

RETAIL

Luxury retailers pressured as quality service becomes expected at low end

April 26, 2018



While consumers have changed the way they shop, bricks-and-mortar retail is still vital. Image credit: Neiman Marcus.

By BRIELLE JAEKEL

Consumers' expectations for customer service are set at such heights today that retailers lost about \$37.7 billion in sales over the last 12 months due to long lines, according to a new report.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

According to a study from mobile payments solution Ayden and 451 Research, digital tools have conditioned consumers to expect faster and more convenient solutions. Over the past year, more than 86 percent of survey takers in the United States claim to have abandoned their purchases in stores due to long lines.

"The lines between the physical and digital shopping worlds are dissolving," said Roelant Prins, chief commercial officer at [Adyen](#), Amsterdam.

The report surveyed 1,003 consumers in the U.S. above the age of 18, as well as 250 retailers.

Shopping of today

Convenience has become an important factor of shopping for consumers of today.

But it is not just speed that comes into play. Consumers are also interested in paying in personalized manners, with an estimated \$1.1 billion in potential sales lost because a store did not have a customer's preferred payment method.



Gen Z: More like X than Y. Image credit: Luxury Society

Luxury retailers are seeing more consumers leveraging mobile coupons, with 85 percent saying so.

Seventy-four percent of these high-end retailers are interested in creating cash-less stores.

Ayden's report is also making assumptions about the future based on a group it has called "Spendsetters," individuals who are early adopters of technology. These consumers represent a third of all consumers and more than half of millennials.

About 80 percent of these consumers often shop and are comfortable with digital wallets.

Most of them, 86 percent, have left retail locations and abandoned purchases due to extensive waits.

Forty-two percent prefer to shop through ecommerce and 45 percent are willing to pay more for a better experience, with an emphasis on the brand.



Discounts are extremely important to consumers. Image credit: Nordstrom.

If these shoppers could use a technology that allows to just walk out of a store, they would, with 75 percent saying they would shop in stores more.

More than half, 53 percent, prefer retailers that have mobile loyalty programs. Seventy-two percent are interested in localized targeting, claiming to shop more if personalized product recommendations and coupons based on location were available.

Additional insight

As more shoppers buy online, a brand's mobile presence can become a dealbreaker, with about half of consumers saying they have switched to a competitor after a poor experience.

According to a new report from Worldpay, consumers show an affinity for mobile applications that deliver a tailored, speedy, secure purchase path. In particular, India has outpaced the rest of the world in mobile app usage, with most consumers in the developing market willing to pay for more personalized, upscale service ([see more](#)).

Men and women continue to exhibit staggering differences in shopping behaviors, with recent findings proving men's aversion to online shopping.

According to a report from First Insight, 40 percent of women frequently shop on mobile devices but only 22 percent of men say they do. Luxury retailers that cater to men should focus on creating an effective in-store strategy, since

this is where they prefer to shop ([see more](#)).

"Retailers need to cater to shoppers by offering fast, easy and frictionless ways to pay so there are minimal lines and offer personalized recommendations and in-store deals," Adyen's Mr. Prins said. "In other words, experience is key."

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.