

INTELLIGENCE

How Personal Shopping Makes People Spend

At the luxury level, personal shopping services make customers spend significantly more. How do these services work? And can they work on the high street?

LONDON, United Kingdom — “Anything is possible... there is no limit as to what you can request.” So says the ‘By Appointment’ personal shopping service offered by London department store Harrods. Indeed, the store’s personal shopping team can track down a specific piece of fine jewellery, host a private in-store runway show or organise a one-on-one fitting with a designer.

At the luxury level, personal shoppers don’t just provide styling advice. They complete a client’s Christmas shopping list, open a store after hours, conduct clothing alterations, even host birthday parties. At Louis Vuitton, the brand’s highest-spending clients are invited to exclusive events and offered all-expense-paid trips to the label’s runway shows, escorted by their own dedicated salesperson. At Chinese department store Lane Crawford, the personal shoppers can arrange anything from hotel bookings to makeup artists. At Harvey Nichols, the personal shopping suite has a shower room, so customers can get ready to wear their purchase that same night.

“Some jewellery stores will fly out a piece of jewellery from London to the Middle East to show somebody the product before they decide whether they are going to buy it,” said Fflur Roberts, head of luxury goods at market intelligence firm Euromonitor International. “They’ll do anything.”

Of course, putting on these services — the private lounges, the dedicated staff — is a major investment. But the business logic is simple: the more personal attention you give a certain kind of customer — and the more products you put in front of them — the more they will spend.

How much more? “It can increase a sale to grow almost 100 percent on average,” said Marshal Cohen, chief industry analyst at market research firm The NPD Group. “Imagine a person going into a store to buy a new skirt; personal shopping can turn that skirt into an outfit.”

At Chinese department store Lane Crawford, the lift is even higher. “Customer spend is much higher — almost four times higher than the average transaction value,” revealed Andrew Keith, president of Lane Crawford, which has hundreds of personal shopping clients across Greater China. In its Shanghai store, over 50 percent of sales are made by personal appointment.

So how does it work? Firstly, it’s about increasing exposure to product. During a personal shopping appointment, a customer is introduced to more products that they would otherwise consider. If a client is looking for a dress, the personal shopper’s may also attempt to cross-sell them shoes, bag and jewellery to match. Secondly, curation. Personal shoppers do the leg-work to find product based on a client’s budget, tastes and the occasion for which they may be shopping. Thirdly, psychology. Inside the changing room, when the clothes come off, barriers come down and vulnerabilities surface. The personal shopper can become salesperson, confidant and a trusted second opinion. And, finally, service. While there is usually no obligation to buy (Selfridges in London, however, has a minimum spend of £2,000), in some stores personal shoppers work on commission. Walking out empty handed after attentive one-on-one service is a difficult move for a client to pull off.

As the luxury market becomes increasingly crowded and competitive, personal shopping, with its ability to foster engaged customer relationships, boost client loyalty and increase conversion rates, has become a key weapon in retailers’ fight for share of wallet. “It has a hard commercial edge to it in terms of increasing loyalty, increasing spend, in terms of increasing conversion. All of the core key metrics of retail can be influenced by the use of personal shopping services,” said Rachel Onojafe, a senior consultant at professional services firm Deloitte.

But is this just a case of true causation or mere correlation? In some respects, luxury personal shopping services are preaching to the converted: you'd only book an appointment if you were already planning to spend. "The people that may be attracted to these services will typically be their most loyal and high-spending customers anyway," said Ben Perkins, head of consumer business research at Deloitte. "It's a self-fulfilling thing in the sense that, do they spend more because of the services, or do they use the services because they spend more?"

In the last few years, these services have trickled down from the luxury sector to the mass market, where brand loyalty is harder to come by and the average customer spend isn't so high. Can personal shopping work on the high street?

High street fashion retailer Topshop opened its first personal shopping suite five years ago at its Oxford Circus flagship, in response to the increasing demand for the store's 'Style Advisor' services. "One of our on-going focuses is the democratisation of fashion and our personal shopping offering is integral to this aim," said Soulmaz Vosough, head of global personal shopping at Topshop. "We are excited to be able to offer our customers a service that has historically been the domain of the luxury market. Our customers feel they are getting an exclusive service, yet it's open to all – we like to think of it as an accessible exclusivity."

Ahead of a personal shopping appointment at Topshop, this reporter had a telephone call with a representative to discuss my sizing, style and wishlist. Having briefed them on a "classic summer look," I arrived to complimentary coffee, cakes and magazines in the store's personal shopping suite. Inside the changing room – at least thrice the size of the average Topshop fitting room and bedecked with sofas, scatter cushions and thick-pile rugs – a personal shopper talked me through the ten outfits she had selected.

Though smiley, attentive and helpful (unsurprisingly, her advice and opinions were in the vein of, "It really suits you."), the real selling tool wasn't the service, but the set-up. At Topshop, as with many personal shopping departments, payment takes place inside the private suite and your personal shopper handles the transaction, meaning, firstly, the computer system logs when you buy something through that salesperson and, secondly, it's rather awkward if you don't.

“This is definitely a growth area,” said Perkins. “There are definite signs of growth from the high street retailers and there has been a huge change into a more fragmented offer that targets different areas and different consumers.”

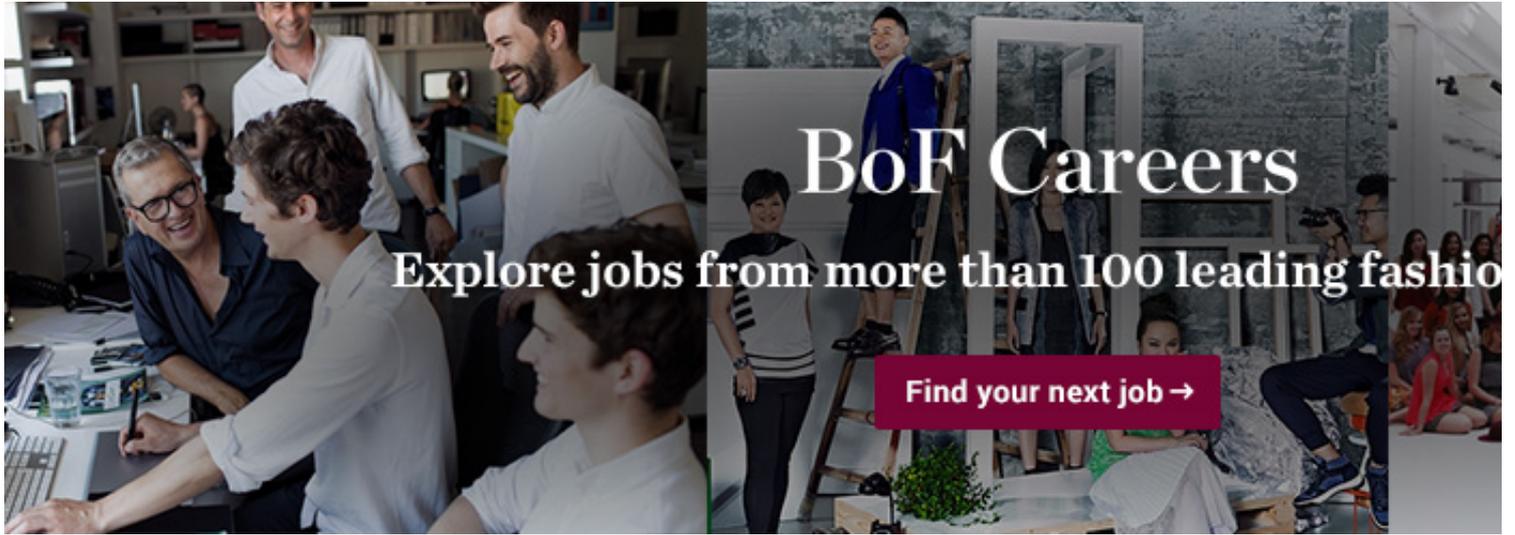
“This is particularly important for companies targeting millennials,” added Bernadette Kissane, apparel and footwear associate at Euromonitor. “Providing additional services and a unique brand experience will help promote loyalty among a consumer base that is renowned for its fickleness.”

Experiential marketing is one thing. But does it drive sales?

At high street retailer Jigsaw, “any personal shopping interaction” boosts the average transaction value from £100 to between £350 and £400, according to the company. Jigsaw’s personal shopping service is complimentary. Some stores also serve complimentary champagne and the service extends to visiting customers at home with personalised product selections.

“It drives extreme loyalty. It’s just good business sense,” said Peter Ruis, CEO of Jigsaw. “[Customers] talk about their family, they talk about what they’re doing, it’s not just, ‘Tell me what trousers suit me.’ You sit down for an hour and you talk about a lot of stuff. In our shops when we change key members of staff, we see sales go down. Not because they’re a big seller — but because there’s a relationship.”

“I think there could be some interesting psychology points about how the consumer shops today,” said Rachel Onojafe. “How they talk about themselves using social media; how it’s all about personalisation, what is my style and what do I love? Personal shopping is this wonderful way to help people realise that. I think it’s less scary now than it used to be.”



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