

RETAIL

Millennials are the future, but that time is not here yet

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Moda Operandi on Madison Avenue in New York, a luxury retailer that attracts local affluent and loyal consumers.

By BRIELLE JAEKEL

NEW YORK The growth of consignment sales in luxury may seem threatening to high-end brands, but the founder of Spark Ideas explained that this will be the sector's saving grace.

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During the panel "Who is buying luxury and why?" at *Luxury Daily's* Luxury FirstLook 2018: Exclusivity Redefined on Jan. 17, Spark Ideas' CEO explained that the return of the family heirloom tradition and online consignment will save the luxury business, as millennials seem to be less enthused with high price points. Another panelist stressed that while the millennial is the future of retail, that time has not yet come and luxury brands need to work on appealing to both baby boomers and their younger cohorts.

"One interesting trend that we're seeing is that millennial sons and daughters of the true luxury consumers, there's a closeness and intimacy," said Malinda Sanna, founder and CEO of [Spark Ideas](#). "It's contributing to the return of the heirloom.

"Mothers are buying jewelry with their daughters in mind and same thing with fathers and sons," she said. "I think that generational dynamic is interesting and it's a great opportunity for luxury brands."

Luxury Daily produced Luxury FirstLook 2018: Exclusivity Redefined

Bridging the gap

Millennials are slower to reach milestones in life and have more significant financial problems that prevent them from becoming luxury consumers.

Spark Ideas' Ms. Sanna believes that online consignment, which is reaching a near \$1 billion sector, will help millennials become accustomed to luxury lifestyles.

Online platforms such as The RealReal and Tradesy have encouraged growth of the consignment sector, so much so that brands and retailers are even taking on consignment themselves.



The RealReal is leaning into bricks-and-mortar retail. Image credit: The RealReal

For instance, membership-based horology club Eleven James is introducing two new methods for members to discover new timepieces and to sell the ones they already own.

Through its new programs, Eleven James will let collectors consign watches from their collection in exchange for a monthly payment, in addition to offering curated edits of timepieces that help members figure out what kind of watch owner they want to be. Together, these programs are meant to revitalize the company's membership and introduce new ways of engaging with the world of watches ([see more](#)).

Millennials are an important part of the retail and luxury industries, but it is not worth it for brands to put all their stock in capturing the younger segment. Millennials are growing older, but they are not yet getting married and subsequently not yet buying homes and vehicles.

For instance, 75 percent of millennials can afford the things they need but not the things they want. Because of this, the boomer segment is still extremely valuable to luxury marketers, said Peter Hubbell, CEO of [BoomAgers](#), and there should be a balance in catering to both demographics.

The in-store shopping experience is still extremely important to luxury consumers. As explained by Matt Bauer, president of [Madison Avenue Business Improvement District \(BID\)](#), these shoppers are looking for a highly personalized interaction with experts, not just a sales clerk.



Elie Saab store on Madison Avenue

Consumers are also spending less time in stores to decide on purchasing a higher priced item rather than a lower end item. This hurried decision is because shoppers know that the authenticity and craftsmanship is there.

For instance, luxury buyers are confident that a \$4,000 dress' quality is supreme, but a \$200 dress leaves room for more questionability.

Proving your worth

Another shopping trend that is rising is millennial's disinterest in logos. These younger affluent shoppers no longer blindly shop a brand just because it has historically been known as a luxury brand.

Millennial affluents need brands to prove that their products are high-end and are true quality artifacts, explained Columbia University director of retail sales.

The modern consumer is so inundated with content and options that quantity is now taking a backseat to quality in how consumers make decisions.

There are more brands in existence today than ever before, meaning that consumers, especially younger consumers, are exposed to hundreds, if not thousands, of options every day. At the Initiatives in Art and Culture's Annual Fashion, Jewelry and Design Conference event in New York, designer Jason Wu, who famously dressed Michelle Obama on multiple occasions, supported the director's idea and as well spoke about how brands can stand out in today's crowded market ([see more](#)).

"The industry needs to find authentic ways to communicate why its product should be bought," said Mark A. Cohen, director of retail studies at [Columbia University Graduate School of Business](#). "I don't see any of this going on in the luxury market.

"In the next few years it is going to be more important than just opening a store on an important street," he said. "It is going to be contingent on brands to communicate their authenticity in language they want to hear."

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