

RETAIL

Modern luxury has flipped the tables on who is in control

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Consumers are now in control. Image credit: Penninsula

By BRIELLE JAEKEL

NEW YORK The retail business has evolved so quickly that the meaning of luxury is vastly different than it was in the past, with customers driving innovation rather than the other way around, according to an executive from jewelry startup AUrate.

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During a panel at Luxury Interactive on Oct. 16 moderated by Divisa president Revecka Jallad, the AUrate executive explained that in the past, designers would turn outside inspiration into products that consumers could then choose to purchase. However, today the process is the opposite, as consumers' wants and needs are often the origin for creation.

"It is really about putting the customer first," said Sophie Kahn, cofounder of [AUrate](#). "The old luxury world was someone having inspiration and designing something, and then the customer had to buy it.

"Modern luxury is the other way around. The customer comes first," she said. "That is really our core."

Failing for disruption

Panelists Ashley Merrill of Lunya, Patrick Hering of 11 Honor and Udayan Bose of NetElixir, in addition to Ms. Kahn, agreed that failure is the key to disruption in retail.



Shopping is now in the hands of the consumer. Image credit Aventura Mall

Making mistakes is the path that leads to the next game changer, explained Mr. Herning. A colleague once expressed the notion that if nine out of 10 decisions are wrong, that tenth try could be the next big disrupter.

In addition, many bad decisions or ideas that fall flat have little consequences. For instance, 11 Honor is not known for discounts, but recently decided to attempt a promotion online.

This did not resonate with its audience, and executives now know that its customer base is not looking for promotions or deals, in this manner at least.

Ms. Merrill explained that when it comes to marketing innovation, she thinks in terms of problem solving. Instead of targeting specific groups and goals, she would instead find a problem that a customer could have and solve the issue, a factor that has great resonance with her customer base.

These executives often use data to make decisions, but it is not all about crunching numbers and information.

Ms. Merrill detailed an example in which instinct saw success in her business. One product was not performing well for a long time, but her team could not agree on cutting the piece.



Shopping has become more personal thanks to the consumer

The team then went back to the drawing board and was able to develop a winning strategy, and that product is now the longest running piece on the site.

Many luxury marketers today look to the consumer to drive the retail experience, much like AUrate and 11 Honor.

Customer driven

Luxury consignment retailer The RealReal is transforming its commerce platform for a more comprehensible view of its audience to better serve this idea.

Data is so abundant in today's business that many retailers have trouble wading through it all to get an accurate view of their customers, but a recently launched platform allows The RealReal to harness insights more effectively. Already a pioneer in anticipating the needs of the modern customer, The RealReal is launching a new solution that will not only give a 360-view of each individual customer, but also allow for seamless inventory management more fitting for today's retail environment ([see story](#)).

Shoppers and retailers are not on the same page when it comes to the future of fashion technology, with many brands investing in high-tech features that have little to no traction among today's customers.

According to a new report from Klarna, 73 percent of consumers explicitly value in-store shopping trips. However, 42 percent of retailers are prioritizing online shopping technology, indicating a disconnect between strategy and consumer preferences as bricks-and-mortar experiences are neglected ([see story](#)).

"One of our most significant pieces didn't perform well for a long time," said Ashley Merrill, founder and CEO of Lunya. "But everybody internally, who is somewhat representative of our target customer, was just so bought into the product that none of us could get behind the idea of cutting the piece.

"So it sent us back to the drawing board and our gut instinct about the product let us story tell better and it ended up be the longest running piece," she said. "It's one of those things where I can't tell you why we all just knew."

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