

RETAIL

Consumers expect more ecommerce options, personalization: UBS exec

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Online sales of luxury goods may triple in the next decade. Image credit: Saks Fifth Avenue

By SARAH RAMIREZ

NEW YORK With ecommerce poised to be the third largest luxury market in the coming decade, retailers need to keep consumers as the focal point of their efforts, according to an executive from UBS.

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Online sales of luxury goods have been on the rise and the expectation is that the global ecommerce market will only be outpaced by China and the United States. At the Luxury Marketing Forum on Sept. 26, the executive reiterated that younger consumers especially expect personalized experiences whether online or in-store.

"It all begins with your younger consumers, your millennials and Gen Z," said Robert Samuels, executive director and equity sector strategist for the Americas at the UBS Wealth Management Chief Investment Office. "That's the consumer that's going to drive luxury sales going forward."

"Yes, the baby boomers and the older generation, that's where a lot of the wealth is," he said. "It's this [younger] consumer that is dictating a lot of the purchases decisions today and will dictate them in the future."

Luxury Marketing Forum was produced by Luxury Daily, with venue sponsor UBS

Ecommerce strategies

Since 80 percent of purchases begin online through research or recommendations, luxury retailers must have adequate, high-end digital presences. It is crucial that brands communicate in the same voice online and off.

Mr. Samuels posits that one of the reasons U.S. fashion label Michael Kors acquired Versace is the potential of bringing the Italian fashion house's ecommerce capabilities up to speed.



Jonathan Akeroyd, Donatella Versace, John D. Idol. Image credit: Michael Kors/Rahi Rezvani

Michael Kors leads the five brands that accounted for approximately two-thirds of the total 186 million visits to luxury Web sites in the past year from the United States, according to new data from PMX Agency ([see story](#)).

The most successful luxury brands target their consumers across several channels. This means thinking outside of the store and turning to Facebook, Instagram, Pinterest and other social media platforms.

China, however, has its own set of digital platforms distinct from what most countries use. There is no Facebook, Google, Instagram or many other common digital destinations in China due to government regulation.

Instead, Chinese consumers rely on platforms such as WeChat, Tmall and JD to search for products, view and share social content and make online purchases ([see story](#)).



Gucci has forward-thinking ecommerce strategies. Photo credit: Shutterstock

By launching its first full store on popular Chinese social media application WeChat, Michael Kors showed its commitment to pursuing shoppers wherever they may be, including Chinese consumers.

The boutique functions as a kind of mini-app within the larger WeChat platform. Using this model, Michael Kors is one of the first luxury brands to have its own full-fledged store with complete control on one of the most widely used social media platforms in China ([see story](#)).

Italian fashion label Gucci has also harnessed the power of WeChat, offering an exclusive online sale through a WeChat mini program with the help of a Chinese influencer back in 2017 ([see story](#)).

Millennial market

Younger affluents are driving luxury sales forward, despite not having acquired as much wealth as older generations.

Regardless of millennials and Gen Zers' reliance on technology, in-store shopping is not in danger of disappearing anytime soon.

Even though Gen Zers spend the most time on their mobile devices, they still show an affection for bricks-and-mortar browsing. About a third of this generation regularly researches items online and then buys in store, preferring to make purchases in-person ([see story](#)).

This trend is apparent as online-only retailers, such as consignment platform The RealReal, launch pop-ups and

permanent bricks-and-mortar locations. These stores need to be true destinations to have an impact on shoppers.

Millennial and Generation Z consumers want to believe brands are speaking directly to them as if they were the sole customers. They also expect personalized experiences, whether they are shopping online or in-store.

Beauty retailer Sephora has a reputation for robust personalization tactics, having introduced a host of new features to its online store focused on personalizing the purchasing process for individual customers.

Some of these features include individual recommendations based on previous purchases and a personalized welcome when past users visit the online store again ([see story](#)).

The retailer also leverages technology such as artificial intelligence to customize the browsing process ([see story](#)).

"Personalize the message at every touch point," Mr. Samuels said. "Put the consumer in the middle of everything you do and if it's highly personalized, the consumer has a higher affinity to the brand and is more willing to shop and interact with that brand."

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