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5 key trends in Middle Eastern luxury retail

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Middle East luxury retail is hugely influential, with customer expectations and tech adoption driving constant change in retail approaches.

As a result, it is widely known as a leading destination for luxury retail and fashion, attracting discerning shoppers from around the world.

It is therefore no surprise that so many luxury brands have recognized the opportunity this offers and have opened stores inside the United Arab Emirates' hugely popular mega-malls which offer the most elite customer experiences. But brands must connect the offline and online worlds of retail to deliver for 2023 customer expectations. Those doing this well are influencing the world.

Setting customer expectations

World-class customer service today means delivering a personalized shopping experience, from rich product catalogs to online ordering in-store. It means having shared baskets, allowing customers to build wish lists from online to in-store and to convert even after they have left the store with emailed reminders for complete-at-home purchases.

What has become central to luxury retail approaches is the personal retailing approach of **clienteling** where a store associate, supported by technology, can be a trusted shopping companion for customers through each stage of their purchase, from browsing to transacting, right up to offering a choice of ways to receive and pay for the item and beyond.

With personalized recommendations from store associates, supported by customers' preferred methods of communication including WhatsApp, SMS and email, these more curated purchases can boost basket sizes and reduce returns.

Shopping-from-anywhere era

While deep-rooted in-store luxury shopping experiences remain popular, as ecommerce has become more sophisticated, online shopping has gained significant traction in the industry. This has been expedited by the

changing demographic of millennial and Gen Z luxury shoppers largely digital natives driving a modern, personalized service which they can access at their convenience.

In fact, the trend in online luxury purchases has surged such that, by 2025, **Bain** predicts that 30 percent of global luxury sales will be online. And websites devoted to a single brand gained ground on other types of online platforms they now make up 40 percent of online luxury commerce, up from 30 percent in 2019. It is clear that an omnichannel approach is now a necessity to ensure customers' needs are met wherever they choose to shop.

Here are some critical UAE luxury shopping trends that can benefit global retailers:

Luxury fashion will continue to grow but a superior local experience is key

According to **Arabian Gulf Business Insight's** analysis of McKinsey's State of Fashion report for 2023, the Middle East is expected to be a leading contributor to luxury fashion's global growth of 5 to 10 percent this year.

The report states that the Middle East may become [a] new haven of growth, requiring brands to further localize designs, marketing and merchandising to attract new customers'.

This is backed by Chalhoub Group CEO Patrick Chalhoub, who cites the region as holding greater promise in 2023 than in 2022, commenting:

"What the fashion industry needs to do is make sure we maintain relevance for our local customers," Mr. Chalhoub said. "Before 2020, two-thirds of luxury spending by GCC shoppers happened abroad because they perhaps weren't getting the experience, service, choice or journey they wanted when shopping locally.

"We need to make sure that we do not decrease the amount they are buying outside the GCC, but increase the amount they are buying locally," he said. "We need to be there to fulfill what they want more."

Rise of sustainability

One spiraling area where luxury retailers need to be able to answer all their customers' questions is around ethical business practices.

Brands need to be able to live by their sustainability credentials with transparency, accountability and honesty. And this is where the power of store associates becomes critical to both the online and offline retail sales model.

Luxury store associates need access to full details of the retailer's policy for sustainability and responsible manufacturing. They will also need support for the communication of the policy and the opportunity to become an ambassador, with the ability to answer all customer questions.

Customers will also be asking for information on the sustainability credentials for any product, including long-term effects of its manufacture and details of recycling initiatives.

With an omnichannel retail platform that integrates data across their business, from operations and inventory management to customer profiles and product catalogues, retailers can empower store associates with the right data on customers and products to deliver exceptional customer experiences.

In-store luxury sales will remain popular

Statista claims that almost 78 percent of luxury sales are predicted to happen offline by 2025, and this is supported by Dubai-based **Commercial Real Estate Consultants'** report, which found that in-person retail transactions increased by 133% and transaction value by 184 percent over the last year.

It is clearly a significant trend. Real estate consultants **CBRE** also report a strong return to in-store shopping, with footfall in Abu Dhabi and Dubai in particular at 18.6 percent and 20.4 percent above their respective pre-pandemic baselines. This means that linking offline to online channels is essential.

Immersive local experiences can boost sales

Meeting the needs of those profitable local customers who clearly crave in-store experiences relies on providing unique, memorable and, in the case of **new luxury shoppers**, socially shareable encounters.

Vogue Business suggests that new concept stores are key to retail sales success in the UAE as they bring hospitality and retail together in one location.

"[UAE] is very demanding of experiences, services and the ability to select products that tap into the local culture,

while having a very international look and feel," said Elisa Bruno, general manager of Level Shoes, the world's largest shoe store. "Concept stores are important to the retail mix."

Not only do immersive experiences provide a service that cannot be emulated online, but they also encourage both locals and tourists to visit the store to experience something new.

Dubai, in particular, has the reputation of pushing the boundary between retail and new experiences to redefine the customer experience. This is where luxury brands operating in the area are leading the way in shaping the future of physical shopping.

Understanding shoppers, using data analysis, is key

Investing in and successfully implementing retail technology has become massively important to the Middle East, and retailers are keen to make the customer shopping data collected from every touch point work for them.

Hamad Buamim, president/CEO of the Dubai Chamber of Commerce & Industry, believes that a strong platform for **data analytics** offers the perfect opportunity for businesses to drive customer behavior.

Knowing customers has never been more important. The shift in attitude towards a more considered, thoughtful way of life and a concern for our environment is driving purchasing habits and loyalty more than ever before.

Loyal customers will not only improve repeat custom but also spread the word to others. **Arabian Business** claims that 89 percent of loyal customers in the UAE were found to recommend their favorite brands to friends and family.

BRANDS THAT ARE ready to adapt, to embrace omnichannel technologies to get to know all about their customers and what makes them tick to deliver superior, personalized and consistent experiences while handling customer data with care and within the confines of privacy regulations will be the winners.

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