

RETAIL

## Outlook 2022: Omnichannel retail pushes personalization to the forefront

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*Retail is in for another interesting year. Image credit: Neiman Marcus*

By SARAH RAMIREZ

Personalization will be a top priority for luxury brands and retailers as ecommerce sustains momentum and bricks-and-mortar continues evolving.

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Online, brands and retailers will continue to expand and enhance their offerings, from social shopping to virtual fitting rooms. Even as the COVID-19 pandemic continues to create confusion around in-store shopping, physical retail is adapting as its value for consumers becomes more apparent.

"I do think that luxury brands will continue to invest in physical stores in 2022 but that investment will come with an increased focus on these locations acting as one piece of an omnichannel puzzle," said Tracey Ryan O'Connor, group vice president of commerce at [Coveo](#), New York.

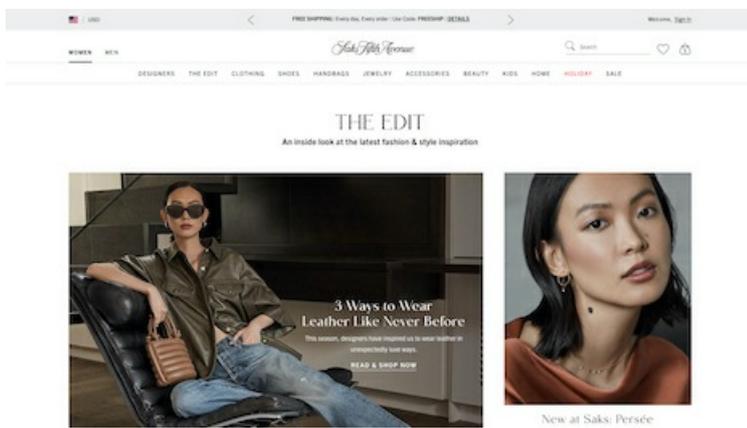
"The COVID pandemic has accelerated the shift to ecommerce across the industry, and with the share of luxury transactions taking place within an ecommerce channel only which is predicted to grow over the next several years it will be imperative for brands to offer a unified experience across store, website, app and even new channels like the metaverse."

Here are some of the key trends for the luxury retail sector heading into 2022:

### Ecommerce explosion

The growing impact of online channels on luxury retail cannot be overstated. Prior to the pandemic, many heritage luxury brands remained resistant to ecommerce, but the number of holdouts is dwindling.

"Luxury brands often face a bigger challenge compared to other retail or consumer brands when trying to build out an online presence because the typical luxury shopper expects more from their purchasing journey," Ms. Ryan O'Connor said. "They expect it to be a personalized experience, similar to what they'd find in physical stores."



Saks announced its new standalone ecommerce business in March 2021. Image courtesy of Saks Fifth Avenue

According to market researcher Rightpoint, more consumers are beginning to adopt new models of shopping. Seventy percent of consumers purchase items online at least once a week and 94 percent are satisfied with recent ecommerce experiences ([see story](#)).

The landscape has changed so quickly, however, that a straightforward online store will fall short of discerning consumers and their climbing expectations particularly among younger demographics.

Several brands and retailers already recognize how the use of AI and additional technology can assist them in reaching consumers through personalization, ultimately helping them to reach more customers and make more sales ([see story](#)).

"Brands are going to have to lean on AI because traditional solutions will not be able to handle the massive amount of data being collected in real-time," Ms. Ryan O'Connor said.

Luxury brands and retailers are also increasingly looking to social commerce to engage with these shoppers.

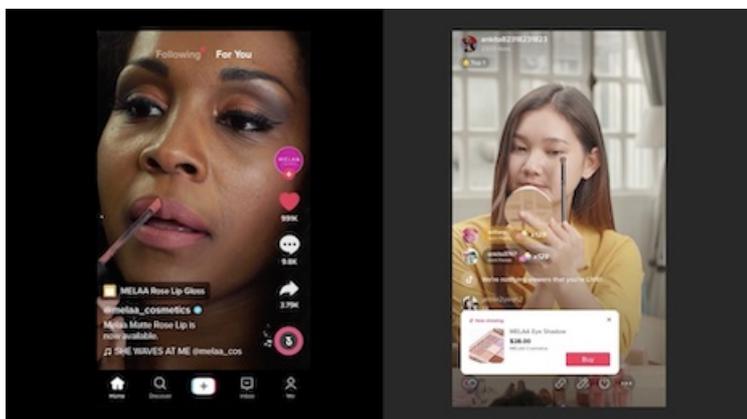
In July, social media platform Snap Inc. partnered with Southern California-based online retailer Verishop to launch Verishop Mini. The new curated shopping experience, which lives exclusively within the Snapchat app, allows users to discover and shop fashion and beauty products without leaving the app ([see story](#)).

Short-form video sharing platform TikTok is cementing its value for brands with the introduction of social commerce, after becoming a springboard for products and brands through its organic community engagement.

As part of a recently launched collection of marketing tools and offerings, TikTok Shopping grants businesses access to a range of full-service commerce solutions. This encompasses the social shopping journey from product upload and point of sale to shipping and fulfillment, all executed within the platform ([see story](#)).

TikTok is also poised to become a major player in the livestreaming sphere, which has proven successful in China and other parts of Asia.

According to McKinsey, livestream shopping grew 280 percent in value between 2017 and 2020, reaching an estimated \$171 billion. Intensified by the pandemic, sales are expected to reach \$423 billion by next year ([see story](#)).



TikTok Shopping gives brands more ways to sell products. Image credit: TikTok

Live commerce can help brands, retailers and marketplaces primarily in two areas: accelerating conversion and improving brand appeal.

"In 2022, we see luxury brands housing social commerce and livestreaming on brand websites where clients can interact with designers and brand reps," said Marie Driscoll, managing director of luxury and fashion at [Coresight Research](#), New York. "Additionally, we see increased penetration of digitally-supported shopping in luxury, benefitting from luxury's clienteling focus and acumen."

Luxury brands that have already found success through livestreaming in Asia include La Mer, Yves Saint Laurent, Este Lauder and Lancme ([see story](#)).

Physical retail as the omnichannel pathway

While foot traffic at stores has not fully recovered from pre-pandemic levels and some restrictions have returned during the latest COVID-19 surge, both shoppers and retailers have discovered the importance of bricks-and-mortar in offering experiences that cannot be replicated as effectively online.

According to the 2022 retail trends forecast from analytics platform [Placer.ai](#), brick-and-mortar stores with unique value propositions have had the most success in attracting shoppers this year ([see story](#)).



*Bloomingdale's launched its small-format store Bloomie's in summer 2021. Image credit: Bloomingdale's*

"The recovery period has only deepened the recognition of how important brick and mortar retail is especially in the luxury sector," said Ethan Chernofsky, vice president of marketing at [Placer.ai](#), Los Altos, CA.

"While digital channels are critical to retail growth, the store's central role in the omnichannel universe has been reemphasized," he said. "The discovery process is still more effective offline as is the ability to drive an authentic and exciting brand experience."

"This is all the more significant in the luxury space where the items are more expensive, and customers often expect an upgraded experience and the ability to touch and feel a product before purchasing."

To attract discerning, high-spending consumers, luxury brands and retailers are turning to store reopenings, renovations and new retail concepts.

This summer, French luxury conglomerate LVMH Mot Hennessy Louis Vuitton unveiled the newly renovated department store La Samaritaine, following a nearly 16-year restoration project ([see story](#)).

Stateside, U.S. department store chain Bloomingdale's introduced its product offerings and services to a smaller, highly-curated store concept.

Located in the Mosaic District shopping center in Fairfax, Virginia, the 22,000 square-foot Bloomie's store is a style and service destination featuring new experience and design concepts and a unique assortment of contemporary and luxury brands across women's and men's fashion and beauty. It also features a tech-enabled stylist service model and a restaurant experience ([see story](#)).

In the fall, New Jersey's American Dream retail and entertainment complex debuted a luxury dining and shopping area. Brands with outposts at The Avenue include Dolce & Gabbana, Gucci, Herms, Saint Laurent and Tiffany & Co., with department store chain Saks Fifth Avenue serving as the anchor ([see story](#)).

Additionally, diamond company De Beers Jewelers recently opened a new London flagship, emphasizing sustainability and offering a range of in-store and virtual services for clients. Other retailers, including Harrods and Nordstrom, have turned to pop-ups and stores-within-a-store partnerships to entice digital first shoppers.



*Inside the new De Beers flagship. Image credit: De Beers*

"Physical stores are very important for luxury brands for an immersive brand experience that spans high sensory and service brand facets as well as product," Ms. Driscoll said. "We see the luxury brand leaders opening flagships in major global flagship cities in 2022 that wow existing and new shoppers and provide a place to be a part of the brand."

"Luxury brands are an integral aspect to our culture and immersive physicality resonates the best, creating an emotional relationship with shoppers who become buyers and ultimately brand advocates and influencers in their sphere," she said. "Physical stores have to work with the digital brand expression."

Saks Fifth Avenue took a unique approach to achieving harmony between off- and online retail.

In March, its owner Hudson's Bay Company made the Saks' ecommerce site into its own business.

Marketing and merchandising are managed by the ecommerce business, Saks, which kept ownership of Saks Fifth Avenue intellectual property. Meanwhile SFA, the bricks-and-mortar business, fulfills physical functions including buy online, pickup in-store, exchanges, returns and alternations ([see story](#)).

Since the split, Saks and SFA have continued to work together for a seamless omnichannel experience, and both use Saks Fifth Avenue as their customer-facing name.

Less than a year into this new dynamic, Saks.com now averages 1 million visits a day, up from 500,000 average daily visits in 2019, according to the retailer. Saks has also acquired about half a million new customers and has seen the sales on a total value merchandise basis rise by 80 percent ([see story](#)).

"The key evolution taking place is an understanding that the store provides far more value than just serving as a conduit for sales within the four walls of a location," Placer.ai's Mr. Chernofsky said. "Stores are a critical mechanism for gaining mindshare, enabling fitting, taking in returns, supporting fulfillment, but also giving a lift to online channels."

#### Sustainable shopping

In 2022, sustainability will continue to shape the strategies of both online-only and traditional retailers.

Many luxury players are adapting by implementing consignment and rental services to try and mitigate waste caused by overproduction and returns ([see story](#)).

This year, online resale platform Vestiaire Collective launched a new "brand approved" program, allowing shoppers to sell their preowned pieces and receive a credit to buy new pieces at specified stores. Vestiaire Collective has already collaborated with British fashion labels Alexander McQueen and Mulberry through the program ([see story](#)).



Farfetch has acquired resale service provider LUXCLUSIF. Image credit: Farfetch

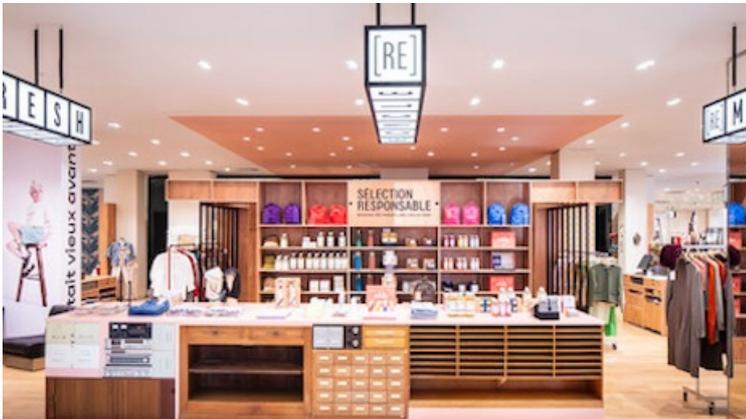
Online retailer Farfetch introduced several initiatives emphasizing sustainability, including "Farfetch Fix" repair services, a donation program with consignment platform ThredUp and "Pre-Order from Farfetch." The retailer also acquired the platform LUXCLUSIF to further develop its existing resale service, Farfetch Second Life ([see story](#)).

Online retail group Yoox Net-A-Porter has partnered with resale technology provider Reflaunt to launch a new luxury resale platform.

The collaboration intends to draw on Net-A-Porter, Mr Porter and The Outnet's heritage of personalized customer service to encourage and enable shoppers to contribute to a more circular fashion industry through resale. The service will initially launch on Net-A-Porter, followed by Mr Porter and The Outnet in early 2022 ([see story](#)).

In the bricks-and-mortar sphere, French department store Galeries Lafayette opened a space dedicated entirely to secondhand items and circular fashion at its flagship Haussman store.

Le (Re)store Galeries Lafayette was purposefully designed as a one-stop-shop for responsible fashion where customers may buy, sell and recycle their items and also learn how to care for them to make them last longer. The new store is the first space of this nature in a Parisian department store ([see story](#)).



Le (Re)store Galeries Lafayette store. Image credit: Galeries Lafayette Group

U.S. retailer Neiman Marcus Group recently became the first North American luxury retailer to join the Textile Exchange, a nonprofit organization that develops and promotes industry standards for sustainable materials. NMG is also building on its existing relationship with secondhand luxury seller Fashionphile and teaming with the nonprofit Give Back Box ([see story](#)).

Finally, Saks Fifth Avenue, Neiman Marcus and Mytheresa joined the growing group of retailers announcing an end to animal fur sales, with various timeframes in place to phase out products.

"We'll see a focus on is sustainability driven by younger luxury clients, who have shown an increased interest in brands which highlight their sustainability efforts or positive environmental impacts," said Coveo's Ms. Ryan O'Connor.