

RETAIL

Luxury brands cannot ignore what mass retailers are doing in omnichannel

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Sephora show examples of how store employees can be helpful, by showing customers something new. Image courtesy of Sephora

By BRIELLE JAEKEL

NEW YORK Luxury brands may not think of retailers and brands such as Target, Walmart and Kohl's as competition, but they have the platforms that are setting the standards for the shopping experience.

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Convenience, quality and trust are some of the most important aspects affluent consumers consider when choosing a retailer or brand to shop with today, according to a Forrester analyst during a keynote at Women in Luxury 2019 on May 9. Luxury marketers often look to their competitors to see what they are up against, but many brands often forget that their affluent consumers are also shopping at mass retailers and marketers, whose experiential offerings are extremely advanced.

"If you are only comparing yourself with those of your luxury brand peers, you only have a keyhole view of what the total customer experience is," said Fiona Swerdlow, vice president and research director at **Forrester**. "You need to be looking at what these folks and those outside the industry are doing."

Women in Luxury 2019 was produced by Luxury Daily, with venue sponsor UBS

Beyond luxury

During Ms. Swerdlow's presentation, she revealed that Forrester has found that 25 percent of the United States population is considered what the researcher calls "progressive pioneers." These shoppers are extremely willing to try new things and use technology, and they are the most empowered group.

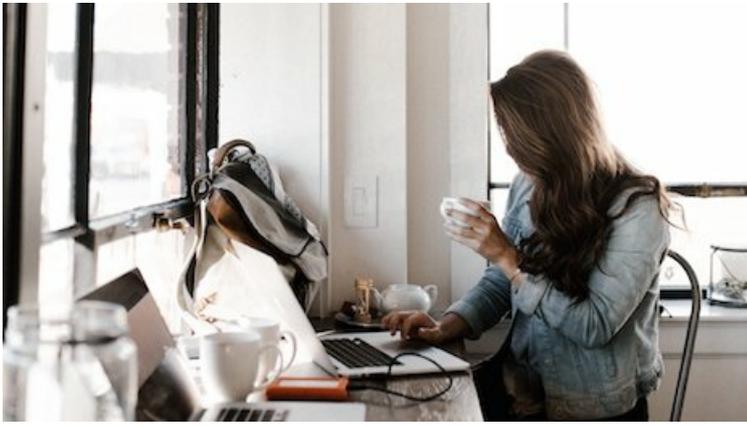


Image credit: Olapic

When looking at just the luxury consumers, the number of progressive pioneers jumps up to 72 percent.

This research reveals just how digital the luxury consumer is, meaning luxury retailers and marketers need to know how to tap this.

However, this does not mean that the bricks-and-mortar is no longer important. It is actually quite the opposite.

It is now vital for retailers to focus on experience. It is important to connect with the consumer in this manner, and doing so will also drive sales.

Shoppers come in stores so they can interact with the product, browse, be inspired and immediately walk away with items purchased.

Ms. Swerdlow explained that among affluent consumers surveyed, those who said their retail experience was positive citing that a sales person was easy to find, their questions were answered and the associate was knowledgeable are much more likely to stay longer as well as recommend friends.

Convenience, quality and trust

Direct-to-consumer brands are another threat to luxury, and they are growing at an exceptional rate, even with the affluent segment, due to their ability to tackle these three characteristics of convenience, quality and trust.

Convenience for consumers today is about anticipating needs.

Ms. Swerdlow exemplified Nordstrom's Local concept as a new interpretation of convenience.

Launched in late 2017, Nordstrom Local is a new take on the department store model, focusing more on services and less on products.

The store does not have a dedicated inventory of products, and instead focuses on personal services such as manicures, tailoring and personal styling. The smaller, more bespoke experience is meant to be a more exclusive version of the traditional Nordstrom shopping procedure ([see story](#)).



Nordstrom local on Melrose in Los Angeles. Image credit: Nordstrom

Nordstrom has expanded the strategy since then, opening three new Nordstrom Local stores, showing consumers' interest in convenient experiences such as this that can cater to all their needs.

Affluents are increasingly drawn to online shopping because of convenience, but omnichannel shoppers spend more on luxury items than the average on- or offline consumer.

According to Forrester Analytics' Luxury Retail Forecast, nearly 60 percent of luxury sales growth will originate from ecommerce by 2023. More than 90 percent of affluents worldwide purchase luxury goods and services, but only 5 percent are responsible for a third of luxury spend ([see story](#)).

Quality is not just an attribute related to the product the consumer is buying, it is also the quality of the brand.

This also leads into trust. Consumers are looking to trust the brands they buy from, and meaning manufacturers need to be authentic and transparent about where their products come from and who the brand really is.

"When consumers tell us that they have had a good experience in a store, it is because it was easy to find an employee, that employee was knowledgeable and they were able to answer all the shopper's questions," Ms. Swerdlow said. "The consumer is much more likely to stay and recommend the store."

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