

MARKETING

## Future retail lies with quality and value, but not in between

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*Affluent millennials are most interested in connection. Image credit: Jimmy Choo*

By BRIELLE JAEKEL

NEW YORK - While many start to fear that "retail is dead," according to Deloitte numbers in the economy show a positive economic environment, alluding to a retail renaissance rather than a death.

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With luxury spending making up 70 percent of the GDP, growth is coming from all channels, not just ecommerce as many brands are focusing on. Bricks-and-mortar is still an important part of retail, said an analyst from Deloitte at Luxury Marketing Forum on Sept. 26, but a new retail is on the rise that focuses on "humanism."

"Since the retail renaissance is not something we can stop, it is in our best interest to embrace this and make meaningful connections," said Preeti Pincha, leader, marketing and customer strategy at [Deloitte Consulting LLP](#).

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

### Meaningful connection

The ability and the need for brands to connect with consumers on a more meaningful level are at an all-time high, but will continue to grow.

With the new wave of retail, there are many players fighting aggressively on the value front, creating ways to get products cheaper and cheaper. But at the same time there are those who are fighting to attract consumers with the most craftsmanship.

Then there are the majority of brands, who are in between.

However, Deloitte's numbers show that the successful future of retailers will lie with value or quality, but not in between.



*Even affluent consumers are more apt to take part in loyalty programs. Image credit: Nordstrom*

Consumers will increasingly seek out greater deals or greater quality. The brands that cater to the in between will fall behind.

An important finding to note in terms of luxury is that the brands that are catering to quality and a premium experience are taking up more of the share, compared to those looking for value.

There is a significant gap in the United States between the "haves and the have-nots," which will be an important part to play in the luxury market of the future as this gap grows.



*Shopping has now become experiential*

High-income millennials will need to be understood the most, and luxury brands need to forget doing so in a linear fashion. The millennial consumer does not have a linear journey.

Brands need to fundamentally understand their customers to establish a real connection.

An interesting example of this would be Gucci's use of memes on social media, considering its main demographic is millennials, who are extremely interested in this online.

#### Additional insight

When it comes to bricks-and-mortar shopping, consumers' decisions are driven more by convenience than by brand loyalty.

A survey conducted by Uberall found that price and location were more widely used determinants of where to shop than loyalty to a particular retailer. While about a third of consumers do feel a pull due to loyalty, the report shows that luxury retailers need to leverage other factors than existing relationships to get shoppers in the door ([see story](#)).

To reach the emerging luxury consumers in the millennial and Gen Z age groups, brands need to deliver on individuality and personalization.

A report from media group Cond Nast found that the labels and retailers succeeding at driving affinity from these generations offer a brand experience that is unique rather than catering to the masses. Dubbed the "next gen" by Cond Nast, these consumer demographics are set to become a greater part of the luxury business in the coming years as more of Gen Z enters the workforce and millennials enter their peak earning years ([see story](#)).

"We have to fundamentally shift our mindset in how we look at the customer," Ms. Pincha said. "At the moment we have to evolve our thinking of the shopper as just a customer."

"A human that has feelings and intensions, who is not just your customer but a sister, a latte lover a fitness lover, etc. Only that intimacy will help us know her world," she said.

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