



The New Age of Luxury Retail

CREATING MODERN AND THOUGHTFUL VIP

EXPERIENCES FOR LUXURY RETAIL CUSTOMERS





Despite the global COVID-19 pandemic, the luxury goods market was at a worldwide all-time high in 2019, worth a whopping 281 billion Euros. In 2020, the future remained positive for luxury retailers, with the market still valued at 217 billion Euros.

Luxury purchases often mean a significant expenditure for the customer, and in return, they have high expectations about not only the quality of the product but also the experience and service they receive.

To exceed these expectations, luxury retail brands need to consistently deliver premium customer journeys that make customers feel both prestigious and valued to keep the brand's reputation positive and customers coming back.

In this report, we delve into three key areas where luxury retail brands can enhance customer experience, both online and offline to create connected holistic experiences that will attract new customers, retain existing ones, and create brand ambassadors.

Three Key Areas to Enhance the Luxury Retail Experience

FIRST KEY

Bridging the Physical and Digital Gap

Having an authentic luxury experience is all about making the consumer feel special and connected to the brand.

In the physical store environment, brands can easily create a premium environment. But how can this be replicated digitally?

In a world where increasing consumer needs are met online, luxury retail may somewhat be seen as having an 'old

school' mentality by mainly focusing on in-person experiences and doing very little to engage with customers in a digital environment.

However, digital touchpoints are forever increasing. The way we interact with brands has changed dramatically over the past few years. Consumers today want an online experience that is just as good as being in store. Therefore, brands must use customer sentiment to create connections through different channels. Omni-channel experiences offer luxury brands new ways to connect

with their target demographic whether through social media, their website, an app, online customer service, or digital events.

Online luxury sales are expected to triple as a proportion of the total global luxury market sales by 2025, reaching \$91 billion USD. Nearly one-fifth of all personal luxury sales will take place online.

LUXE DIGITAL RETAIL REPORT 2021



WHEN THINKING ABOUT YOUR DIGITAL AND OMNI-CHANNEL EXPERIENCE, THERE ARE A FEW THINGS TO CONSIDER:

- 1** Just as you would in store, offer support and ways that consumers can leave feedback and talk to you—and let them know you are listening to them. Identify trends in what consumers are saying, what's working well and what's not, what they wish you could provide that you're not currently, and then take action to ensure smoother, more connected experiences in the future.
- 2** The rise of online shopping doesn't mean the end of physical retail. Instead, consumers are seeking out flexibility and convenience to be able to shop however they please and at a time that suits them. "Click and collect" is a great example of how physical and digital experiences can work in harmony.
- 3** Keep on brand (just like your store)! You want your online channels to reflect the brand with the same style, messaging, and tone of voice. Ensure all responses to customers are of high quality, helpful, and informative—just as they would be in store. Brand storytelling is extremely important, so be sure to showcase not only your products and services, but also your brand values and heritage through online content.
- 4** Use your online presence to create a buzz for new releases, events in store, and beyond. Using multiple channels to communicate works to your advantage as you'll have more means for promotion and can reach a wider and more global audience.

SECOND KEY

Personalisation

Customers aspire to be associated with luxury brands as they provide customised and meaningful experiences. Acknowledging customers' desires for options tailored to them enhances their experience and makes them feel special, and in turn makes memorable experiences that they will talk about to friends and family.

Luxury brands are known for making customers feel like VIP's, however once the customer has made a purchase and left the store, how do they keep their personalised communications going?

To keep up with consumers, brands need to shift their focus to their customers and engaging them in the best possible way. By truly knowing your customer, you are able to create personalised approaches and keep communication channels open even when they are not considering a purchase.

According to Forbes,  **71% of consumers feel frustrated when a shopping experience is impersonal, 80% of frequent shoppers only shop with brands that personalise the experience, and 83% of consumers are willing to share their data to create a more personalised experience.**

WHEN THINKING ABOUT PERSONALISING EXPERIENCES, HERE ARE A FEW THINGS TO CONSIDER:

- 1 Knowing your customers is paramount. Understanding your target demographic will help you pinpoint their needs and wants to improve experiences for the future. That's why it's vital to ask questions about their experience. It will give you the opportunity to see your brand directly from the customer perspective so you can evolve your offering to fit your target market.
- 2 Using data and advanced analytics will enable you to identify consumer trends and preferences and also use customer insights to predict what they will like in the future. For example, you'll be able to look at past purchase history and monitor buying habits, then utilise this information to offer personalised product recommendations and suggestions based on what they may like.
- 3 Customers often share information about themselves with businesses, so offering personalised deals for their birthday or monitoring buying habits to offer products similar to previous purchases helps to impress the customer and make them feel valued.
- 4 Friendly, knowledgeable staff members are seen by many as the most important aspect of customer experiences. Ensuring your staff members have the knowledge about your offerings and are able to provide helpful advice and recommendations will lead to increased sales and even cross-sell and upsell opportunities.

Emotional Intelligence

More and more consumers want brands to deliver memorable experiences; it's about connecting and building a relationship with the brand to make the consumer feel part of it. Luxury shopping is seen as a lifestyle choice, not just a purchase. When buying from a brand, your consumer is buying into their values and agreeing to represent that brand.

Aspirational shoppers are likely to still need to justify the price, and therefore, they need to obtain value not only from the product, but also the positive memories and feelings created throughout the purchase experience.



WHEN THINKING ABOUT CREATING EMOTION IN YOUR EXPERIENCES, HERE ARE SOME THINGS TO CONSIDER:

- 1 Memberships and exclusive offers and events are another way to capture the emotions of your customers. Customers will always want to achieve a higher level of membership. For example, if they are on silver, they would want to strive for gold. Granting the customer that level of access is a great way to increase loyalty to your brand and, at the same time, create emotional sentiment. Many luxury brands also host VIP, members-only events, such as fine dining experiences, fashion shows, and drinks receptions. These exclusive events add a social dimension to the brand and also allow the target audience to test products.
- 2 Emotional customer experiences at scale are facilitated by putting data and insights into the hands of employees. Employees with emotional intelligence can use that data to create differentiating experiences for the customer in the very moment of interaction. For brands with hundreds or thousands of staff, this is done through teaching empathy, anticipation, and contextual listening—and then putting all that is known about the customer into the hands of the representative. And that's where data and technology can come to enable the experience.
- 3 Emotional customer experiences rely on excellent customer service and making the customer feel recognised and special. Creating a special moment for the customer can draw on customers' emotions, like remembering an anniversary or telling them Happy Birthday. Creating seamless and flawless experiences can be created by equipping your employees with the right training and tools so that if a problem arises they can deal with it straight away. Lending a compassionate ear to a frustrated customer can mean the world of difference and they will remember you for being helpful instead of having a bad experience.
- 4 Behavioural data has the potential to help luxury brands understand their customers and allow them to be in tune with their customers. Data visibility is key to being one step ahead to anticipate customer needs and surprise them with personalised suggestions. Behavioural data can help map out the positive and negative experiences within the whole customer journey to allow you to really focus on what means the most to the customer and get it right.

Conclusion

It's fair to say that there has been a significant shift in how consumers shop for luxury items; shoppers want a balance between exclusivity and accessibility and in order to provide both, brands must truly understand their customers.

Using customer data will allow brands to understand what customers like, their shopping preferences and how best to interact and engage with them. Using customer insights to create personalised services and omnichannel experiences can help brands continue to be relevant and keep up to date with new ways to interact with current and next-generation luxury shoppers.

To demo a product or to contact us call:

NORTH AMERICA
+1 385 695 2800

UK & IRELAND
+44 121 296 5245

APAC
+61 (2) 8397 8131

GERMANY
+49 (0) 40 369 833 0

Or email us at sales@inmoment.com

About InMoment

Improving experiences is why InMoment exists. Our mission is to help our clients improve experiences at the intersection of value—where customer, employee, and business needs come together. The heart of what we do is connect our clients with what matters most through a unique combination of data, technology, and human expertise. With our hyper-modern technology platform, decades of domain authority, and global teams of experts, we uniquely deliver a focus on Experience Improvement (XI) to help our clients own the moments that matter. Take a moment and learn more at inmoment.com

