Retail Guide

# Tradition Meets Technology: Modernizing Luxury Shopper Journeys

START





# Introduction

The world of luxury retail is experiencing a fascinating transformation. While established brands still cater to their loyal clientele, new generations of discerning shoppers are entering the scene, demanding personalized and digitally-led experiences.

To thrive in this dynamic landscape, luxury brands must understand the nuances of different shoppers and leverage technology to provide the desired experience.

This guide highlights different types of shoppers that will be crucial for growth in 2024 and what brands can do to meet their needs.

**75%**

Millennials and Gen Z will account for 75% of luxury goods buyers by 2026.

True-Luxury Global Consumer Insights



# In-store **Shoppers**

In-store shopping is still the most crucial aspect of luxury retail. Like many retailers, the pandemic boosted luxury e-commerce orders, but they have since returned to normal pre-COVID levels.

The higher the spend, the more shoppers want the luxury experience and to physically see and try items before purchasing. And this tangibility is more important to some shoppers than others.

Let's explore 3 common profiles of in-store shoppers and how technology can help meet their expectations.

## 80%

Shoppers are equally browsing online and in store (53.96% and 54.47% respectively), but approx 80% of transactions still happen in store.

RetailX Consumer Survey

# Frequent VIPs

## This established customer base cherishes the in-store experience and values personal connections with advisors.

VIPs who shop frequently are the cornerstone of luxury retail.

These loyal shoppers will visit preferred brands frequently, often having a close connection with favorite client advisors who know their tastes and styles. With preferences known, items can be picked out in advance and set aside for their visit.

Their expectations include:

| | |
|---|---|
|  | **White-glove treatment:** Offer dedicated attention and cater to their known individual preferences. |
|  | **Expert client advisors:** The trust and expertise of client advisors are big factors in the store visit. |
|  | **Brand heritage:** Highlight the quality, authenticity and functionality of products. |
|  | **Integrate hospitality elements:** Elevate their experience with inclusive events and experiences that reward them for their loyalty. |



# Technology's Role

To better serve VIPs, it is all about the client advisors and equipping them with the tools and information to deliver a personalized experience.

- Client advisors must be trusted experts in recommending styles and products. Providing a 1-1 experience while drawing on easily accessible information.
- Previous purchases and preferences should be available on mobile devices to help tailor the experience and build a close connection with customers.
- Curating shopping journeys and staying with them through to the point of purchase can be done with smart devices equipped with mPOS.
- High-performance scanning is essential here. Issues scanning barcodes and typing item numbers degrade the overall experience.



# Luxury Shopping Tourists

Favorable exchange rates and the resurgence of Chinese tourism are driving growth in Europe and Asia. With Covid restrictions now fully lifted in China, a boom is expected in international travel to Europe's designer destinations.

A strong dollar will also boost North American travel and luxury market growth in Europe. But besides financial incentives, why do tourists love shopping abroad?

Product assortments can vary by region. Finding exclusive items or special collaborations abroad that they can't get at home has a big appeal.

However, these savvy travelers are heavily digital and brand-conscious. Their key needs include:

**Digitally enriched experience:**
Provide information in their preferred language.

**Seamless duty-free and tax-refund process:**
Offer a convenient way to claim refunds.

**More than a transaction:** With a lot of time spent in stores including other ways to engage with the brand adds to the overall experience.

**Accurate inventory visibility:** Avoid disappointing shoppers who have traveled far with out-of-stock items or inaccurate inventory information.



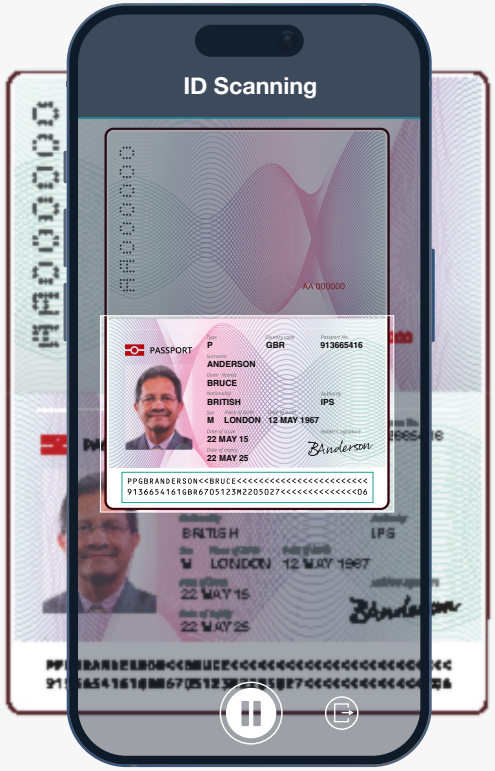
# Technology's Role

An opportunity to be maximized in 2024 for luxury retailers. Tourists are becoming increasingly tech-savvy, especially the hyper-digital Chinese shoppers, and they expect experiences to be digitally enriched and informative.

- Technology will play a big part in helping client advisors navigate language barriers and provide a seamless experience.
- Using smart devices to surface real-time product information and pre-fill tax documentation with ID scanning software will help delight those in store.
- With tourists more likely to impulse buy, arming client advisors with tax savings information at their fingertips can boost revenue via upsells and cross-sells.

**ID Scanning**





# Infrequent Shoppers

Only some have the means or want to shop regularly with luxury retailers. Some will want a statement piece for special occasions, an investment, or visit a brand looking for gifts for friends and family.

With important purchases like this, some consumers have extensively researched the brand and know what they want. Others will like to be advised on the best buy for their situation due to a lack of expertise.

A summary of their expectations:

| | |
|---|---|
| | **Consistent omnichannel experience:** The information found online should be available in store to help reaffirm a decision. |
| | **Expert assistance:** Finding the balance between supporting existing decisions and guiding them to certain products. |
| | **Gifting services:** Offer ways to create a personal and memorable gift to delight recipients. |
| | **The luxury feel:** Even if their spending might be lower, they will still want the full luxury experience. |



# Technology's Role

For the infrequent shopper, the experience is still paramount. Their purchase may have a strong emotional connection –especially for high-end gifts or statement pieces.

- For luxury brands, having the right technology to serve shoppers efficiently is key. Focusing on higher-value customers while still meeting the expectations of infrequent shoppers is an effective use of time.
- Tools that help quickly find items in the stock room, surface inventory, and product information to answer questions are good investments since needs can't be anticipated.
- Visiting luxury stores can be daunting for the infrequent shopper. Reducing friction at any point in the journey puts them at ease. For example, automating loyalty sign-ups by scanning IDs.





# Online Shoppers

Luxury retailers have been quick to pivot and embrace innovations available online to drive sales.

Social media influencers and social commerce are key driving factors. Also, new experiences and ways to engage with luxury brands, such as the metaverse, play a part in growth. A popular way to monetize these digital experiences is via non-fungible tokens (NFTs) that provide the exclusivity and scarcity luxury retail is known for.

## 16%

Data from Statista predicts that online channels will account for 16% of sales in 2024, up from 10% in 2018.

# Online Shoppers

Back in the physical world, online orders can come in all shapes and sizes outside these niche segments. From 6-figure expenditures during festive periods to smaller one-time orders, accurate and timely fulfillment is a must.

The expectations of luxury online shoppers are:

**Ensure availability:** Reduce poor brand experiences by having full inventory visibility so customers can buy what they like and when they want.

**Consolidate orders:** Customers won't want to receive multiple orders or make multiple trips to collect items.

**Reduce wait times:** Whether waiting in store or at home for a delivery, customers can lose the buzz of receiving exclusive items with long wait times caused by slow and manual fulfillment processes.



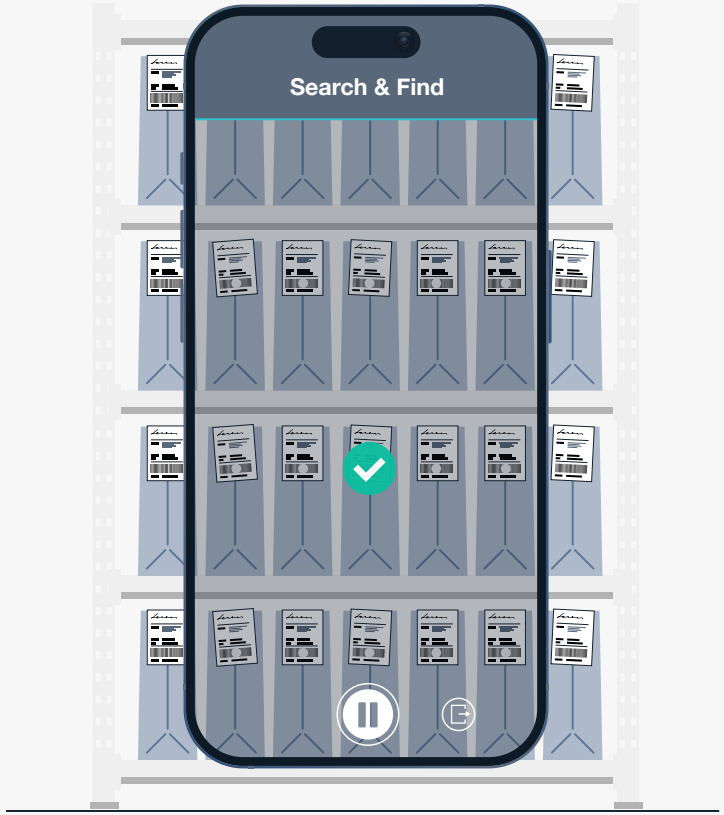
# Technology's Role

Luxury order fulfillment is high stakes. Without the customer in store to make sure their order is correct, it is down to employees to accurately assemble orders.

- Stores are primarily located on prime real estate, making back-of-store operations cramped and difficult to navigate. Equipping employees with the tools to easily find and process orders without error is essential.

- A seamless order collection process can differentiate brands when customers choose where to shop. So guaranteeing the correct order and providing it on time shouldn't be overlooked.



# Summary

Despite the diverse needs of these shopper groups, a common thread emerges – the desire for exclusive and connected experiences, with the physical store remaining at the heart of the journey.

However, technology is crucial in tailoring these experiences to individual preferences and ensuring seamless omnichannel integration.

The key lies in utilizing mobile, flexible, and real-time solutions. Smart devices powered by smart data capture, for example, provide advisors with instant product information, facilitate clienteling, and smooth in-store order pickup for online customers.

This enhances the customer experience and empowers client advisors to focus on building deeper connections and providing personalized service.

Furthermore, technologies like ID scanning and mobile point-of-sale systems can streamline the shopping journey, creating a frictionless and enjoyable experience for all.



# The Takeaway: One technology, multiple benefits

By leveraging a single technology platform built on existing hardware, luxury brands can cater to the diverse needs of their clientele, optimize multiple types of customer interactions, and drive overall growth.

In this transformative era, embracing technology without compromising the essence of luxury will be the key to success.

**The future of luxury retail lies in harnessing technology to enhance the human touch, not replace it.**

**Scandit Smart Data Capture powers exclusive experiences for 6 of the top 10 luxury and premium brands.**

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Worldwide: +41 44 586 4540
USA: (415) 528 5050
scandit.com/contact-us