

MARKETING

Consumers want purpose-led brands: UBS exec

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ESG is a growing concern for investors and consumers. Image credit: UBS

By SARAH JONES

NEW YORK A focus on environment, social and corporate governance (ESG) is guiding consumers in both their purchases and investments, according to an executive from UBS.

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Consumers want to do business with companies that reflect their own values, leading firms to take a stand on issues. During a keynote at Luxury FirstLook 2020, the executive explained how deeply committing to a cause, even a controversial topic, can lead to longer-term profitability.

"There's an opportunity for brands to really build much more authentic and profitable, longer lasting relationships with their consumers by standing for something," said Robert Samuels, executive director, equity sector strategist Americas in the UBS Wealth Management Chief Investment Office.

"Brands can't stand for everything. I think the consumer knows that and realizes when a brand is being inauthentic to them," he said. "A brand needs to stand for something, and really prove to the consumers that, Yes, we do believe in what we're saying."

Luxury FirstLook 2020 was produced by Luxury Daily, with venue sponsor UBS

Cause concerns

Consumers are seeking out eco-friendly brands, cruelty-free and organic products and local goods. This is reflecting in their investment strategies as well.

UBS has seen some clients decline to invest in certain companies due to a connection to industries such as tobacco.

According to Mr. Samuels, the companies that have placed ESG at the heart of their operations are also seeing better financial success.

Values and a desire to be responsible with their wealth drive millennials' investment and spending decisions, enabling them to be activists with their assets.

During a fireside chat at LuxeCX/AMCX 2019 on Sept. 25, an executive from UBS explained how millennials are making choices about their finances as they inherit and earn significant wealth. More than other generations, these consumers let a company's sustainability or social impact guide them ([see story](#)).



Millennials use technology, but they also crave in-person engagement. Image credit: UBS

Social issues are also bringing brands and consumers together. While Nike's partnership with Colin Kaepernick was a risky move, it actually paid off for the brand.

Aside from value alignment, consumers want brands to personalize their experiences and outreach.

Taking it into their own hands, some social media users will actually tweak their profiles to be targeted by the advertisers they want to see.

Consumers are also craving the opportunity for co-creation, opening up the potential for companies to ask end users for their input in design and development.

This also nods towards the importance of inclusivity.

Omnichannel shift

Consumer behavior is rapidly changing, and shoppers' expectations for a seamless omnichannel experience are only going to grow from here. They desire a speedy, hassle-free and flexible purchase path.

Mobile sales were up 40 percent last year. More than half of purchase discovery starts on Amazon, turning the retailer into a powerful advertising platform.

Meanwhile, foot traffic to bricks-and-mortar stores has been down as sales migrate online.

The outliers who are succeeding at bringing consumers into stores include high-end malls that contain both upscale tenants and entertainment options. For instance, the American Dream shopping center contains an ice rink, indoor ski resort and a Nickelodeon theme park.



American Dream. Image credit: American Dream

In some malls, Samsung lets consumers take its phones out for a spin, enabling them to test out the camera through a tour. Big box stores including Target and Walmart are focusing on bringing families in with kid-friendly activities.

Aside from changing how consumers shop, digital options have taken over for payments. Cash is waning, replaced in part by services such as Venmo and other mobile payment providers.

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](#)).

"Luxury brands have basically struggled to provide the same kind of high-end personalized customer experience that they offer in-stores to their online client," Mr. Samuels said.

"And the word omnichannel continues to resonate today, this idea about this omnichannel experience, retailers and consumers, brands living and operating in this omnichannel world where a brand has to be able to speak with the same voice across multiple different channels," he said. "Whether it's in the store, whether it's online, you name it, the voice to the consumer has to be the same."

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