

RETAIL

## Retailers must cater to new, younger audiences, tourists: Placer.ai

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Brands and retailers grapple with both the challenges and unpredictability of the shopping landscape in myriad ways. Image credit: Bloomingdale's

By KATIE TAMOLA

For retailers to succeed, they must continue maintaining a spirit of adaptability and innovation.

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A recent [webinar](#) from Placer.ai explored recent trends impacting urban retail, addressing the imperative role of tourists, exchange of suburban residents and evolving work-from-home models. Most importantly, retailers must continue focusing on providing thoughtful, quality products while maintaining an innovative attitude.

"[It is] a really exciting time to see even more innovation happening from a retail experience and retail connection to omnichannel in key all-inclusive urban markets, such as the Miamis, New Yorks and Londons of the world," said Whitney Arcaro, executive vice president, head of marketing and retail, [RXR Realty](#).

### An ever-evolving landscape

As the COVID-19 pandemic began to emerge, many consumers assumed there would be a mass exodus from cities to suburbs.

Recent data shows that there have not been exact exoduses, but more of an exchange model. Some people are leaving cities for the suburbs, while others, specifically young people, are moving to cities which ultimately calls on brands and retailers to prepare to cater to new audiences.

### *Retailers must appeal to new and younger audiences in urban areas*

"You grow up in suburbs and then you want to move to the excitement of the city," said James Cook, Americas director of research, retail at [JLL](#). "What that means, from a retailer's perspective, is your audience is craving sophistication [and] they are probably often skewed younger.

"They may not have as much disposable income because they are younger, but they certainly have aspirations for sophisticated spending."

Retailers must work to reach new and younger consumers in disparate ways, maintaining an omnichannel

approach, to earning their dollars. Luxury retailers can tap into younger affluents seeking entry points into the sector, as well as other consumers' aspirational purchasing hopes.

The role of tourists in fueling retail also cannot go unnoticed.

Both domestic and international tourism is booming, as many international tourists are looking for unique and immersive shopping experiences.

"International tourists pay so much more to get here, they spend more and they're less price-sensitive because it's not their country," Mr. Cook said. "Because of all that, they're a very valuable person to have in your CBD [central business district]."

As rising gas prices, inflation and supply chain issues continue impacting the shopping landscape, retailers will have to prepare for rising delivery costs. Offering disparate pick-up options will continue to be fruitful.

Rising delivery prices won't affect most affluents, however.

"A lot of people who use delivery can afford to pay 10 20 percent more," Mr. Cook said. "That's why luxury has been able to successfully sail right through the pandemic and the potential coming in a recession."

The evolving work-from-home policies from disparate companies will also impact retail, as people who work in office spaces nearby or accessible to shopping areas can be more likely to stop by and shop.



*Rising delivery prices most likely will not scare away affluents. Image credit: freestocks/Unsplash*

For several organizations, it is unclear if a full return to office is probable or at all possible, with this impact on retail ostensibly to be determined.

"I think any of us might make predictions but I think that's still a big TBD on how different companies and different industries are really defining flexible workweek and [a] hybrid solution," said Ms. Arcaro.

#### Weathering the storm

Brands and retailers grapple with both the challenges and unpredictability of the shopping landscape in myriad ways.

Remaining adaptable, striving to be innovative and maintaining omnichannel approaches have proved beneficial for several retailers.

In February, LVMH Mot Hennessy Louis Vuitton Japan KK partnered with Japanese conglomerate SoftBank Corp. to develop and accelerate new omnichannel customer experiences.

The strategic partnership brings together both companies' expertise and technology to enhance customer experience and services for luxury brands. The digital transformation will improve experiences both in stores and online ([see story](#)).

In 2018, secondhand handbag platform Rebag made a permanent move into physical retail as it sought to give consumers a seamless omnichannel experience ([see story](#)).

For many affluent consumers, the experience of visiting bricks-and-mortar stores offers something more.

With in-person shopping, consumers receive more than a product taking in the ambiance of the store interacting with other people and more leaving shoppers craving return trips. During a panel at Luxury Daily's digital Luxury FirstLook 2022 conference on Jan. 13, experts discussed how physical stores continue to provide brands unique

opportunities to foster consumer loyalty with unparalleled experiences ([see story](#)).

"If you're merchandising thoughtfully and you're well located, and you're a company that is constantly innovating and really taking the data, the real hard data to make very strategic shifts in business needs objectives you will weather most storms," Ms. Arcaro said.

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