Lux in flux?

Top ten trends for 2024

01 Luxury brands will need to bridge the omni-channel gaps →

For luxury brands, more channels can just feel like more chances to fail. Or at least, to fall short of their customers' expectations for high-end, consistent experiences.

But luxury consumers favour flexible omni-channel options. They want to try in-person before they buy online for example, or research online before they buy in-store.

Getting a tight rein on omni-channel starts with understanding the customer journey. Want to know what's working versus what's not? Carry out a channel audit to identify where the highest sales volumes are coming from. You can then build an omni-channel strategy around these priority channels to maximise impact.

Then there's technology. Lack of integration between channels leads to disjointed, inconsistent experiences. Choosing a tech architecture that works best for your channel mix will help to avoid this.

→ **Let's talk:** CX and Omni-channel

02 Successful luxury brands will move from "passive" to "proactive CRM" →

Luxury consumers are often privacy-conscious and resistant to sharing private data without good reason. Luxury brands know this and place a high value on discretion.

But data is the lifeblood of modern business. The question for luxury brands is how to gather essential customer data in a way that meets with the approval of their clientele.

Proper governance is key. But so is a change of mindset. Instead of 'passively' gathering data in the background, successful brands are proactive about including customers in the data-gathering process, explaining the why and benefits to them, and making data a visible part of the customer relationship.

→ **Let's talk:** Data and CRM

03 Ditch the stereotypes and let your data reveal your customers →

What does a luxury shopper look like? Brands must be wary of old assumptions. A new breed of young, aspirational, metropolitan consumers around the world are challenging the stereotypes and breaking the code.

In countries like India and China, we can pinpoint the rapid rise in earning potential among young professionals as the driving force. Luxury brands and statement purchases are a way for these consumers to declare ambition, even if they're not yet in the income brackets of traditional luxury buyers.

How to identify this new breed – and reach out to them effectively – is all there in the data. Take a rigorous approach to data gathering, analytics and customer segmentation, and you don't need to rely on assumptions.

→ **Let's talk:** Customer Profiling and Data

04 Amazon, third party data, and the mass market luxury shopper will be key to profiling luxury consumers →

Whisper it. Luxury shoppers are Amazon shoppers, too. In fact, Amazon and other leading marketplaces are the most popular channel worldwide for consumers looking to buy luxury goods. 21% make luxury purchases from top marketplaces. 19% use brands' own websites as a preference.

Luxury brands can see this as a threat. But there's also opportunity. Amazon is one of the best sources of consumer data on the web. Amazon Marketing Cloud (AMC) gives brands access to detailed semi-anonymous shopper data in a secure environment that they can tailor to their audiences and their journeys.

How can brands use this data? Typically it's there to drive advertising through the Amazon network. But the smartest players are harnessing it for their own customer profiling insights, or even identifying opportunities to entice consumers from Amazon back to their own D2C channels.

→ **Let's talk:** Amazon, Retail Media, Data and CRM

05 Luxury brands will harness social commerce through the maturing of messaging apps →

Among the most affluent and active luxury shoppers, personal relationships are everything. Luxury brands have long perfected the art of clienteling, or nurturing tight-knit, one-to-one relationships with their highest value customers. It's about being best placed to meet the customer's every need, and it brings rich long-term rewards.

This level of rapport still leans heavily on face-to-face interactions. But in recent years, messaging tools such as WhatsApp, China's WeChat and QQ, and South Koreas' KakaoTalk, have become personal hotspots for luxury brands. Hyper-luxury spenders like the personal touch of having a direct line to a favourite brand. Many are more than happy to make purchases that way, too.

How can brands maximise the value they get from this digitised personal contact? Explore how to embed the use of messaging apps in CRM data and customer journey planning, always being mindful of the need for appropriate governance if and when personal information is shared.

Another opportunity is to use AI chat assistants, for example, to 'learn' the preferences of the individual and advise on or generate the most effective responses.

→ **Let's talk:** Social Commerce and AI

06 It's time to smash your organisational silos →

Digitisation has changed the way shoppers shop. It's changed the way sellers sell. It's changed the way retail works, right down to the operational and organisational structures of retail companies themselves.

Traditional retail operations tended to be linear, reflecting a customer journey that focused on funnelling buyers to a single point of purchase (like a shop). But omni-channel has blown that out of the water. Consumers want the freedom and fluidity to jump from touchpoint to touchpoint. Retailers need an operational structure that supports and enables that.

It starts with breaking down departmental silos so information and resources can flow easily to where they need to be. This raises questions about technology, about workforce capabilities in a digitised environment, and about where you find those skillsets. The luxury brands that adapt fastest to the new omni-channel market reality will be those that take the necessity of organisational change most seriously.

→ **Let's talk:** Organisational Design

07 Luxury retailers will expand to become luxury marketplaces →

As the old saying goes, if you can't beat them, join them. Luxury brands might dream of their own D2C channels challenging the might of Amazon etc. And with marketplaces commanding 35% of all online spend, the smart movers are looking to copy rather than compete.

That's what we're seeing in the market today, with luxury online marketplaces seeking to capitalise on this consumer shift. By aggregating inventory across independent boutiques they have the potential to allow online shoppers to buy luxury items from the leading boutiques at retail pricing - without the price of a ticket to Paris, Rome or Milan!

Luxury is also ideally suited to re-selling, a specialty of marketplaces like eBay and Facebook Marketplace. Many second-hand luxury goods retain their value and are in high demand. And 63% of consumers wish more brands had second-hand or resale areas on their websites.

→ **Let's talk:** Marketplaces

08 Luxury will be digitised – avatars, gaming and luxury commerce →

Demand for digital products is hitting full throttle. 45% of consumers now say they'd prefer their online purchases to be digital and instantly downloadable. 48% of gamers like the idea of brands selling unique digital assets items, such as NFTs, within games.

Of all retail categories, luxury is best placed to cash in on this trend. If you're going to dress up your in-game avatar in purchasable bling, of course you want to show off a named brand. It's all about status and projection – cornerstones of the luxury market. And what could be more 'luxury' than buying a one-off digital creation via a non-fungible token?

The flipside of this is luxury brands capitalising on the draw of iconic gaming brands, as Tag Heuer has done with its collectors' edition Mario Kart watches. The next step is making such 'real-world' collectables available to purchase within games. 49% of gamers say they'd be game to buy.

→ **Let's talk:** Tech Innovation and Gaming

09 Luxury brands will understand that being exclusive and accessible are not, well, mutually exclusive →

Marketers of luxury brands know all about the power of FOMO, and how just the suggestion that an item is out of reach becomes its own incentive to buy for many people. But that's all marketing theatre. It doesn't mean anything literally has to be out of reach, or that exclusive means excluding anyone.

Certainly not when one, often socially excluded, group – people with disabilities – is estimated to be in command of $13 trillion in disposable income worldwide. Nor when 59% of consumers actively prefer to buy from brands that take a positive stance on diversity.

Accessible luxury is a potentially huge untapped market. Tommy Hilfiger has shown the way with its range of adaptive clothing for people with physical disabilities. Other brands can follow suit by looking at how they can make their products and their stores, both physical and online, more accessible and inclusive.

→ **Let's talk:** Accessibility and CX

10 Curative AI as the online luxury brand police →

Luxury brands are under the microscope. In exchange for a premium price, consumers want guarantees that they are getting a premium product. The fine details of materials, manufacture, provenance and authenticity matter to luxury consumers.

They also expect exemplary standards from the brands themselves in everything from communication to service.

One slip or one reputational hit can do lasting damage to the trust consumers place in high-end brands. In an age of immense content output across so many different channels, maintaining consistently flawless standards gets harder and harder.

On this front, luxury brands have a friend in AI. Developed in-house by VML Commerce, Curative AI scours digital output – text, images, video, across all channel formats – and validates it. Fast, efficient and accurate, it's like having your own digital brand police to keep standards high.

→ **Let's talk:** Brand Guardian

Connect with the author

If you'd like to discuss these trends, and how best to navigate them, please get in touch.

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