

COLUMNS

10 key trends in luxury retail

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The luxury retail sector, in the course of the next three to five years, will be driven by 10 key trends geared to satisfying consumer needs, fueling spending and luring new clients.

The trends will affect existing customer relationships and the targeting of loyal brand enthusiasts, affecting content strategy and tactics, media planning and buying and sales efforts aimed at emerging customer groups.

Here are the trends identified by us:

1. Trivergence of retail

Retail will move in three different directions to service the needs of luxury consumers.

The digital channel will drive research and stocking up on favorite products, while bricks-and-mortar stores will reach out to their clients through customized offerings such as express counters, “top 10 product” style kiosks and assisted shopping services.

Lastly, entertainment is key as experience, lifestyle and theatre drive the physical retail experience, while content will create pleasure in digital retail.

2. Hunt for new customers

Given the ongoing softness in Europe and slowdowns in Russia and China, looking into

new geographical areas such as Africa is rapidly becoming an alternative.

While fashion brands including Zegna, MAC and Hugo Boss have recently opened stores in Lagos, Nigeria, the new luxury hotspot, online retailers are now shipping to Africa, and are starting to focus marketing efforts on this region.

3. Power of travel

Especially in Europe, luxury brands are increasingly relying on international travel and tourism to fuel sales, primarily from China, Russia, the Middle East, United States and, now, Africa.

Tourists purportedly account for 55 percent of luxury sales in the United Kingdom, 60 percent in France and 50 percent in Italy.

4. Polarization of luxury

While in the past, luxury brands attempted to offer multiple price-points, brand confusion and erosion of luxury credentials was often the outcome.

Now, luxury is being pulled in two opposite directions, and brands will need to choose sides: accessible or ultra-luxe.

5. Editorial's retail reinvention

Media wise, magazines, newspapers and television will become the new digital storefront, reinventing themselves to allow customers to buy their favorite items, looks or beauty products straight off the editorial pages.

6. Menaissance

The menswear market is extremely bullish, growing at 1.5 times versus womenswear.

While 35-plus male consumers still dominate, the millennial generation drives retail spending through its modern aesthetic and digital knowledge. To which, many women's wear brands are either launching or revamping their menswear offering.

7. Personalized storytelling

The openness of digital platforms dictates that brands need to get personal to make luxury customers feel special.

The rapid rise of Instagram, live streaming and behind-the-scenes footage will leave consumers feeling like they have already experienced everything.

Brands are now challenged with creating truly personal, fresh, and meaningful experiences.

8. Branded media

Luxury brands will increasingly become media channels, creating content that is far richer than today's aspirational blogs, videos and magazines.

Retailers will offer multiple channels with high-quality and entertaining shoppable content updated on an hourly basis.

9. Millennial refresh

While consumers ages 35-plus still command some 83 percent of luxury spend, the fresh aesthetic, playful approach and digital propensities of the millennial generation are driving retail culture.

Furthermore, millennials are approaching their entry-point into the 35-plus luxury heartland.

10. Know I know

Show I know is growing old and the focus will turn away from the outward display of luxury to an inner satisfaction of how it makes one feel.

The creation of personal experiences is essential as luxury consumers shift the focus to indulging in personal reward.

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