

RETAIL

Luxury shoppers looking to feel valued, find value this holiday season

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Nordstrom's 2018 holiday campaign. Image courtesy of Nordstrom

By SARAH RAMIREZ

Economic uncertainty will persist into the holiday shopping season, making consumers more cautious and thoughtful about their gift purchases.

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During a webinar hosted by *Luxury Daily* on Sept. 18, panelists warned that even affluent consumers are likely to scale back their shopping and will be more apt to search for good value for their high-end purchases. As ecommerce drives more sales, retailers need to ensure their messaging stays consistent across channels, particularly when balancing luxury and value.

"Many of the affluent are no longer true believers that it's worth it to pay full price for luxury," said Cara David, managing partner at [YouGov](#).

Holiday hang ups?

By many measures, the United States economy remains strong, but trade tensions and the possibility of a recession are hampering consumers' optimism.

Impending further tariffs on Chinese imports could dent the holiday shopping season, as a survey from Intelligence Node finds that 54 percent of consumers are worried about price increases related to greater import taxes. Even luxury shoppers look for promotions, portending a potential downturn in fourth quarter spending ([see story](#)).

As a result, many consumers will be starting their holiday shopping in early November, doing research and searching for discounts. This behavior will intensify as Black Friday and Cyber Monday approach.



Amazon has changed how consumers approach online shopping. Image courtesy of Amazon

Amazon shoppers are well-trained and have grown to expect deals at certain times of the year, explained Jen Acosta, marketplace channel analyst at [Tinuiti](#).

As also evident during Prime Day ([see story](#)), Amazon is one of the most popular discovery channels and the first step in many consumers' shopping journeys.

With even affluents relying on Amazon for certain purchases, it is no surprise that luxury shoppers are also embracing ecommerce and sales. More than half of affluents, 53 percent, only purchase luxury goods when discounted, according to YouGov's Ms. David.

Data from YouGov's Affluent Perspective 2019 Global Study found that only 44 percent of affluents are extremely or very confident about their personal economics, down from 48 percent in 2016. YouGov also found that 77 percent of affluent individuals say they are making fewer, more meaningful luxury purchases ([see story](#)).

Online shopping, however, still offers valuable opportunities for retailers and brands to reach even discount-oriented affluents.

[Wednesday Agency](#)'s head of strategy Jonathan Cohen admitted that sales are unavoidable in some cases, even for luxury brands, as a matter of economics. However, value can come from gifts with purchases, exclusive experiences and other tactics that build brand equity instead of eroding it.

Mr. Cohen also cited mass-market retailer Uniqlo's discreet approach to discounts as worth emulating. Uniqlo uses email marketing to target consumers with sales messaging, and in-store sales merchandise is placed away from more visible and high-traffic areas.

Ecommerce shift

Affluents are becoming increasingly accustomed to making more high-end purchases online, and this is expected to grow as luxury retail stumbles.

Mr. Cohen noted that many areas in New York that formerly enjoyed high foot traffic have seen the number of shoppers dwindle.

Department store chain Barneys New York's bankruptcy filing this summer is the latest warning sign that luxury retailers continue to face uphill challenges when it comes to bricks-and-mortar. Despite a strong economy, luxury department store brands including Saks Fifth Avenue, Lord & Taylor and now Barneys have been forced to reevaluate their physical footprints after slumping sales and rising rents ([see story](#)).

As a result, ecommerce is likely to see gains.

In 2018, retailers saw the best holiday sales season since 2012, with online sales jumping nearly 20 percent from 2017.

According to data from Mastercard SpendingPulse, sales in the U.S. from Nov. 1 through Christmas Eve surpassed \$850 billion. Although department stores saw a decline in spending at their bricks-and-mortar locations, sales through their ecommerce platforms increased more than 10 percent in the buildup to Christmas ([see story](#)).

[Please click here to view a recording of the webinar](#)

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