

COLUMNS

# Four ways prestige brands can thrive in today's market

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Since 2021, U.S. luxury sales have continuously softened as consumers grapple with a changing economic landscape post-COVID.

As we head into the holiday season, priorities have shifted, extending to how money is being spent. The focus is on spending time with family and making meaningful purchases for loved ones.

With behavior moving away from extravagant purchases and toward investing in experiences, there has been a steady decrease in the pool of consumers who are willing and able to purchase luxury goods. There are still growth opportunities in the luxury sector, but brands must get creative to shake off the cobwebs and spring back into relevance.

Here are four ways luxury brands can break through the noise of today's landscape:

## **Prioritize first-party data collection to celebrate life moments**

Between birthdays and holidays, consumers are looking to elevate and celebrate their life moments. Luxury retailers can leverage customer data they have collected to curate personalized shopping moments for big life events in-store and online to make a customer feel valued.

## **Leverage technology to elevate your e-commerce experience**

As large retailers lean deeper into technology like AI, pressure will start to mount on retailers at all levels to upgrade their tech stack to meet customer expectations. Translating the high-touch in-store experience online requires tools like virtual AI try-ons based on the customer's unique measurements, virtual appointment capabilities, and robust customer support options.

Ensuring that your omnichannel experience is consistent across online and offline channels is essential as customers are no longer loyal to a single channel.

## **Make your retail experience a destination**

Brands that are investing in high-touch and high-end experiences are not only serving their existing clientele but are drawing in new customers with unique and aesthetic shopping experiences. From Gucci's Garden exhibition in Florence and Hermès' Madison Avenue Flagship designed like a New York brownstone complete with coffee and champagne bars, luxury brands must leverage these experiences as unique marketing tools to convey their distinct aesthetic and brand ethos to customers.

## Lean into exclusivity

Luxury goods are aspirational to most consumers. This fosters a sense of exclusivity that allows a brand to build value and create demand.

A level of exclusivity incentivizes customers to build relationships with associates, which is key to improving retention and better understanding products of interest for key customers. Additionally, having exclusive items at key stores ensures that your entire bricks-and-mortar portfolio feels like a unique destination that inspires customers to regularly visit their home location as well as locations while traveling.

While economic uncertainty poses a challenge, retailers who commit to their unique positioning and ensure it is visible and felt by customers at every retail touchpoint are positioned for success. It is not the time to follow trends for short-term success but to build long-term value by finding brand-appropriate ways to stand out.

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