

How to Attract the Luxury Consumer in 2020



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Executive Summary

To thrive in an ever-competitive environment, luxury brands should look to invest in three key areas between now and 2020, according to new research by global trend forecasters WGSN and Walpole.

In recent years, two key trends – the rise in omnichannel purchases, and the need for physical experience – have given rise to what WGSN calls the ‘phygital’ tsunami: physical retail experiences, combined with digital browsing.

With this in mind, WGSN and Walpole surveyed the luxury industry to understand the most engaging and relevant tactics to bridge the gap between online convenience and offline experiences. The results showed clear alignment across the sector, and an acknowledgement that the retail space must change.

According to those surveyed¹, the top three most effective trends to lure luxury consumers over the next five years will be:

- » Exclusive collaborations with relevant partners 78%
- » Secret and exclusive brand experiences 59%
- » Personalised online experiences e.g. notifications 53%

These top three trends were considered almost twice as popular as the others being researched, which included:

- » 360-degree brand experience e.g. creating fun, cool, and off-the-beaten-track experiences 41%
- » Incorporating art & culture e.g. sponsored art exhibitions, promoting favourite books or art 37%
- » Brand and retail experiences that illustrate a dedication to sustainability 31%
- » An unfiltered look behind the scenes e.g. Snapchat, Periscope 25%
- » The store as the new home e.g. retail spaces modelled after home interiors 25%
- » Food offers in stores 10%

In this new white paper, WGSN’s consultancy team, WGSN Mindset, uncovers the brands and retailers already employing these tactics, and discusses how luxury brands in the UK can create innovative retail experiences in the new ‘phygital’ world.

Carla Buzasi
Global Chief Content Officer

¹WGSN asked 51 members of the UK luxury industry to rank how likely they were to implement nine trends retailers are now using to drive consumers to stores.

Consumer behaviour is changing and while customers still expect outstanding levels of service, the way they choose to buy is evolving. Not exactly headline news to fashion retailers, or indeed retailers outside of the fashion space. However, to thrive and indeed survive over the next five years, retailers will need to look for new ways of differentiating their brands, and repositioning their sales strategies. As we look towards 2020, and the decade ahead, above all else it will be fundamental for brands to create deeper and more meaningful engagement with their 21st century consumer.

In years gone past, the focus was on the product. Today, we see that brands and retailers need to take a step back to step forward; to focus on getting consumers to actually engage with their brand, which can and should be so much more than just product.

Storytelling has been a buzzword for some years, but amidst the jargon, it is important to remember that consumers have changed their mindset from 'buying' to 'being'.

Raphael Bemporad, co-founder of innovative company BBMG, explains: 'For a long time, brands have been trying to get a consumer to buy something; it is now about inspiring people to be something'.

In this new retail framework, the retailer becomes an enabler, not just a destination.

So, who drives this new mentality? Millennials and Gen Z? Of course. But it's not just the younger generation breaking the age-old retail rules. This desire to be treated as individuals is key to all age groups. Consumers want to feel valued for who they truly are: personally, socially and economically.

The results of the WGSN and Walpole survey of leading luxury brands showed that to win in this new environment would require three key areas of focus:

**#COOLAB
SECRET & INTIMATE RETAIL
DIGITAL PERSONALISATION**

With this in mind, WGSN has explored each area in more depth, answering the 'whys' as well as the 'hows'.

1. #COOLAB

Collaborations, whether product or artistic, will be key over the next five years, with co-creation changing the emotional investment consumers have in product.

In fact, according to those surveyed, collaborations stand out as the most relevant marketing tactic for bridging online and offline experiences. The brands we spoke to believe that strategic collaborations will:

- Generate press and build brand awareness
- Open up different and wider sales channels
- Create newness and exclusivity – a key driver for international growth
- Be combined to create in-store experiences and digital offers

Collaborations, of course, are not a new currency for brands, so to stand out and create uniqueness, the best luxury names must look for exclusivity and relevancy. They cannot copycat their competitors, but should focus on partnering with brands who have similar audiences, but different functions, to create unique experiences.

This tactic offers dual benefits. Consumers want to have it all and experience it all in our modern age, but they don't have a huge amount of time to achieve that. The best collaborations are a great showcase for a brand that wants to prove it understands this dichotomy, and offer hybrid offerings, often in hybrid locations. One plus one can equal three, if executed well.

"In the digital space, with an ever increasing information and understanding of customer behaviour by way of real-time data and insight, brands have more connected potential to collaborate and create exclusive partnerships, content, experiences and products. Although synergistic collaborations are not a new concept, the levels to which such opportunities can be optimised and delivered upon digitally are staggering" said George Gill of GGMR, a digital consultancy to the luxury sector. "On the face of it, technology innovation in this space can be overwhelming and in many ways, vendor and integrator supplier choice can be something of a minefield," he added.

GLOBAL PULSE: BRANDS SHOWCASING GREAT #COOLAB TACTICS

- **Michael Kors x McLaren Honda Formula 1:** to promote its new Regent Street flagship, Michael Kors announced a deal earlier this summer which will see exclusive men's leather jackets sold only in the London store, with McLaren-Honda drivers wearing MK branding on their overalls and on the cars
- **Prism x emoji:** the new app, PRISMoji, from the luxury British resortwear brand has emojis of all its different products, and a few celebrity faces
- **Alexander McQueen x Globe Trotter:** these two British luxury powerhouses teamed up for an exclusive suitcase collaboration that neatly capitalises on the huge travel zeitgeist right now, and strengthens both brands' appeal

WGSN Mindset Recommendations

- » Think beyond the obvious, for partners who don't just enhance your brand equity, but push it out of its comfort zone
- » Collaboration with consumers is as important as collaboration with other brands – ensure you make your consumer part of the journey
- » Invest for the long-term. Successful collaborations need to be followed up with subsequent partnerships. This is not a one-hit strategy.

2. SECRET & INTIMATE RETAIL

In today's mobile-first, digital age, physical stores are fighting back, drawing upon ever-increasing levels of brand authenticity and experiential tactics to ensure loyal customers choose to shop in flagship locations. VIP services can be optimised in order for brands to make all consumers, not just the wealthiest, feel special.

As a result, exclusive, members-only retail concepts are springing up around the world, as customers demand more from their in-store shopping experience.

According to WGSN's survey, British Luxury retailers believe this tactic:

- Offers a unique and one-off experience to counter the homogeneity and accessibility of social media
- Aligns most naturally to the value of products and bespoke nature of services for certain legacy brands
- Help consumers feel special and different – especially when combating mass luxury offerings

In effect, this is a repositioning of the function of the physical store. Creating long-term, meaningful relationships with consumers means betting on sustainable value versus short-term sales. This means the reimagining the shop as a space that either enables experiences, builds relationships, or fits seamlessly into consumers' high-flex lifestyles.

Commented Robert Ettinger, CEO, "Niche brands, personalised products and carefully chosen collaborations with like-minded British brands are the future for luxury accessory businesses such as Ettinger. Being different yet still desirable and succeeding in making people feel that they have connected with something special, that's what's important."

GLOBAL PULSE: BRANDS SHOWCASING GREAT INTIMATE & SECRET RETAIL TACTICS

- **World of Niche:** an invite-only secretive and mysterious sneaker store with a strict no-photo policy, no social media on any platforms, and no hyped-up promotional releases
- **Harvey Nichols:** in its Birmingham, UK, store, the focus is on VIP experience and hotel-style concierge services that target customers via personalised technology
- **Mahani x Studio Toogood:** Dubai retail space designed by the British Architectural group as a minimalist space to counter-act the typical opulent retail experiences found in the region and re-focus clientele on the product

WGSN Mindset Recommendations

- » In creating these experiences, brands should focus on ultimate differentiation and utmost originality. It is key to surprise and wow consumers through spectacular store set-up and reinvented sales practices
- » Create shareable talking points and visual set-ups so the consumer becomes a mini marketing vehicle for you
- » Be prepared for low ROI in the immediate sense, with the aim of building longer, more meaningful relationships

3. DIGITAL PERSONALISATION

We live in a 'phygital' world, where digital personalisation cannot simply be a consideration for the modern brand, but an absolute requirement. The possibilities are endless.

In an age where everything is available through the screen of their smartphone, humans miss the personal touch, so digital personalisation needs to fill this vacuum. Consumers often feel isolated, so injecting humanity into the online space helps counter that feeling while building all-important relationships between brands and their audiences.

Digital personalisation is therefore the way to make consumers understand that technology has great positive rewards; it can enable brands to make them feel special, embraced and engaged on a digital platform. When executed well, this will drive repeated deeper engagement.

According to Walpole and WGSN members, this trend is particularly effective because it:

- Helps cut through the noise by providing curated content
- Creates a unique online experience, which helps customers feel "looked out for"

The key opportunity for retailers today and in the future is to focus on complementing the digital and physical worlds, and not ignoring one for the other.

"With an increasing array of technology tools, creative formats and customer touch-points, brands have huge opportunity to deliver significant value and uplift through personalised experiences. Whilst the challenges of merging multi-channel and system delivery are not insignificant, the ability to create rich and highly segmented customer journeys presents tremendous opportunities for the luxury market," said George Gill of GGMR. "Although the luxury market is, by its very nature historically weighted towards highly tangible, off-line marketing activities, the pace of customer and technology change lowers cost and democratises opportunity for the small artisan and multinational conglomerate alike."

GLOBAL PULSE: BRANDS LEADING IN DIGITAL PERSONALISATION

- **Sapient Nitro x The Line:** customers are taken on a demo virtual journey into an apartment where they can explore different rooms, the products on set, and those being worn
- **Burberry:** this summer, with the launch of a new mascara, Burberry became the first luxury brand to offer fans a personalised experience on Pinterest
- **John Frieda:** a new campaign, Shades of Me, uses an Instagram algorithm to analyse users' hair colour and their Instagram feed to generate customised video stories

WGSN Mindset Recommendations

- » Don't fall back on gimmicks or use brand new technologies for the sake of it
- » Personalisation means just that. Don't fall into the trap of throwing large groups together and expecting that to go unnoticed
- » Do keep the importance of diversity front of mind, whether through gender, race, body shape and size. Do not focus solely on a mainstream aesthetic and mainstream engagement tactics

Conclusion

With 2020 just a few years away, it is time for luxury brands to focus in on key areas of investment, and the three tactics investigated here not only tie online convenience and offline experiences together, but allow a brand to tell a whole new story about themselves.

The luxury world has changed fundamentally over the past decade, with an ever-demanding consumer looking for a new relationship with brands. In recent years, that relationship has often focused on storytelling, with the heritage of a brand often a natural, and successful, place to start that story. However, as we look to the future, history by itself will not be enough to capture the future consumer's attention.

Tomorrow, having a new story to tell, and a personalised way to tell that story, will be absolutely essential. That story might be about a creative new collaboration, but an amazing in-store experience creates a story in itself, and both can be deployed to elevate the relationship between brand and consumer.

*2020 is just around the corner,
but these trends are actionable
now, and by their very nature,
designed to create standout
appeal in an ever-changing
luxury landscape.*

About WGSN

WGSN (www.wgsn.com) is the world's leading trend authority, serving fashion and creative-led companies in over 94 countries. Our services cover fashion and lifestyle forecasting, data analytics, crowd-sourced design validation and expert consulting. We help drive our customers to greater success. Together, we Create Tomorrow.

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About Walpole

Walpole is a unique alliance of 175 of Britain's finest luxury brands, including Burberry, Alexander McQueen, Rolls-Royce Motor Cars, Boodles, Harrods and Jimmy Choo.

Walpole promotes, protects and develops the unique qualities of UK luxury: the long tradition, rich heritage, superior craftsmanship, innovation, design, style, and impeccable service at the heart of the industry – currently worth over £32 billion to the UK economy, a leading creator of jobs and major contributor to the British economy.

Dedicated to nurturing the next generation of Britain's luxury brands, Walpole also runs the annual mentoring programmes Brands of Tomorrow, Crafted and the Programme in Luxury Management at London Business School. These initiatives connect Britain's most talented up-and-coming entrepreneurs, craftsmen and leaders with a network of senior mentors from Walpole's established membership.

W A L P O L E

About GGMR

GGMR is an established digital consulting and innovation delivery agency which works with global businesses and brands to help conceive and realise initiatives at scale.

Highly familiar with complex technologies, markets and briefs, GGMR connects business with audiences and creates outcome orientated digital experiences.



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