

RETAIL

Luxury brands failing to retain valuable customers from year to year

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The top section of customers account for up to half of a brand's revenue. Image credit: Bulgari

By DANNY PARISI

Luxury brands would do well to cultivate their most loyal customers as new research shows the top 20 percent of luxury consumers can account for up to 50 percent of total brand revenue.

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This data comes from Customer Portfolios, which took a deep dive into the shopping trends in fashion and luxury this year. The biggest takeaway from the report is that brands need to cultivate and retain existing customers, rather than constantly chasing after new ones.

"Our look at fashion and luxury retail shopping trends from 2015 and 2016 led us to some interesting conclusions for marketers in this 2017 holiday shopping season," said Paul Welsh, vice president of analytics and product innovation at **Customer Portfolios**, Boston. "The findings show the importance of placing customers in the center of marketing efforts, creating a customer experience that transcends individual channels to recognize each individual customer lifecycle, then offering and responding on their terms."

Holiday rush

The holiday season brings a slew of opportunities for brands and retailers.

This is true for the luxury business just as much as mass brands. New research from Customer Portfolios shows that luxury consumers are more likely to respond to email offers during the holiday season than other times of the year, with a 28 percent increase in email opens from fashion customers.



David Yurman's holiday campaign. Image credit: David Yirman

This change is valuable, as email has been a fairly stagnant marketing channel for years, but this research shows that it can still be effective.

Black Friday has also been a huge boost in the fashion world. Last year, 15 percent of total fashion revenue came after Thanksgiving.

Additionally, only 4 percent of luxury revenue last holiday season came from consumers who had shopped the prior season, signifying luxury's failure to retain customers between years.

Retention

As the holiday season rolls in, more brands are debuting their takes on the holiday campaign.

For instance, Italian jeweler Bulgari is looking to the stars for a holiday campaign that sparks hope and light.

Launching Nov. 20 to coincide with Universal Children's Day, the Bulgari Wishing campaign includes a fundraiser for Save the Children, prompting social media for social good. Inspired by the night sky in its Roman hometown, Bulgari's effort speaks to the magic of its creations ([see story](#)).

U.S. jeweler David Yurman is taking inspiration from its eponymous co-founder's memories for a snowy holiday campaign.



Bulgari's holiday campaign. Image credit: Bulgari

Based around Bear Mountain State Park, the site of Mr. Yurman's first date with his now-wife Sybil, the effort depicts its jewels amid a wintry landscape. With the business and life partners at the center of the David Yurman brand, the jeweler often puts its personal story at the heart of its marketing ([see story](#)).

These campaigns and others show how brands make use of the holiday season as a way of bringing in new customers. But what those brands must keep in mind is that retaining and cultivating old customers is the most important aspect to a successful holiday shopping season.

"There is no shortage of opportunity to attract, retain and upsell customers, no matter what channel they use to engage with the brand," Mr. Welsh said. "Recognizing and responding individually to them at any touchpoint presents a huge competitive edge for retailers."

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