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Young, digital-native retailers lead way on consumer trends adoption

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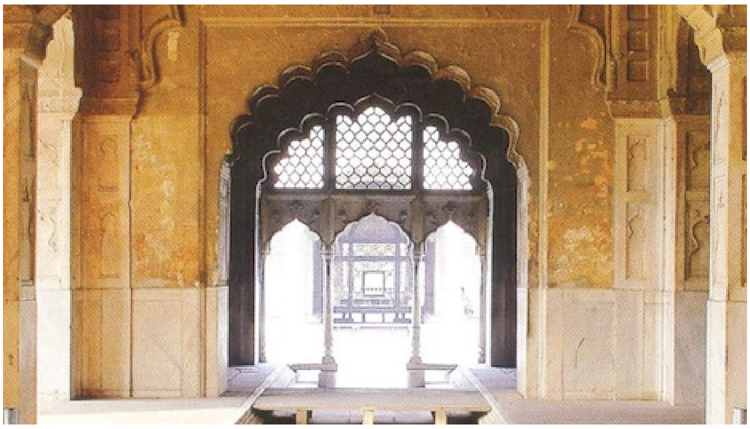

Digital retailers can adapt much more quickly and efficiently. Image credit: Swoonery

By DANNY PARISI

NEW YORK The future of luxury retail will be dominated by online-native companies and the women who run them, according to a panel at the Women in Luxury conference on Sept. 26.

One of the main advantages that newer retailers have in the modern, disrupted retail world is that they have the kind of online savvy that allows them to move much faster and respond to trends and shifting customer habits and desires. These young, flexible companies have the capability to adapt in a way that legacy brands with massive infrastructures may not be.

"Our customers are changing and us being in the digital space gives us an advantage," said Rati Levesque, chief merchant of The RealReal, San Francisco. "We can move faster because we are not as big as some of the other companies and we are online."

Luxury Daily produced the Women in Luxury conference.

Flexible retailers

For many new luxury retailers, such as online consignment shop The RealReal and ecommerce player Orchard Mile, women make up the core of their demographic, making them the most important share of these retailers' core customer bases.

For example, Ms. Levesque revealed that 75 percent of The RealReal's customer base is made up of women.

On a broader level, 85 percent of retail purchases are made by or influenced by women. Needless to say, brands and retailers have to pay attention to the ways in which women shop and what they desire out of their shopping experiences or risk losing out on a valuable demographic.

Jean Poh, founder of Swoonery, emphasized the importance of data collection.

"The Swoonery app is essentially Tinder for jewelry," Ms. Poh said. "The customers swipe if they like it or not and we gain data on them and the products with each swipe."

The panel

What much of this data reveals is that young women in particular are becoming a major consumer segment for brands and retailers in the luxury world.

"We know anecdotally that the younger customer does seem to want luxury, that she is willing to spend her limited amount of money to buy designers and high-end product," said Karen Giberson, president of Accessories Council. "They are also more likely to spend it at the opening.

"That's exciting, because if she's buying it, her mom will keep buying it," she said. "It bodes well for luxury."

Additionally, Amazon is a major competitor to many areas of the retail world but luxury fashion is mostly safe for the moment, as customers tend to go to Amazon for reliable, mundane things and not necessarily for high-end jewelry or high-fashion.

Retail's future

Recent trends in shopping habits support the panel's consensus that digital-native retailers are suited to navigating the modern retail landscape.

Consumers are adjusting their perspective on ownership, leading to the rise of alternatives to traditional purchasing in the fashion and beauty categories.

The convergence of consumers' thriftiness and desire for sustainability is creating new models for consumption, such as rentals and secondhand marketplaces. In a webinar from Euromonitor, titled "The New Consumerism: Impact on Beauty and Fashion Industries," two of the research firm's analysts pointed out that brands in these categories need to regroup and deliver experiences and products that consumers are willing to pay for to remain competitive (see story).

Jean Poh, Rati Levesque, Jennie Baik and Karen Giberson

While digital is a vital aspect of retail, in-store associates are not useless and are proving to be an essential part of the customer experience, according to consumers.

A report from Astound Commerce shows that 52 percent of consumers think it is vital for store associates to be able to place an order and 46 percent believe they should have access to inventory information. However, online shoppers are having extremely positive experiences as well, with 86 percent claim their customer service interactions were great, and 42 percent saying excellent (see story).

The flexibility and adaptability of digital companies also allows them to preserve a sense of discovery and adventurousness that older legacy companies can sometimes lack.

"When you put ASOS next to a high end retailer, they look pretty much the same," said Jennie Baik, cofounder/CEO of Orchard Mile. "Creativity is often killed when you play it super safe.

"Brands should be thinking, 'What can we do that won't kill the consumer's surprise and delight?'" she said.