

RETAIL

## Personalization can work between retail merchandisers and vendor brands

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With holiday planning in full swing, the Web is awash in inside tips for campaign ideas to entice customers to engage and buy, personalization being one of them.

After many years in retail, I can attest that for merchandisers such as department store chains and multi-brand retailers, these recommendations can trigger more than a few sighs of frustration.

When a merchandiser creates a marketing campaign, it has to adhere to the standards, requirements and wishes of its many vendor partners, each of which take a different approach. Some are sophisticated digital brands with lots of data to share, others are traditional retailers with a couture label to protect, and everything in between.

Vendor brands of all types resist requests from merchandisers to use personalization or automate messaging, taking visibility and control out of their hands.

The struggle for the customer is real. They both want to maximize sales and profits, but many are approaching their marketing with totally different strategies.

Personalization is a powerful way to connect with customers, and so it is important for merchandisers to be patient and find a path forward with vendors.

Start at the top

Even though they do not always share the same strategy, vendors and merchandisers do share big marketing budgets and customers.

Vendors entrust merchandisers with co-op and other financing to cobrand and market their products in-store, in offline advertising and online.

If a merchandiser wants to stir the pot with a new tactic such as personalization, it needs to align with the vendor's larger co-marketing strategy.

Ultimately, the merchandiser's job is to keep the vendor happy with a successful campaign.

The only way this can happen, and new tactics such as personalization can be introduced, is if the merchandiser is included early in vendor planning to make considerations for these new opportunities.

It is a delicate balance when it comes to personalization, or any kind of automation, as there are perceived negative repercussions for vendors.

Vendor exposure promised by a merchandiser can be diminished if the personalization requirements are not being met on a 1:1 level.

Also, retailers may charge big bucks for vendor exposure in the form of "lookbooks," homepage placement and digital ads, with the vendor expecting a return on the agreed upon level of exposure.

Take an enticing **new store** opened by Neiman Marcus in Manhattan that features interactive touch screens, and custom experiences that can inform future digital advertising campaigns.

These highly interactive and expensive investments only pay off for Neiman Marcus if its vendor partners allow the department store chain to follow through with personalized messaging after people leave the store.

There need to be guidelines placed around these concepts. Vendors want to know that their message is not competing in a black box with other vendors in a way that under-delivers on promised co-marketing.

Educate across every detail

Merchandisers should offer vendors alternatives to the "old" traditional placements. This includes many aspects of a personalization approach, from targeting to creative, to pricing.

Rather than promising an "email blast," work on a drip campaign to a select segment of customers who meet specific targeting criteria such as spend threshold or browsing history. Share past data and examples that show increased conversion rates and lifetime value for targeted versus blast campaigns.

Show how creatives will work. Merchandisers should include a shoppable lookbook with price points and inventory alerts when appropriate. This allows vendors to see the different scenarios and options, which can be compared to more static creatives.

Many vendors resist exposing price points but since the merchandiser has done its due diligence on the segmentation strategy, the price points should not have shock value to the customers receiving these messages.

The theory that hiding price points "gets" people onto a site is a myth that should be addressed. Same for outdated concerns that showing price points for a high-end brand diminishes its status or feels too "commercial."

Consumers expect transparency from everyone on the spectrum, contemporary to couture. Merchandisers can walk through customer journeys from the customer perspective to show why this matters.

Transparency and data are key

Merchandisers will need to update their own approach to campaign reporting if they want to gain vendor trust.

Personalization is an automated marketing tactic that can change quickly.

Merchandisers should not only set up vendor dashboards for tracking, but also set alerts if spend thresholds are not being met, or other campaign elements are in trouble.

Vendors need regular insights and reports to see which types of campaigns are working best for their own metrics, and deserve to provide input along the way.

It can be painful, but the best possible approach to personalization also includes customer data sharing, for both merchandisers and vendors.

Insights about total customer value for specific brands can help reweight merchandiser values.

MERCHANDISER INSIGHTS can help vendors understand what they need to do once they take over the conversation with their own brand campaigns.

This is especially true as brands expand beyond their traditional distribution channels.

For example, luxury brands are responding to millennials' highly digital approach to shopping, creating their own storefronts and working to be more approachable.

These brands might be new to the highly engaged online audience, but merchandisers are well acquainted.

It is important to work together to create a cohesive experience for the consumers.

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