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LUXURY MEMO SPECIAL REPORTS

Luxury in 2018: Special Outlook Edition

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London department store Fortnum & Mason is known for its elaborate holiday and New Year's specials. Image credit: Fortnum & Mason

By STAFF REPORTS

Rich grow richer. Do the merchants?

The outlook for luxury consumers in 2018 is bright: the rich are getting richer. The challenge for luxury marketers is how to get them to spend more.

Worldwide, the pace of luxury growth will vary. China will continue to shine. Europe and North America are likely to hold up.Indians will shop more overseas. Africa will emerge from the shadows. Ecommerce will bag a larger share of retail sales. And bricks-and-mortar stores will have to amp up their experience quotient to woo younger affluent consumers.

Experience qualifies as buzzword of the year for 2017, but few know what it translates to: luxury brands already deliver in-store service above and beyond mainstream retail. But that is what Gens Y and Z want, so luxury marketers are in the long grass to find the experience elixir.

Barring war and natural disasters, luxury spending is expected to grow, but at a measured clip. As long as stock markets worldwide continue to soar, wealth creation will increase apace.

The trick is to convince those born to wealth, those making it and those aspiring to it to continue acquiring quality product and experiences without feeling sold to or overwhelmed. Wooing will have to transcend mere digital or print advertising. Relationship building and personalization will be key.

In this special edition, *Luxury Daily* invited 25 experts to offer their take on what luxury marketers can expect in 2018, complemented by our editorial team's assessment of how key sectors are expected to perform. Their insights and analysis are not a luxury to ignore.

Mickey Alam Khan, editor in chief, *Luxury Daily*

Sector-by-sector: *Luxury Daily* editorial take

Apparel and accessories

Luxury apparel brands are focusing on delivering newness, excitement and experiences to customers, whether through events, marketing or retail.

Meeting consumer desire to be environmentally friendly and unique, product creation will continue to focus on sustainability and customization.

Following much debate about the role of runway shows, a number of luxury labels have opted out of the traditional presentation, or reduced the frequency of these spectacles. From co-ed shows to see-now, buy-now, brands will keep experimenting with their fashion show formats.

After eschewing ecommerce for years, much of luxury fashion has entered online selling either through a direct-operated platform or partnerships. The coming year is likely to see more of the holdouts embracing digital retail. – *Sarah Jones*

Arts and entertainment

There has been an innovations uptick in the way the consumers peruse and buy art. Thanks to advancements in technology, consumers can now experience art auctions in virtual reality.

In the next year, these innovations are likely to continue as auctioneers and galleries continue to come up with new ways to leverage advancing tech.

Sotheby's and Christie's have found a market online and on mobile for auctions of smaller value, while global gallery brands such as Gagosian are driving a strong Internet presence.

Platforms such as Artsy will also play a major role, allowing for major art purchases to happen outside of the traditional auction houses. – *Danny Parisi*

Automotive

Automakers will continue to make headway with autonomous driving, as the technology continues to barrel ahead at top speeds.

Electric-powered vehicles, driven by Tesla Motors' zeal, will also see increased growth in 2018, with rivals continuing to outdo one another in ways to save the environment.

However, cars with gas-fueled combustion engines will not likely disappear in the coming years, but innovation in-dashboard technology will be a necessity. – *Brielle Jaekel*

Beauty and fragrance

The technology available today has finally brought to the beauty and fragrance sector what had previously been missing from its marketing experiences – personalized trials that recreate cosmetic-counter consultation.

Augmented reality and virtual try-on software will continue to bring beauty brand marketing to life through interactive, guided selling tactics that personalize consumer experience through mobile applications such as Perfect Corp.'s YouCam.

Going forward, niche and indie beauty brands will continue to give established personal care marketers a run for their money in the color cosmetics, skincare and fragrance segments of the market.

As demonstrated by the LVMH-owned Kendo's Fenty Beauty by Rihanna launch, cosmetics brands that do not truly speak to a global clientele through complexion merchandising are likely to see consumers become disinterested and take their spending power elsewhere, opting for brands that pride themselves on true diversity. – *Jen King*

Consumer electronics

The consumer electronics sector was marked by two major developments in 2017: the collapse of British high-end smartphone manufacturer Vertu and the introduction of Apple's luxury device, the iPhone X.

Apple will likely dominate any conversation about luxury electronics in 2018. But the tech giant's willingness to sell a $1,000 phone may tempt its competitors, most notably Samsung and Google, to challenge Apple with their own luxury smartphones.

The Apple Watch and similar devices will also continue to push their way into the analog timepiece sector through connected watches. – *Danny Parisi*

Food and beverage

Luxury brands across sectors are increasingly partnering with dining and spirits brands for collaborations that combine the culinary and the experiential. This includes activations such as London hotel Claridge's doing a store takeover with a New York bar and DFS opening a whisky lounge.

In 2018, as experiences continue to be the preference of younger consumers over products, brands will bring food and beverage into the equation to turn standard interactions with customers into milestone memories. – *Danny Parisi*

Home furnishings

As luxury consumers turn comfortable making major purchases online, home furnishings brands are helping them make more confidant decisions via ecommerce enhancements.

Buying furniture or an appliance has traditionally included offline exploration as part of the customer journey, but brands are increasingly helping shoppers visualize products in their homes via augmented reality, 360-degree photos and layout tools.

With consumers seeking technology, appliance makers are meeting their demand with smart ovens and televisions, in addition to smart-home technology driven by mobile applications, artificial intelligence and voice-activated personal assistant devices.

As consumers look to invest in their homes, furniture is becoming a more central part of fashion brands' efforts.

More labels are launching décor lines for the first time, while others are integrating their operations or opening dedicated boutiques for furniture and home goods. – *Sarah Jones*

Jewelry and watches

After years of hesitation or downright refusal, jewelry and watch brands embraced digital selling tactics throughout 2017, a trend that is likely to continue in 2018 and beyond.

A number of high-profile timepiece manufacturers, for instance, partnered with third-party sellers such as Net-A-Porter and Hodinkee, making it possible for horology enthusiasts to buy via ecommerce, many for the first time in the brand's history.

Jewelry and watch brands' exploration was not limited to ecommerce, with the sector coming around to the potential of innovative deployments such as augmented reality try-ons and artificial intelligence chatbots.

Despite the slow entry, especially from watch brands that are currently seeing a slight rebound in export value, the sector is now more fluid and willing to embrace its consumers where they increasingly prefer to shop. – *Jen King*

Media and publishing

While print media remains a go-to model to communicate with a high-net-worth audience, the industry has been forced to evolve and adapt to technologies leveraged by brands and retailers to remain relevant in a constantly changing landscape.

Well-produced and curated video, for example, has emerged as a successful content method to embrace a title's core audience, while also being a supporting vehicle for advertising partners via sponsored promotions.

Despite video's success, traditional media brands are likely still far away from truly interactive reads, enabled by augmented reality, for instance, which has caused some to restructure their focus and circulation behavior.

In the year ahead, media consumption will continue to evolve and is likely to present publishers with an opportunity to explore innovative ways to share the news via Snapchat and Instagram Stories or technologies yet to take off.

From an advertising standpoint, the biggest challenge for media properties will continue to be the two new media giants of the 21st century: Facebook and Google, both of whom are siphoning off digital ad dollars at an unprecedented rate.

Add to that the hostility from Apple – the Safari browser that dominates iPhone usage is hostile to ads and their tracking, encouraging Google to embrace a similar ad-blocking role on its Chrome browser that leads desktop and Android phone browsing – and the stage is set for an existential crisis for both luxury and non-luxury media with digital editions. Who knows – this may be the beginning of the comeback for brand advertising in print. – *Jen King*

Real estate

The real estate sector in 2018 will continue to see hotel brands embracing residences as affluent buyers look for convince and centricity.

The economy will influence 2018's outlook dramatically based on what happens with the newly passed revised U.S. tax regime that greatly benefits the wealthy.

The United States will continue to be a safe harbor for ultra-high-net-worth property investments, supported by pockets of boom in other key markets across Asia-Pacific, Europe, Middle East and Africa. – *Brielle Jaekel*

Retail

Luxury retail is being pushed to adapt to consumers' increasingly digital purchase paths.

With ecommerce enabling shoppers to skip the store and easily comparison shop, experience and exclusivity will drive differentiation and loyalty in retail.

Wanting to gain a more thorough view of their customers, retailers are also planning increased investments in omnichannel innovation and personalization.

While off-price represents a significant portion of sales, in 2017 retailers focused on driving full-price transactions rather than discounted purchases, leading to improved results.

Brands will continue to take advantage of the booming travel retail market, opening in airports or duty-free stores to reach tourists who are ready to spend. – *Sarah Jones*

Travel and hospitality
The sector in 2018 will see increased disruption in the bookings process, with artificial intelligence being used to sort through data to target consumers on a deep and personal level while also leveraging voice search.

Affluent travelers will continue to look for unique destinations as they strive for one-off experiences on a more cultural level. Brands will need to incorporate local culture and one-of-a-kind experiences to stay ahead.

Established luxury hospitality chains will come under more pressure from Airbnb as millennials and younger affluent consumers gain comfort with the renting economy. – *Brielle Jaekel*

Experts sound off on luxury in 2018

Milton Pedraza is CEO of the Luxury Institute

"Brands need to start taking data collection and use extremely seriously"

Luxury goods, especially apparel, should expect continued slower growth in 2018, while services such as travel, wellness, beauty services and technology continue to grow.

Millennials form more families, and home-related products grow steadily.

Many luxury brands need to get out of commodity status or face tough competition from comparable brands and upstarts.

Brands need to start taking data collection and use extremely seriously, along with developing employees in client relationship building at call centers and stores. So far these have been hobbies.

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Rania V. Sedhom is managing partner of the Sedhom Law Group

“Marketers will have to take measures to protect their contacts and followers from social media prowlers”

Marketers will face similar challenges to their legal professional counterparts. I see a true convergence between marketing and legal in 2018.

For example, social media has grown ever more popular as a means of connecting a brand to its consumers, both aspirational and dedicated. Several sellers of counterfeit merchandise are now prowling Instagram and other social media outlets in an effort to communicate with a brand’s customers, hoping to divert their attention and and money to the counterfeit product.

Marketers will have to take measures to protect their contacts and followers from social media prowlers.

In addition, there is a growing push for ethical fashion.

Several marketing campaigns regarding this issue started late in 2017 and new ones are set to launch in 2018. However, prior to making claims about how and where products are sourced and manufactured, marketers should work with legal to ensure that the marketing message is accurate.

The initiative isn’t merely about promoting organic or vegan. It also ensures factory workers are treated fairly.

For multi-brand etailers and retailers, marketers may consider asking the legal department to help draft provisions that ensure brands with whom they collaborate, and partner are legally bound to promoting or ensuring ethical manufacturing, sourcing, et cetera.

And, as ethics takes a forefront, so will new technologies of advanced materials.

There will be much traction in this area and, dare I say, a fun learning curve for marketers and consumers alike.

Lastly, marketers will need to determine the new global growth drivers over the next one, five and 10 years, and will need to work closely with legal professionals to meet global business compliance in areas such as importing and exporting, taxes, sweepstakes and lotteries, and consumer privacy protection.

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Livia Stefanini

“Shepherding clients in 2018 will require agencies to provide clients with expertise one can’t find in-house”
To begin with, a few sweeping generalizations on the tendencies we’re seeing with luxury brands as we look to the year ahead are larger companies’ continued investment in bringing specialist skillsets in-house, consolidation of marketing functions and, particularly in the U.K. and Europe, tougher budgets coupled with longer marketing wish-lists.

Shepherding clients in 2018 will require agencies to provide clients with expertise one can't find in-house, unlocking new opportunities as well as tangible savings and ultimately making their lives simpler rather than more complex.

Guidance with data and new legislations is essential, as Europe also gets ready for the new European Union General Data Protection Regulations to become effective in May.

At Havas LuxHub we're investing in such guidance but also in defining how luxury marketers should be using data to be more relevant, more targeted, more creative or even to discover new streams of revenue.

Of course, there is no singular Holy Grail solution and different clients have very different needs, even in the premium lifestyle category.

For some the solution might be to invest more in geographical data versus GDPR-restricted data to carve out highly qualified audiences based on their footpaths.

For others, it might be working with niche publishing partners to tap into unique audiences and creative talent. Alternatively, the solution might be to create more content and share it in highly contextual environments to seduce audiences at the perfect moment.

Long story short: Make clients' lives easier, bring new knowledge and opportunities to the table, and provide on-point data strategies.

What advice would you give luxury marketers for their campaigns and marketing outreach as consumer behavior and response to messaging evolves?

In practice, yes, consumer behavior is certainly evolving, but practice is defined by mediums and tools.

The vehicles to research or discover brands have had a complete overhaul, but emotionally, consumer behavior is still driven by strong, poignant, beautiful and inspiring ideas.

Consumer expectations of convenience and simplicity have increased because of technology, but brands still need to be liked, or better yet, loved.

So the conundrum for luxury marketers becomes, how do you do it all? How can you cater to the evolving consumer journey and add value to every pit stop platform? How can you then also over-deliver in customer service? All the while making people fall in love with the brand?

While some brands have adopted a customer-first versus brand-first marketing approach over the past few years, there needs to be a balance between brand, performance and customer.

No matter how big or small the budget, these three pillars need to be covered.

Organic and social can amplify the brand and customer, while content and editorial can bolster performance.

It's an intricate web of mediums, but sharing ambitions for all three buckets can help agency partners find more efficient solutions with media and cost-saving synergies.

The Yoox Net-A-Porter group is just fantastic at all three: ridiculously strong brand, stimulating content, customer service leaders and razor-sharp performance.

To conclude: the three key ingredients of brand, performance and customer need equal attention and should be allowed to riff off each other, creating bigger more memorable bangs.

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Caroline Pill is vice president of executive recruiter Kirk Palmer Associates

"The digitalization of the luxury industry requires strong experts in that field"

I always say talent is talent, no matter what industry, level or geography. That said, in view of the continuing uncertainty around the global politico-economic climate, it is crucial for companies to nurture their existing talent and complement them with the right additions.

Luxury brands know that there isn't just one type of consumer anymore and that their clientele is highly educated, well traveled and probably not as loyal as they used to be, hence the experience/story surrounding the brand becomes an essential part of the equation.

Talent needs to have a global mindset with the ability to distinguish amongst different types of consumers and their desiderata.

Furthermore, the digitalization of the luxury industry requires strong experts in that field.

Retail can no longer be seen in a silo, but needs to be included in the broader consumer journey.

Executives need to be more agile, creative and adaptable to the changing perception of the role of the physical store as well as the blurring of the geographical limits.

Whilst craftsmanship and creativity remain at the forefront of a luxury brand DNA, financials and data analytics are quintessential to conquer the next generation of savvy consumers.

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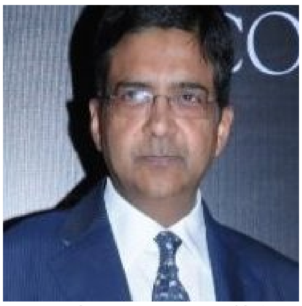

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"Indians are extremely value conscious. Ensure that you communicate your value systems clearly and loudly"

May 2014 saw a regional controversial political figure walk into the power corridors of New Delhi with a never-before-witnessed sweeping victory. A grim and challenging economic condition coupled with several other crisis situations welcomed Narendra Modi as he took office as India's prime minister. Obviously the luxury business could not have been on top of the government's agenda?

However, some of the key developments that unfolded have directly or indirectly affected the industry positively or negatively:

Digitization of financial services and demonetization of India's rupee bills: The attempt at weeding out the alternate economy from the system – the Indian government suddenly withdrew from circulation 86 percent of the nation's currency – came as a big blow to various sectors. Luxury, however, was gainfully impacted during the initial window of relaxations.

Cash transactions peaked for a few hours when accessories, jewelry, watches, real estate and other high value goods ended up being replaced with stashed-away cash.

After this period, there are mixed reports with respect to demonitization's positive or negative effect. Most brands feel that the initial slowdown was replaced by more balanced cashless transactions bringing in more controls and ease of doing business at storefront levels.

Unified national tax on goods and services: The single-most factor driving mixed emotions post-demonetization has been the implementation of India's goods and services tax (GST).

With multiple slabs, a plethora of paperwork and confusion galore, GST started with a resistant trade blockage, in general.

Luxury brands operating in malls found their overall costs coming down due inputs being credited for GST paid at imports and or rents to real estate landlords.

With a uniformity of taxes across stores in various states, the margins could be healthier, too.

Clearly, if implemented well, GST can give a boost to the luxury trade. The government's endeavor to rationalize GST slabs is also a welcome move for sectors such as fine dining and hospitality.

Reduced restrictions in foreign direct investment (FDI) policy: Whilst FDI was technically opened up in 2012, complex sub-clauses on sourcing norms, investment size and location had restrained brands from announcing their plans.

However, with current relaxations on sourcing restrictions, more retail brands are announcing their arrival into the country, the latest being Uniqlo.

Ease of doing business: With several positive announcements regarding new company formation, single-window clearances and faster approval of permits – new business owners can now expect to receive all clearances and permits in fewer than 10 days – the ease-of-doing business index has seen tremendous improvement.

As a result of such reforms, Moody's has upgraded India's sovereign rating to Baa2 from Baa3, putting India on a similar footing to the Philippines and Italy.

As a result of all these measures, an estimated 250 to 300 international brands have announced their plans for India.

Women Empowerment and the Global Entrepreneurial Summit (GES): The three-day 8th Global Entrepreneurship Summit organized by India and the United States saw Prime Minister Modi's vision of women empowerment get a further boost.

Led by U.S. President Trump's older daughter, Ivanka Trump, the summit brought to the forefront Mr. Modi's booster schemes of "Make in India," "Stand Up, India" and "Skill India."

Indian entrepreneurs are now able to access funds, certified talent and mentors with ease. The growing list of Indian-origin premium-to-luxury brands is a witness to this.

Several Indian brands have now entered the list of top 100 luxury brands in the world. Three Indian companies — Gitanjali Gems, Titan and PC Jeweller — have been named in the list of top 50 luxury goods firms globally that was led by Louis Vuitton.

Creation of mass affluence: With increased focus on infrastructure development, employment generation and growth in smaller cities is eminent.

Rapid urbanization is leading to increased awareness and a new demand for premium-to-luxury goods.

Retailers such as Zara and H&M have now become household names in most middle class families in Tier II and III towns. Luxury brands have begun to seep in via trunk shows, private sales and events organized to attract the rich and affluent classes.

What are keys to success for luxury entrants to India in 2018?

The luxury goods market in India is one of the world's most diverse, exciting and challenging.

Brands and retailers that want to capture a share of this fast-paced market need to learn to adapt, or risk missing one of the next greatest untapped opportunities for the luxury business.

1. Learn, adapt and educate the market: India is a vast demographic giant. A one-size-fits-all strategy will not work. Diverse strategies are needed in handling different demographics for brands to be unbeaten in the luxury sector.

Luxury experiences, both in-store as well as online, has become of prime importance for customer acquisition and retention. A deeper research into the ethnicity of the region can help. A region-wise marketing and communications campaign can pay rich dividends.

2. Focus on the value proposition of your brand: Indians are extremely value conscious. Ensure that you communicate your value systems clearly and loudly. Provide closeness, uniqueness, product and brand acquaintance with appropriate messages.

Educate this new Indian customer with your value proposition. Reach out, engage, inform, indulge, entertain and then retain.

3. Indians are digitally savvy: Don't ignore the digital medium. The ROBO (research online, buy offline) phenomenon is perhaps the deepest in India. Recent reforms towards a Digital India have ensured that the power of the Internet is freely available to a larger populace.

4. Train, educate, invest and believe in your staff: With so many varied customers, a key challenge is talent. Brands cannot be too sophisticated to scare away the new customer. At the same time, they cannot be too ordinary to not make a aristocratic customer shy away.

Driving this balance in line with the brand's cultural customer experience is perhaps the biggest operational challenge for any franchisee or marketer.

5. Believe in the market and stay invested: India is a long-term paradise. Marketers need to be patient, keep controls in place and let the brand and customer relationship evolve. There is no short cut to success – no quick gain methods in this market.

6. Collaborate, not compete: A relatively easy method that can work in the brand's favour is to collaborate with a likeminded, but differently skilled Indian marketer and add value to each other. Recent examples of such associations are between Christian Louboutin and Sabyasachi and Swarovski's alliances with various designers.

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Ashok Som

"European luxury brands will definitely evolve in a creative way to integrate omnichannel"

European luxury brands have had a taste of renewed success by end of 2017. So for 2018, there is an optimistic outlook for the business of luxury with the European brands.

The three star brands – Louis Vuitton, Gucci and Cartier – still dominate most of the businesses for the three luxury conglomerates, LVMH, Kering and Richemont, respectively.

There is a renewed effort by Italian brands to promote Made in Italy and by the French brands to promote savoire-faire.

Within the thrust to be more inclusive in every sphere of their operations, the European luxury brands will definitely evolve in a creative way to integrate omnichannel ways to reach their consumers across the world.

Though specific measures for geographic diversification will still take attention from most of the brands, China and

Chinese consumers will still be center-stage in 2018.

Thus, the challenges will be manifold. Where will the growth come from other than the Chinese consumers? Will Indian consumers play a part in this growth story? Will there be need of more investments in the Americas and Middle East? And all of these have to be decided keeping the geopolitical, economical, societal, technological, legal and environmental aspects within the industry.

The challenges can be seen from an opportunistic lens, too.

With European brands deciding to be cautious keeping in mind Brexit, North Korea, Qatar, Nigeria, natural calamities, stabilization of oil prices, foreign exchange fluctuations, decreasing use of fur, WeChat's use, going digital, influence of bloggers, customization and cracking down on counterfeit goods, there is more to look forward to.

With renewed optimism in Continental Europe after the elections in France and Germany, luxury consumption in Europe is set to improve, though for sure the main source of revenues will be from Asian, followed by American consumption.

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"One of the biggest challenges for luxury brands will be to understand and catch up to China's leap forward in terms of luxury goods purchasing"

While the Americas and Europe are showing a clear decline in luxury good sales, the Asia-Pacific region has experienced a 9 percent growth rate in 2017, according to Euromonitor's latest data. Driving this increase, China will continue to offer luxury brands various opportunities to tap into.

Rise of Chinese ecommerce pure players

One of the biggest challenges for luxury brands will be to understand and catch up to China's leap forward in terms of luxury goods purchasing.

While online platforms were previously bypassed as a channel for the selling of products by many luxury brands – with the reason being that such platforms were seen as not "luxurious" enough – it has now become the norm for big-name brands to be stocking their latest seasons on platforms like Alibaba's Luxury Pavilion, JD's Toplife, Secoo or Mei.com.

Ecommerce pure players are becoming highly popular with Chinese shoppers due to the conveniences they offer.

Besides allowing consumers to buy items with a single click, which works especially well with millennial shoppers who tend to be driven by instant gratification, some platforms even offer the option of paying for the item in instalments.

Mobile payments

Though only introduced a few years back, the uptake of mobile payment options in China has been staggering.

Figures from the Payment and Clearing Association of China show that the number of monetary transactions made through non-banking mobile apps increased from 3.777 billion to more than 97 billion from 2013 to 2016, with a compound annual growth rate of over 195 percent.

What's more, a study done by the Tencent Research Institute shows that 40 percent of Chinese carry less than 100RMB in cash around with them daily, relying on mobile payment methods like WeChat Pay or Alipay for the bulk of their purchases.

This makes it very pressing for luxury brands to jump on the mobile payments bandwagon, as the Chinese are increasingly reliant on paying for everything with their phones – from daily necessities to big-ticket items. In fact, you'd be hard pressed to find anyone walking around holding a wallet anymore.

Millennials as priority

In the coming years, it is imperative that brands focus on targeting millennials. Currently, over 300 million of them reside in China – and this number is growing.

While the growth of this generation's growing spending power brings about many opportunities for brands, it also poses a huge challenge, as this generation thinks and shops very differently from the previous generations.

For one, millennials are more sceptical towards brand messages. This makes it important for brands to embrace the idea of third-party voices potentially being more influential than their own.

Authenticity is key to gaining the trust of millennial consumers. This not only redefines the approach of content creation and online PR [public relations], but also requires brands to involve the audience as actors rather than simply spectators – which can be hard to do for brands that have been built on the idea of being exclusive, or even inaccessible.

The WeChat battle

As the WeChat battle between brands intensifies, the focus will be less on content, and more about experiences. Brands are starting to realize that it is key to develop a strong value proposition for their WeChat presence.

As such, brands are increasingly looking to WeChat as a platform to do more than simply serve content.

Instead of being a mere social media platform, WeChat is fast becoming a key pillar of client services and CRM activities.

Brands have discovered WeChat to be a convenient way to connect their sales staff with clients and prospects, naturally building on a social CRM approach. This also applies to loyalty programs.

Previously, such programs faced challenges in the market due to difficulties faced in collecting consumer data from points of sales, as well as efficiently communicating with clients via email.

WeChat offers a new approach to tackling these challenges and brands are embracing it.

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"We can predict 2018 should be a seller's market in the high end"

At Luxury Portfolio International, we are feeling quite bullish about the high-end of the global real estate market in 2018 based on three factors:

First, reports from our brokers about activity in the high end, record-breaking listings and sales, and interest from the high-net-worth.

Next, data from our research through our longstanding partnership with YouGov, which spoke to affluent consumers in 14 countries and found that we can predict 2018 should be a seller's market in the high end, as there are more people reporting an intent to buy versus an intent to sell. And the great news is that overall the high-net-worth have strong intent to purchase not only in the next year, but also in the next three years.

Finally, the overall health of the growing affluent consumer.

Regarding location and types of properties, we anticipate buyers will continue to demand views, waterfront and other lifestyle properties, as well as a continued interest or leaning toward more clean, contemporary design.

Geographically, the demand is strong across regions, with especially strong interest anticipated from buyers in the Middle East.

Bottom line, in a landscape where the wealthy continue to get wealthier, and where affluent consumers see real estate as a good place to invest their money, as well as an investment in their family, lifestyle and well being, we believe buyers and sellers of significant real estate are well positioned to be active in 2018.

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"The future of in-store retail is to do something special, elevating what would otherwise be a routine online purchase into something more."

There are four major trends in New York retail that cannot be ignored.

Experiential retail

Experience is the core of where retail is heading.

There's another level to that, where customers of all ages want to experience their brands fully. That means there exists an exciting physical store presence, with helpful and knowledgeable staff, and personal attention, but, also, a fully functional ecommerce site, as well as curated social media feeds of the latest styles.

The point is that all of luxury retail – apparel or footwear or accessories or jewelry – must meet the customer on all the points where they seek the brand.

The in-store experience is taking on some interesting new pathways.

On one level, we have the upmarket: Saks Fifth Avenue is offering complimentary personal shopping services and making it even more of a luxury experience, and one worth coming inside the store to really appreciate.

Another level is [now Walmart-owned men's apparel brand] Bonobos, where nothing's for sale, but the physical space houses the online order tablets, plus some experts to help answer questions and walk a customer through real samples.

The future of in-store retail is to do something special, elevating what would otherwise be a routine online purchase into something more.

Pop-ups

In addition, everyone is jumping in on the pop-up phenomenon that is now becoming more popular and prevalent than ever. This trend will continue to balloon.

New York City has become a pop-up paradise. The power of a temporary shop is infinite, becoming a mainstay across the global retail landscape. Brands want to briefly test out their products, create a buzz, generate awareness, attract shoppers, allowing them to gain confidence in the brand.

Many times the objective is to position the brand with the lure of a store and a goal to expand and become permanent. Engaging the shopper in this way is valuable, creating an experience to connect with your brand.

Bridging the gap between a physical and an ecommerce store makes for a true seamless omnichannel experience for shoppers and a successful clicks-to-bricks story.

Beauty and wellness

Beauty is a fast growing industry – it is everywhere and weathers the ups and downs of the market.

We see the Saks Wellery concept and Bloomingdale's new beauty concept, Glowhaus, targeting millennial shoppers.

Food halls and restaurants

According to the Bureau of Labor Statistics, the number of restaurants is growing at about twice the rate of the population. Furthermore, since 2010, restaurants have accounted for one out of seven new jobs.

The food scene is booming and is driven by the millennials who spend their money on experiences – and food is an experience. They want convenience, value and an Instagram-worth picture to share.

As for Fifth Avenue, I believe it will continue to evolve as a street known to have brands from denim to diamonds, resembling the Champs-Elysees in Paris, where you have Apple and Microsoft beside the highest-end fashion.

As we embrace the omnichannel new reality, retailers are learning how to parlay that into their store structures and use it to its full potential.

Business will increase and stores will be ones where customers can touch and experience the products to then make purchases.

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"When Amazon introduces an innovation to its customer base, it's very likely it will be disrupting many retailers or brands' business models"

As virtually all marketers now understand, the majority of consumers, including luxury shoppers, have embraced a digitally based lifestyle that includes shopping online. And as all marketers understand, Amazon has been a leader in disrupting their business models by delivering to consumers shopping innovations that consumers believe make their lives more convenient.

Big picture, when Amazon introduces an innovation to its customer base, it's very likely it will be disrupting many retailers or brands' business models. Why? From listening to consumers, it's incredibly clear to us that innovation through the consumer's eyes is generally a disruption through some brand's or retailer's eyes.

When we have asked consumers to describe in their own words why they shop on Amazon – and Amazon is the #1 digital store in the U.S. – the following are representative of how those shoppers describe the benefits they perceive Amazon delivers:

- Amazon offers a wide breadth of products and services
- Amazon delivers one-stop shopping
- Amazon offers competitive pricing
- Amazon makes it convenient to shop (customers can shop from home or office, no driving, et cetera)
- Amazon continues to work on eliminating consumers' problems and annoyances regarding shopping
- Amazon offers fast and free shipping to its Amazon Prime customers
- Amazon Prime customers receive other benefits in addition to free shipping (Prime Videos, music, et cetera)
- Amazon facilitates hassle-free returns when purchases need to be returned
- Amazon delivers responsive customer service when service is needed
- Amazon offers online reviews of products by prior purchasers
- Amazon is a globally recognized brand

Among this fairly long list of consumer benefits, notable is the following one: Amazon continues to work on eliminating consumers' problems and annoyances regarding shopping.

What has Amazon been delivering in this arena lately?

New connected devices (smart speakers) such as their trademarked home device Echo that make shopping easier for many consumers, as well as adding in other benefits including answering many every-day questions that consumers have through its virtual assistant Alexa (for example, "What's today's weather forecast?").

As we look towards 2018 and the new consumer benefits Amazon will undoubtedly be introducing, our expectation is they will be based on its artificial intelligence and home/business device capabilities (Alexa and/or Echo).

With so many luxury shoppers shopping for millions of mainstream products on Amazon, we believe luxury marketers need to stay on top of what Amazon is doing. Why?

Assuming whatever Amazon introduces during 2018 benefits consumers as they shop for mainstream products, these same consumers will eventually be expecting their favorite luxury brands to deliver comparable benefits on their digital platforms or in their stores.

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“Expect a lot more amazing content through collaboration between artists and luxury marketers”

Influencer marketing over the past two years has risen to the extent that it has become an essential component of the marketing mix for fashion and beauty brands.

In 2018 we expect savvy brands will become better at optimizing their efforts in that space, becoming more efficient and more targeted in their partnerships through their own tech or platforms like thetribegroup or octoly.

On the other end of the luxury spectrum, we are also witnessing the emergence of a similar type of collaboration in the hard luxury goods segment– collector's timepieces, yachts and exotic skins. It is materialized, however, through a different breed of influencer, not the traditional A-lister, not one that is not characterized by blogging abilities or followers, but rather by offline skills, pursuits and talents, mainly artistic ones.

This trend will be sustained by the converge of three factors:

1. While micro-influencers who are close to their audience and can trial products prior to endorsing them are a natural fit for fashion and beauty, the essence of hard luxury is to be coveted but inaccessible for the masses

2. These brands are naturally aligned with the arts, such as Fondation Louis Vuitton by LVMH boss Bernard Arnault, or Kering group founder Francois Pinault’s new museum to house his art collection

3. Leading luxury brands have created large audiences on social media and require to create a lot of their own content to feed it

Just like Isabella Manfredi from the Preachers and Chanel, Gucci with alternative band Say Lulu or Jeff Koons, expect a lot more amazing content through collaboration between artists and luxury marketers in 2018.

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“The store as the brand cathedral is more important than ever”

What are the threats and opportunities for luxury brands and retailers in 2018?

First, your product must be impeccable and communicate intrinsic quality and artisanry – this is a given, paramount to the foundation of a luxury brand.

Creating desirability is a function of the business strategy and marketing.

In 2018, think increased flow of newness and limited editions, blurred seasons, faster time to market. Create demand with less supply, scarcity and exclusivity, boost desirability and enhance your shopper’s personal sense of social status.

Ubiquity is the enemy of luxe.

The world is rapidly changing. It is not business as usual. The long lead times of luxury can make your brand irrelevant in a few seasons. The Internet has provided access 24/7 and undermines the preciousness of most luxury products.

Luxury brands must be online because today’s consumer expects it. She wants to buy her Manolo’s at 1 a.m. If you are not online, she will shop elsewhere – her switching costs are zero.

But the store as the brand cathedral is more important than ever.

In-store experiences and retailtainment are differentiators. Drive store traffic with in-store exclusives and brand-appropriate events that allow shoppers to experience brand DNA and develop a relationship with your brand and, ultimately, loyalty.

Millennials and Generation Z will drive future luxury growth. Understand their values. Creating community and making a social difference counts. Think of giving back, à la Fondation Louis Vuitton or Shinola, where the brand story is interwoven with Detroit's resurgence and a Made in America theme.

Connect with your consumer. Listen to their suggestions and incorporate if brand- appropriate. Would a lower heel be such a bad thing?

Think about out-of-the-box partnerships to introduce your brand to new customers and add nuance to your brand personality.

Always stay true to your brand DNA and codes, while allowing your brand to be living, vital and organic, responding to today's culture. Use social, be mobile. Be where your customer is and tell your brand story everywhere.

Be authentic, and if your brand, can go there, a little cheeky, too. Have fun, you know you are fabulous, so laugh at yourself too. It makes a brand human and relatable. Great for selfies and Instagram-able moments.

Make tech-phobia verboten. Integrate technology into your business across the organization, from customer touching to managing business processes.

Hire brand ambassadors that breath the brand, then empower them to delight your customers.

Finally, no conversation about commerce is complete without a discussion of Amazon.

Amazon is not your friend as it is currently platformed. But watch everything it does.

If you can afford to have a dedicated analyst that keeps your C-suite abreast of Amazon's product/category/brand strategy, do it.

The Amazon platform is anathema to brand building/enhancing or the experiential side of commerce, which is luxury's domain – for now.

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"Working with influencers has become table stakes for most brands"

Luxury brands have been no stranger to working with influencers. Partnering up with "It girls" and tastemakers has been a proven way for premium brands to drive buzz around new product launches or collections, as well as to drive continual brand awareness on the social platforms that increasingly take up a bigger piece of today's consumer mindshare.

But as working with influencers has become table stakes for most brands, marketers need to continue to build deeper relationships with influencers, innovate in content and distribution, and invest in proper tools to track and scale to stay ahead of the curve.

Build deep bi-directional relationships with a core set of influencers

Genuine reciprocal relationships where there is mutual respect and trust between the brand and influencer are becoming increasingly important.

Traditional influencer programs have been based on a very one-directional dialogue: brand talks to influencer, influencer talks to audience.

Over the course of 2017, we heard repeatedly from marketers and influencers alike that they increasingly see value in building holistic always-on relationships with influencers in an ambassadorship model.

We are seeing influencers and their audiences inform brands on market trends, product feedback and even design ideas .

Savvy brands and retailers such as Nordstrom, as evidenced by its successful partnership with Something Navy, Glossier and Revolve Clothing are working with influencers year-round, and interacting with them in a true bi-directional dialogue.

Innovate in content and distribution

As influencers become a mainstay in the marketing mix for brands, marketers need to continue to innovate in content and the ways in which they distribute that content.

Innovation can manifest in the way a brand partners with an influencer to really provide something that is of value to the consumer.

For example, modern luxury travel brand Away worked with artists Jen Mussari, Scott Biersack and Alaina Sullivan to hand-paint personalized monogram designs on their luggage. This created an opportunity for content to be captured, as well as an exclusive and highly shareable factor to their physical product – all of these artists also happen to have healthy social media followings.

Innovation also means staying ahead of the curve when it comes to emerging social platforms and features.

Instagram has been far and away the most popular medium for brands to work with influencers, and the social platform has been rapidly releasing new features such as IG Stories, Polls and Live that have proven to be relevant ways for influencers and brands to speak to consumers.

We have also seen marketers look to extend the power of the influencer content by picking top-performing pieces of content and further distributing via boosted social, retargeting and programmatic ads, as well as on brand ecommerce sites and owned email channels.

Invest in proper tools to track and scale to stay ahead of the curve

Finally, to properly test the effectiveness of all of the above, luxury marketers need to invest in proper software to track content – impressions, clicks, likes, shares, re-pins, pageviews, et cetera – and find new influencers to work with.

Working with influencers, especially at scale, requires a heavy amount of work: finding influencers, negotiating with them on rates, work with them on content direction, review content, track all content, and pay the influencers.

Most of the more tedious aspects of the process can be solved with technology, so the marketer and the influencer can devote more time towards what will truly move the needle: content ideation and strategy.

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Malinda Sanna is founder/CEO of Spark

"The luxury buyer is using mobile to discover, to experience, to research, to be entertained, and to further explore the voice of a brand"

Mobile is the closet thing to having a computer embedded in our body – it literally is becoming a part of us now. We wake with it, we go to sleep with it. So for a brand, you want to ask yourself, how close do I want to be to my consumer?

If that answer is yes, then investment in mobile engagement is critical.

The luxury buyer is using mobile to discover, to experience, to research, to be entertained, and to further explore the voice of a brand: is it a brand I want to get to know better and allow into my life, or is it not worth my limited time?

"Online" feels like an outdated term to me.

With the convergence of devices and applications, it's all going to mobile and that's where we focus our methodology, LookLook, and where we recommend to our clients that they spend their money, create strategies and build out content.

Instagram alone and the dominance of influencers on IG is the channel of choice, fragmented as it is, for luxury buyers – particularly, women – who are in the discovery phase for any luxury product.

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Jasmine Bina is president of Concept Bureau

"The problem with many heritage brands is that they confuse story with history"

New luxury is going to look more varied than ever, with emerging brands across the spectrum of voice, experience and price point. But there will be one common thread among all of them: specificity.

The new luxury brands that are going to win are the ones that are willing to have a unique and nuanced point of view. The ones that are willing to stand for something divisive and distinct.

I don't think heritage luxury brands should feel threatened yet, but they should feel a steep challenge ahead. This happens in every space that gets disrupted. Suddenly the enemy is fragmented and attacking from all sides, all while the rules of the terrain are changing.

If heritage brands really want to adapt to the changing tastes and behavior of modern luxury consumers, then they need to reconsider their top-down, authoritarian approach. While they command respect, new luxury names are instead earning it.

Taking bold creative risks, treating people as co-creators rather than customers, and creating brand tension are good starting points for self-disruption.

People are consuming products with a purpose, and purpose comes from story. The problem with many heritage brands is that they confuse story with history, but they're not the same thing.

History tells me who you are, but a powerful story tells me who I am. I am not my money or my access. I am something/someone with a greater purpose, and new luxury brands have been able to capture that sentiment for their customers.

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Ana Andjelic

"Think how crippled Chanel is these days by desperately clinging to Coco"

I am seeing more and more newcomer luxury brands really taking care of building and nurturing their communities. This is a smart business strategy.

Luxury fashion brands used to grow through amassing scale, vertical integration and increasing corporate marketing budgets. This isn't anymore what drives growth in 2018 and beyond.

Sustainable growth is achieved by luxury fashion brands, clearly defining their role in culture and clearly understanding the identity of those they want to connect with. We will see more of that in 2018.

North stars in this sense are Goop, Gucci and Vetements in luxury fashion and Glossier in beauty. These brands are all about the individual who buys their products and who buys into their aesthetics. They are much less about building their brand narrative in the traditional sense, around the identity of the founder. Think how crippled Chanel is these days by desperately clinging to Coco.

Building customer intimacy is the key driver of 2018. All successful brands today are extremely close to their customers – they adopt an inclusive and intimate visual language and brand handwriting that is predicated on the notion that a brand thinks you are special and is designing products especially for you.

This customer intimacy is a must. Internet networks are much less about brands and much more about people talking about themselves. It's a "how-you" versus "how-to" attitude, which embodies the taste, aesthetics, cultural sensibility and lifestyle of the modern luxury audience. The attitude of the modern luxury culture is "you don't need cashmere sweater, cashmere sweater needs you."

We will see less of rigidly controlled narratives and more of cultural exchange that enforces social mythology and is inherent to consumer networks, like Vetements clothes and Gucci memes.

In 2018, transformation of the modern luxury conversation will continue around building consumer intimacy, luxury fashion brands creating a more dynamic role in culture, and asserting a clear brand POV and identity.

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"Customers come into stores today thinking they don't need sales associates in the same way – or not at all"

Know how it feels to have been somebody's No. 1 and find yourself sliding out of sight, out of mind? If not, just ask a luxury retail sales associate.

The No. 1 influencer in customers' decisions used to be the knowledgeable, assured sales associate. Suddenly, the sales associate is No. 3. First is the inner circle: friends. The second ring? Social influencers, online reviews and recommendations. The average sales associate is losing influence. And there's no room for average in high-end retail.

That doesn't mean luxury retailers can't reclaim influence. Many, though, are trying to reclaim it through in-store technology, celebrity endorsements, joint ventures and co-branding.

The challenge

Those are short-term solutions. Loss of influence is the cause of retail's long-term challenge: attracting new customers to luxury stores and bringing them back again.

That takes extraordinary sales teams. It takes relationship expertise. In a world where the power has shifted almost entirely to the customer, it takes the ability to connect on a deeper level. To be influencers, sales associates must be perceived by customers as helping them find things they could not have found on their own.

Customers come into stores today thinking they don't need sales associates in the same way – or not at all. The currency has changed and many salespeople have not noticed. This is less about product knowledge than social and cultural acumen. Developing these capabilities takes work.

On selling floors in the U.S., Europe and Asia, where I train and coach sales teams for premier luxury brands, I see salespeople miss social cues as they download "product stories" before customers express any interest in the product. The old ways of selling are obstacles to the rapport and relationship that today's customers expect.

Adapt fast

Changing sales associate behavior doesn't just mean more sales, but more humanity: more empathy and authenticity. It's like being a good date: listening, really experiencing the other person. And this is speed dating. Sales associates have to connect quickly, or customers are gone. Don't lead with selling. That comes later. Lead with relationship. Rapport leads to more.

Suffice it to say that in 2018, retailers will stand or fall not on tech or Big Data or product knowledge, but on the customer experience that only influence and relevance can create.

For now, forget customer experience. Build the expertise that enables sales associates to experience customers. Then watch your sphere of influence expand.

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"I have heard several luxury marketers wanting to have ecommerce as their No. 1 door in 2018"

In 2018, luxury brands will finally start to move away from calling out the word "digital."

Digital will flow a bit more into a brand's overall marketing vernacular. There will be more thoughtful planning around branding, ecommerce and in-store experiences. That thoughtful planning will rely less on traditional luxury tactics of the past – magazines and newspapers.

In fact, those tactics will be seen as super-antiquated by even the most traditional luxury brands. Budgets for magazines will be down, but still remain at the 70 percent level.

The always-on nature of the consumer will continue to be super-challenging for luxury brands. Brands need to cut through the clutter and distraction.

Luxury has never been a commodity, but traditional digital media at its core always has been a commodity-based business.

The luxury category has a real opportunity to use new platforms to help tell their stories of craftsmanship and authenticity.

Video will continue to be a vital storytelling tactic, dominating the discussions in 2018.

The biggest change for 2018, however, will be the all-out effort to increase ecommerce and the online experience.

I have heard several luxury marketers wanting to have ecommerce as their No. 1 door in 2018. That will certainly impact media planning and buying.

Further, social spending will continue to increase.

I do see, however, a backlash.

Spending money in the vast seas of social has shown diminishing returns for luxury brands.

Handcrafted media plans, with consumer data and insights, should help luxury brands experiment with various digital tactics, driving ecommerce.

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David Friedman. Photo: Michael Falco

"The attempt to reach the UHNW market through experiences that they can't get for themselves threatens to degenerate into an arms race of over-the-top invitations"

There are several key trends that will drive change in the ultra-high-net-worth (UHNW) luxury landscape of 2018, but let me highlight two that I think will be the most important:

Arms race of over-the-top luxury events. While most luxury brands recognize that to capture the UHNW luxury consumer, they need to be more bespoke, this has yet to translate into a data-driven approach around their marketing events and experiential platforms.

The attempt to reach the UHNW market through experiences that they can't get for themselves threatens to degenerate into an arms race of over-the-top invitations that will, if not already, desensitize the UHNW consumer and render such efforts as failures.

The only successful way to navigate this new "battlefield of competing luxury event invitations" is to ensure that 1) you understand the passions, hobbies and interests of your target audience, 2) you have mapped and clustered those affinities and that your marketing budget and events map closely to those specific areas.

In other words, quit inviting all your very important clients (VICs) to every one of your top events and build marketing events around them. Six years ago, I named it bespoke marketing.

Develop a VIP (top clients by spending) intelligence platform that has a omnipresent view of your key clients across both the physical Web and digital platforms. Currently, most organizations have a bifurcation between their content management systems that govern their Web sites and their CRM data. This technological divide is a mirror of an organizational Rubicon within most luxury brands between their sales and marketing.

Marketing is tasked with brand equity building and sales is tasked with increasing revenue figures. But as it goes, "East is east and west is west, and never the twain shall meet."

But imagine if your sales professionals were armed with the intelligence of what their VIP was exploring on your site a day before they came into the physical store to pick up a new prior new purchase. What would you do with that information and intelligence? That type of information is power.

Next, by combining what you know internally, which is mostly spending data, with outside information about your VIC including their digital exhaust, starts to give you a broader picture and narrative about that individual outside of the myopic optics of that you have today about what they have or have not bought from you.

This type of data and intelligence allows you to start asking the question, "What should they be spending with us? " not just "What are they spending with us?" today. This furthermore empowers the creation of KPIs and metrics around increasing wallet share for VICs, not just increased sales goal based on a disassociated increase figure.

Finally, having a dashboard that integrates all the activities and behavior of your VIC across the physical Web – which includes your store activities, parties and events – with their digital behavior and then information that goes beyond your own domain to understand their passions, hobbies and interests outside of your brand and then how to engage them around those areas.

Combining all this intelligence will empower a new way to engage luxury VIPs in the way they want to be engaged: bespoke but without transgressing their personal boundaries.

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"Trying and failing is no longer a negative connotation but rather simply a step in the process of being relevant in a digitally driven world"

The luxury industry has historically lagged in adopting digitally driven marketing strategies. Until recently, technological advancements have seemed contradictory to an industry that has built itself on core attributes such as rarity/scarcity, excellence, expensiveness and timelessness.

The last 24 months have signified a significant shift in approach as luxury brands are realizing the necessity and value in embracing technology and interacting with consumers in innovative, digitally driven ways.

The pervasiveness of technology, particularly digital, is driving a shift for brands to focus on relationship building via authenticity, customization, pleasurable products and experience-driven marketing. As a result of this digitally driven world, brands are being given unprecedented access to their consumers.

From a human resource perspective, this shift requires luxury marketers to be agile, responsive and engage their employees in the process. It is important for brands to think about shifting their brand culture to embrace technology as a tool to translate marketing messages.

To do so, brands must empower all levels of employees to think outside the box, iterate on ideas and tell the brand story in authentic ways that will resonate with the consumer.

Trying and failing is no longer a negative connotation but rather simply a step in the process of being relevant in a digitally driven world. Approaching digital technologies inclusively provides both existing and new employees latitude to immediately adjust to the rapidly changing luxury environment

As employers hire new talent, it is important to hire those who have a strategic mindset, an entrepreneurial approach and an ability to make what was once exclusive inclusive, while still remaining true to brand values.

The agility and responsiveness of brands must also be reflected in employee culture.

With the pervasiveness of mobile and digital communication, luxury firms must evolve marketing approaches and think innovatively in how to integrate technology into all they do, starting first with their employees.

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"With the automation and atomization of jobs that's about to happen, it's in the air. The gap between the have's and the have-nots just keeps getting wider"

Luxury retail must reinvent itself – and fast. You've read the articles about wealthy people hiding labels, price tags and not wanting to be conspicuous as the world gets scarier and more divisive.

With the automation and atomization of jobs that's about to happen, it's in the air. The gap between the have's and the have-nots just keeps getting wider. So, against that backdrop, consumers will need to connect to brands in new ways:

Life is somewhere between scary and terrifying right now. Help the consumer escape. Consider the success of Louis Vuitton's Volez, Voguez, Voyagez – an exhibit at the former site of the American Stock Exchange that builds the brand's heritage in such a sophisticated way.

My trendspotters also loved the cactus pop-up downtown [Manhattan] where guests learned about rare plants, their care, and could sip drinks while watching old movies set in the desert – brilliant.

Values are the new value. Consumers are absolutely demanding that brands show they are responsible, that they are transparent about their materials and manufacturing techniques and their production conditions. It's our Save our Society Trend, in which consumers demand ethics – and it's becoming more intense.

So show us that you are protecting the elephants, show us the inside of your factories to show us that there are no children involved in making your product. Make us proud to align with your brand and be loyal.

Tech is all-powerful in this 99Lives world of multiple roles and responsibilities.

Brands must be pursuing AR [augmented reality], VR [virtual reality] and AI [artificial intelligence] solutions to our basic needs.

Can a dress monitor our health and vibrate to soothe us when our heart rate and breathing reflect stress? Can you tell the consumer when her sunglass hinge is about to break and repair it remotely? Can a pair of bespoke shoes link us to a curated VR weekend away?

How will retail look for mono-brand luxury labels versus luxury department stores in bricks and mortar and online?

I'm a big believer in mono-brand luxury – it gives such a clear connection to the consumer. Look at Sephora and how they can drive home their vision in-store and online. The entire experience is one of indulging one's love of beauty and personal care. There are new products to discover, touch and try, there are seminars in makeups and selfie techniques.

Digitally, they are early adopters of AR and there are loads of product info and options available. And they have the Accelerate program, which nurtures female founders of beauty businesses through a bootcamp. That's A+ work.

Department stores need genius ideas to get consumers into the doors. What can they learn from the Museum of Feelings or the Museum of Ice Cream about creating a social media paradise with exclusive, shareable moments? What can they learn from luxury hotels about keeping a consumer engaged and on-premises?

It's going to take personalization to an almost cellular level and it's going to involve fabulous augmented and virtual reality. And it must involve Clanning – connecting consumers with PLUs, People Like Us. Think of Neuehouse or the Wing. How can a retailer be that kind of club? It's an uphill fight, without a doubt. And it must offer a digital component.

Faith Popcorn is a futurist and CEO of FaithPopcorn's BrainReserve, New York.

Christopher Skinner is founder and principal at School House

"Less shopping and more doing will start to weave itself further into department stores"

Walking down Madison Avenue [in New York] today is a much different experience than yesteryear – you have Raf Simmons' radical new look for Calvin Klein, in the eponymous 654 Madison Avenue location, created in collaboration with not a "starchitect" but a multimedia American artist.

One block down is Mansur Gavriel's signature pink store, housing its cult accessories, in a location that once housed Bally's New York flagship, previously outfitted with luxury's classic cues.

These popup-inspired and socially relevant stores are single examples of how luxury retailing will further push from heritage-building to of-the-moment experiences.

In addition, there are signs that landlords are getting more flexible and creative with empty spaces to inspire luxe-preneurs to venture into physical spaces in ways we can't even conceive.

The agility for a mono-brand will always be greater than that of a house of brands, but these larger department stores have something very valuable: space.

Less shopping and more doing will start to weave itself further into these department stores, because what's more luxury than going shopping in a space that has nothing to sell except experience?

Online will follow suit – taking cues from the Ubers and Postmates of the world to transcend click and ship into something with resonancy to their consumer.

In addition, we will continue to see luxury becoming more segmented into smaller classes of interest, so that the Moda Operandi consumers and the Dover Street Market consumers will have a place they can luxuriously call home.

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Brady Donnelly is managing director of Hungry Inc.

"Competition in 2018 will not necessarily be between brands, but between ecommerce approaches"
Even if not all luxury brands have adopted a robust in-house ecommerce strategy, it seems we've surpassed the point where ecommerce is, in itself, an experimental offering. This is due in large part to brands like Gucci, whose significant growth is now seen as a byproduct of their early adoption of digital.

That said, it seems the competition in 2018 will not necessarily be between brands, but between ecommerce approaches: first, the option of building a proprietary platform (Gucci, Prada, Fendi); second, the option of distributing through a luxury ecommerce retailer, like Mr. Porter or Net-A-Porter; third, the option of building on top of a platform offering, like Farfetch.

On the whole, it feels the debate has shifted from whether or not to offer online, but really how exactly to do so.

My bet in 2018 would be on platforms like Farfetch, and not because of the challenges inherent in building a robust digital outlet.

Instead, what Farfetch can offer is the service layer required that all brands – in particular, luxury – traditionally struggle to replicate in digital: offerings like quality customer service, white-glove delivery, secure payment, search engine optimization, even digital marketing on the whole.

It is, essentially, the perfect combination – a robust, out-of-the-box back-end coupled with a unique, white-labeled front-end.

Ultimately, I expect 2018 to be the year when we start to see that ecommerce itself is not the point of differentiation, but the service layer on top of it – a primary point of differentiation in traditional luxury retail – to be what makes or breaks a brand's growth online.

Online, mono-brand and multi-brand retailers will face the same challenge: how do you build a robust digital platform that provides the same level of customer service traditionally required of luxury brands?

As mentioned, platforms like Farfetch are growing exponentially, month over month, largely due to their ability to layer customer service and white-glove delivery on top of a white-labeled digital front-end.

At a luxury price point, it won't matter to the consumer whether the order was placed with the brand or with a multi-brand retailer — the service around that order needs to be first-in-class.

Bricks and mortar may ultimately be an area where luxury department stores have a leg-up, in large part because they have the scale and product range to offer something experiential.

Take Dover Street Market (DSM), for example, which is essentially an in-person discovery platform – a careful selection of high-end brands – organized as a series of experiences under a single roof.

While a brand like Gucci, which sells pre-collections at DSM, has its own standalone retail, DSM functions more as a media channel – a place to make a statement about where and by whom you stand in the luxury market.

Mono-brand bricks and mortar simply can't make the same statement, so while it has value as a point of distribution, it lacks the ability to mimic the qualities that makes ecommerce so unique.

Brady Donnelly is managing director of Hungry Inc., New York.


Rachel Spiegelman is CEO of Pitch

"High-touch luxury stores will need to maintain their standards in customer service, but evolve the definition to meet today's needs of simplicity over extravagance"

In our post-influencer, post-Real Housewives world, the luxury retail industry is something that we all have access to like never before. This is causing seismic and fast changes in an industry that was accustomed to taking its time and calling the shots. Not any more.

First, the language barrier is gone. Luxury retail is a global market.

According to Deloitte's 2017 retail report, growth in luxury goods is being driven by emerging markets. This doesn't just mean it's being influenced by those who travel extensively.

There's also the ease with which we can explore the trends and on goings of brands and fashionistas in any time zone, which increases expectations of consumers in their own hometown market.

In other words, they will expect and demand the presence and experiences they've witnessed brands to have elsewhere. And while brands are used to dealing with this related to pricing and currency movements, they have yet to fully develop the principles needed to evolve and blend their retail experiences for the globally aware consumer.

Next, convenience store wishes and caviar dreams. We have seen the first evolution of luxury retail with the success of businesses like ShopRunner, Net-A-Porter and every other service that is finding easy ways to get high-end goods into the hands of consumers fast.

As the retail stores and centers catch up, they must address the fact that consumers will increasingly look for opportunities to conserve mental energy while they shop.

According to Convenience Store News, retailers offering intuitive, seamless purchase processes will be appreciated now more than ever.

High-touch luxury stores will need to maintain their standards in customer service, but evolve the definition to meet today's needs of simplicity over extravagance.

Finally, one singular sensation. Mono-brand stores are set up to win the game. While ultimate brand loyalty is down in the luxury market as millennials are more opt to be inclusive, experience – not product – is king.

The controls and empowerment that a brand can have in their own retail outlet is limitless.

The winners will be the ones that apply personalization and digitization to their in-store experiences, making them a must-visit for the core clientele.

Rachel Spiegelman is CEO of Pitch, Los Angeles.


Shenan Reed

“We are going to see retail stores evolve from being large closets to attractive living rooms”

Retail and commerce are undergoing a fundamental shift in values and how they respectively prioritize consumer experiences.

Luxury brands have historically been one step ahead, understanding the drivers of luxury and delivering them for consumers, even in things as simple as offering water or Champagne to customers while they are in-store, or the feature of a personal shopper who can curate a selection tailored to a consumer’s tastes.

Luxury consumers continue to value experiences and enjoy the interactivity that technology is bringing to the in-store experience, as long as it goes beyond gimmick to provide truly immersive, ideally customized, unique experiences that are additive – for example, smart mirrors and lighting experiences – versus distractive.

We are going to see retail stores evolve from being large closets to attractive living rooms, or lounges that offer so much more than the product for sale.

We could even see a coming together of mono-brands to create more complete customer experiences to create experience-based brands, even if those brands are ephemeral.

Department stores will continue to shrink in square feet as their need to store inventory in all sizes and options becomes less valuable and they embrace being a showroom that delivers, which we have seen as mono-brands continue to carve out their own “store in a store” within many of these department store structures.

Shenan Reed is president of L'Equipe L’Oréal at Wavemaker, New York.

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