

RETAIL

Making luxury retailers' physical stores smarter

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Adding a digital touch to stores. Image credit: Virtual Visions

By A LUXURY DAILY COLUMNIST

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There is no other business facing as much transformation as the retail sector, especially luxury goods.

While everyday and premium brands may be hardest hit by the “Amazon effect,” luxury brands are looking for new ways to shape the in-store shopping experience and make their stores profitable, faster.

Luxury storefronts represent the biggest challenge and opportunity. The physical store is one of their costliest and riskiest investments.

Retailers everywhere must be empowered to reimagine their stores by being smarter about their physical space. Whatever the store size, shoppers expect a limitless opportunity to buy merchandise.

Customers have come to expect the convenience of online shopping, while still enjoying the benefits that luxury brands deliver.

Amazon is not able to replicate the hands-on approach that can only come from personal shoppers and the long-time relationships that luxury brands and retailers have with their customers.

Knowing the customer’s size, flattering fit, color preferences, what they bought last and what they will want to purchase next to round out their look or complete their wardrobe capsule – this is luxury brands’ forte.

Now luxury brands are making the in-store shopping experience richer with more convenience, making inventory and event-exclusive items more accessible through endless aisles of merchandise in the cloud.

Get real about store real estate. When more merchandise options are available digitally, how does that impact store size? Are the iconic high-end stores that line Fifth Avenue still practical?

Even though these storefronts are important symbols to brands such as Prada, Gucci and Giorgio Armani, how many months do these stores’ business operations run in the red?

With the retail sector weakening and a recession looming, should luxury brands have smaller stores or in a different location to reduce costs?

Inventory insights. Luxury merchants do not necessarily carry a big inventory, making it imperative that they know the right merchandise to carry at each store location.

The best selling merchandise in New York and Paris may not be favored among shoppers in Los Angeles.

For these merchants having a better understanding of inventory at the store level combined with providing access to items even when customers shop at a different store – including exclusive items – can help optimize operations.

Engaging store experiences always win. While most luxury brands have invested in ecommerce, ultimately, most purchases are still made in stores, where a more personalized and social experience is available.

Luxury brands have an opportunity to deliver richer level of engagement with new technology at their disposal.

According to Acumen Research and Consulting, the global smart retail market size is anticipated to be \$59.4 billion by 2026.

One of the fastest-growing innovations entering high-end stores are intelligent digital displays or easels that allow store associates and personal shoppers to gain more insight into inventory.

For instance, if the next size up is not available at the Fifth Avenue location in New York but it is nearby in Tribeca, items can be shipped to the shoppers preferred store location or directly to their home.

If a client is ready to buy her items, she can use the digital display for seamless checkout without waiting in a line.

BEYOND TRADITIONAL luxury apparel, cosmetic brands and jewelers are also looking at using these types of digital display projecting 3D images of jewelry on customers through digital mirrors.

Sleekly designed smart displays combined with breakthrough software and smart-display solutions are transforming physical locations into profit centers.

Luxury brands are at a crossroads in reimagining and redefining rich, engaging in-store experiences.



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