

COLUMNS

Future of luxury retail: Less gadgets, more experiences

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Todd Sachse

By [Todd Sachse](#)

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Luxury retail is all about the experience. The white-glove service, the ability to touch high-quality products and the immersive feeling of standing in a thoughtfully designed, posh environment are the pillars of luxury retail.

The future promises to be no different.

While the pandemic has influenced customer perspectives on physical retail, the desire for unique experiences in luxury shopping remains the same.

Open and shut

Where and how consumers shop for luxury products has been impacted by a year of shutdowns.

Luxury brands are currently signing more short-term leases in newer or unfamiliar markets.

In the past 18 months, we have built more than 150 retail stores, 20 percent of which have been shorter-term leases. That is a 50 percent increase in prior short-term leases, allowing luxury brands to not only test new markets, but also going beyond traditional spaces to engage consumers.

This has opened the door for a historically underutilized tactic to be employed in a new way: the luxury pop-up store.

Seemingly "built" for a world pivoting from a pandemic, pop-ups have increased in relevance due to their decreased time commitments and increased flexibility.

Designs that reduce construction timelines using materials and supplies that can be repurposed elsewhere allow luxury brands to conduct market and product testing in low-risk areas. This helps put the priority on experiences rather than in-person selling.

In response, some landlords have built locations dedicated to rotational pop-ups, sometimes inline, sometimes "open" in the middle of a busy shopping center or outside in a covered area.

Reclaiming foot traffic in city centers will take time. So, luxury brands are testing outdoor pop-ups to deliver high-end

experiences in unexpected locations outside of downtowns where permitting and construction moves faster.

When pitching temp spaces to prospective tenants, landlords have learned to recognize the importance of market testing, experimentation and an un-ignorable marketing strategy: offering center-wide data.

Tenants want to know everything about their potential market, and in our current world of information, landlords have access to more footfall data than ever before.

To meet this tenant need and capture revenue related to this growing pop-up trend, we are seeing shopping mall landlords collecting and sharing consumer data at record levels.

Attracting tenant businesses using traffic-tracking tech and real-time data was unheard of just five years ago.

Touch is no-go

Another trend that has continued through the pandemic is the shift from viewing locations and Web sites as channels for consumer engagement to embracing them as opportunities for unique experiences and inspiration.

Luxury shoppers expect to see impeccable spaces that communicate what a brand is about. They want to touch the product and feel its quality while also being wowed by the design and craftsmanship. Because of this we are seeing retailers investing a substantial amount of resources in short-term pop-up locations.

Just as some trends were on the rise, other claims about the "store of the future" began to die long before the shutdowns.

Touchscreens are not the wave of the future we previously expected. Very few luxury brands are interested in installing tech that distracts from a personalized experience that encourages browsing.

Luxury shoppers want to speak with informed and trusted sales associates, get opinions and touch products to see the quality firsthand.

Touchscreens may be the future of fast food or high-tech shopping, but in a luxury environment, the interpersonal experience is key.

With the continued focus on immersive experiences, technology that enhances the shopping experience will likely emerge in a supporting role in the luxury retail space.

More gamification and augmented reality (AR) and virtual reality (VR) experiences will be embraced in pop-ups to deliver memorable experiences that can go beyond the physical realm.

By pairing these with interpersonal experiences with informed sales associates, pop-ups promise greater potential than many traditional brick-and-mortar locations.

EXPERIENCE IS EVERYTHING in luxury retail. It is a truth that existed long before the pandemic and will continue to impact store builds.

Tech will have a role to play in the future of luxury commerce. However, in-person experiences offering best-in-class customer service and unique atmospheres will continue to be dominant forces in meeting the expectations of in-store shoppers.

Although it may never go completely digital, luxury retail will continue to focus on enriching encounters that immerse customers in products and provide quality experiences above all else.

Todd Sachse is founder of [Sachse Construction](#), Detroit, MI. Reach him at tsachse@sachse.net.