid<br><b>Add +</b> | <br>\$8.48<br>Cambridge 16oz Dw Stmls Faceted Black W/lid<br><b>Add +</b> |
|---|---|

- Sources of friction?
- Don't know if it will be in stock
- Frustration that item not in stock and not shared until pickup/delivery
- Dislike substitute

Paper towels out of stock:  
Recommended wine holders

# Substitutions and Out of Stock - Gotchas

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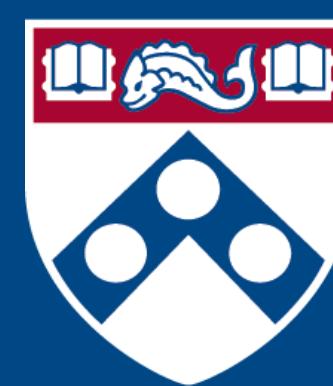
paper towels \$19.95

4 Items Sort & Filter

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|---|---|

Paper towels out of stock:  
Recommended wine holders

- Retailer issues?
  - How to offer best backup
  - Personalize recommendations
- Metrics/analytics to check
  - Item availability forecast
  - Segment customers by backup preference, e.g., brand, attributes, price
- Collaborative filtering



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