

# FORRESTER®

**CHALLENGE THINKING. LEAD CHANGE.**

We work with business and technology leaders to develop customer-obsessed strategies that drive growth.





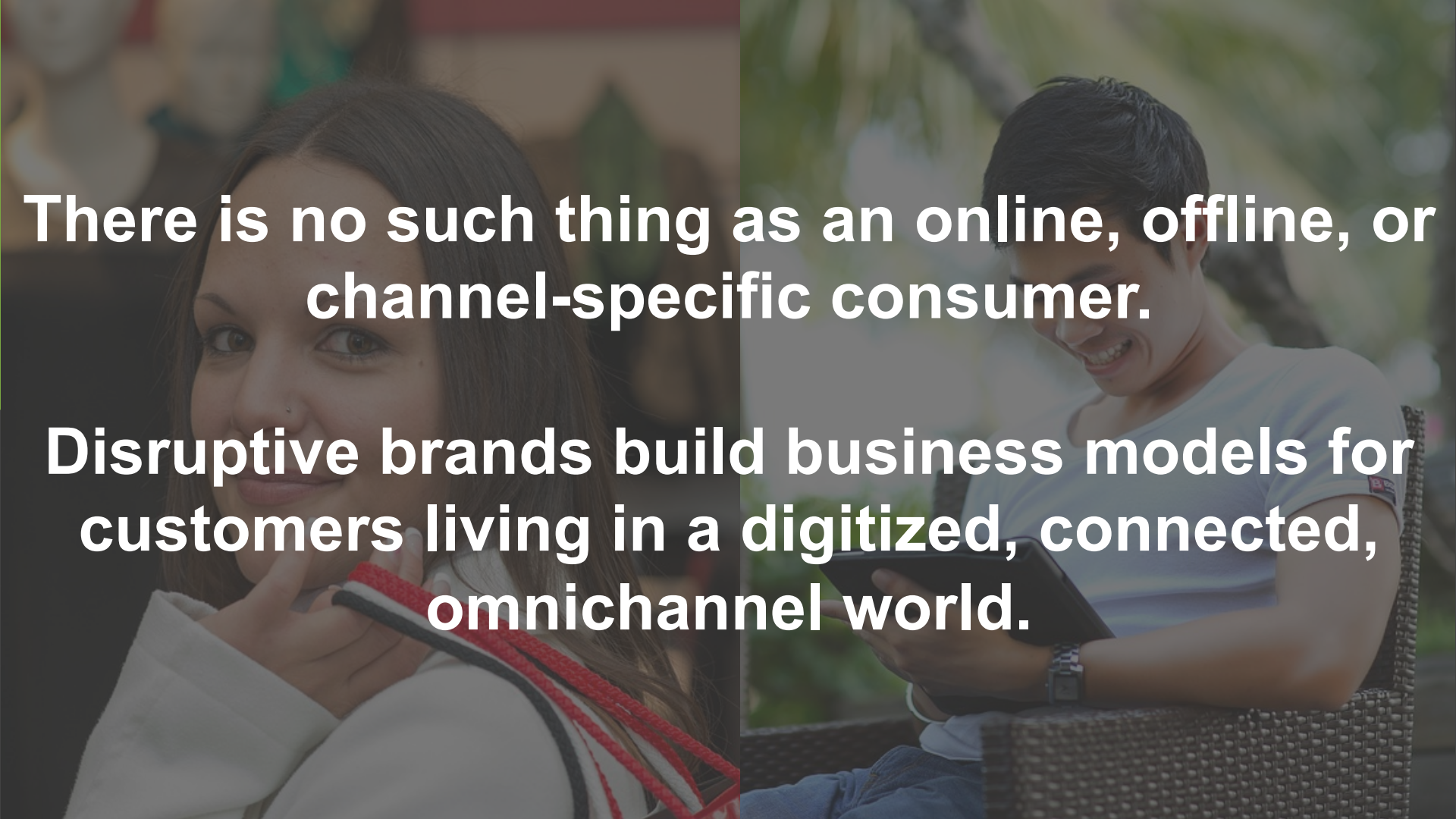
# How to Win, Serve and Retain Digitally Savvy Luxury Consumers

**Michelle Beeson, Analyst**

January, 2019







**There is no such thing as an online, offline, or channel-specific consumer.**

**Disruptive brands build business models for customers living in a digitized, connected, omnichannel world.**

A close-up photograph of a person's hands holding a smartphone. The person is wearing a blue long-sleeved shirt and a black wristwatch. The background is a blurred city street at night, featuring warm yellow streetlights and several bright green circular bokeh lights. A dark grey semi-transparent banner is overlaid across the middle of the image, containing white text.

**Luxury consumers are far more digitally mature than many luxury brands**

# Forrester's Empowered Customer Segmentation



**Progressive  
Pioneers**



**Savvy  
Seekers**



**Convenience  
Conformers**



**Settled  
Survivors**



**Reserved  
Resisters**

Most empowered

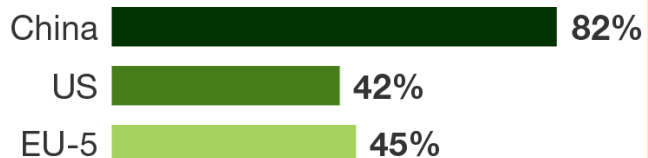
Least empowered

Source: [The State Of Empowered Customers And Technology Benchmark 2017 Global](#)

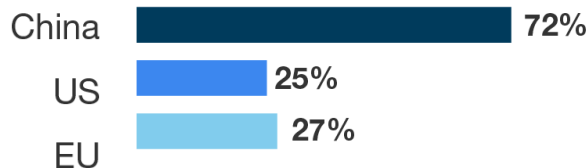


## Progressive Pioneers

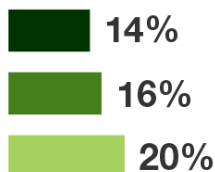
### Luxury Consumers



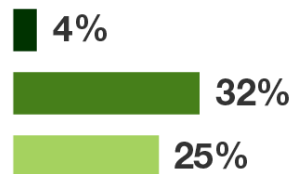
### All Consumers



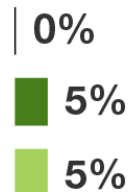
## Savvy Seekers



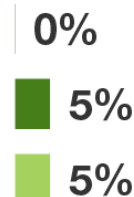
## Convenience Conformers



## Settled Survivors



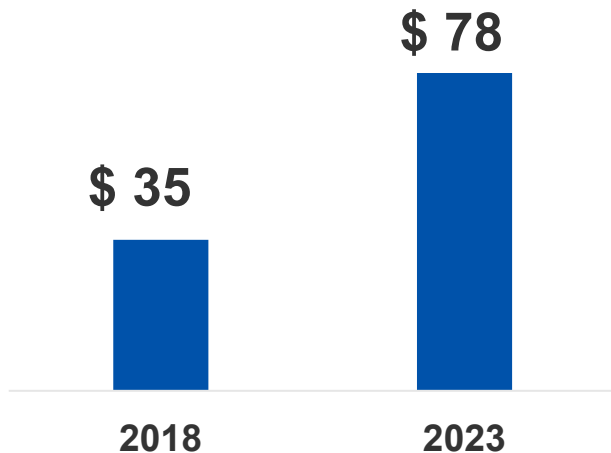
## Reserved Resisters



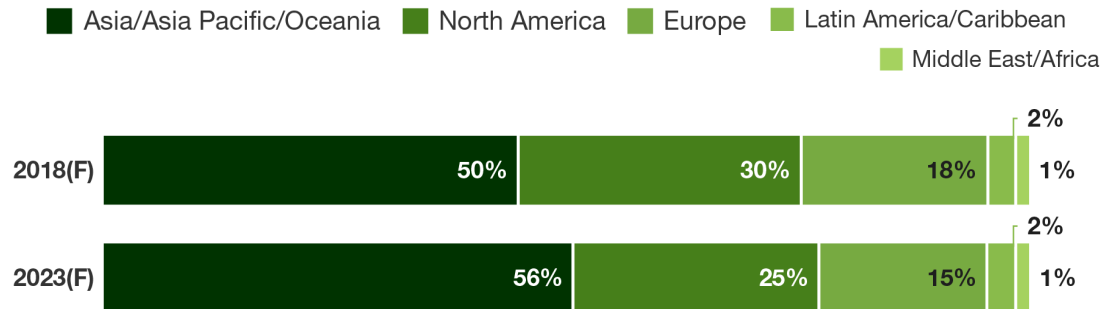
Base: 4,250 to 83,152 online adults (18+) Sample Size varies by country. Base: 497 to 8,421 online adults who purchase luxury goods in the past three months. Note: percentages do not total 100 because of rounding. The EU-5 is France, Germany, Italy, Spain and UK; China is metropolitan China. Source: Forrester Analytics Global Consumer Technographics Online Benchmark Survey (part 1), 2018

# The global online luxury opportunity is growing; APAC continues to dominate

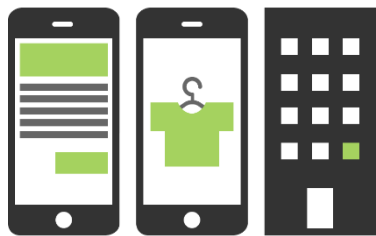
Global Online Luxury Retail Forecast  
2018 to 2023 [€ Billion]



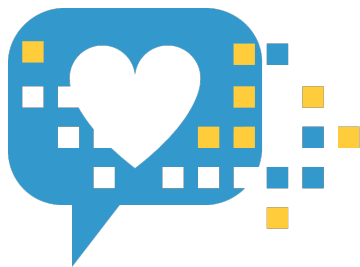
Luxury goods online consumer spend distribution by region



Source: Forrester Analytics Luxury Retail Forecast 2018 to 2023 (Global) Note By Europe we mean UK, France, Germany, Netherlands, Spain, Italy and Sweden.  
See [Luxury Retail 2018: What A Difference A Year Makes](#) Forrester report



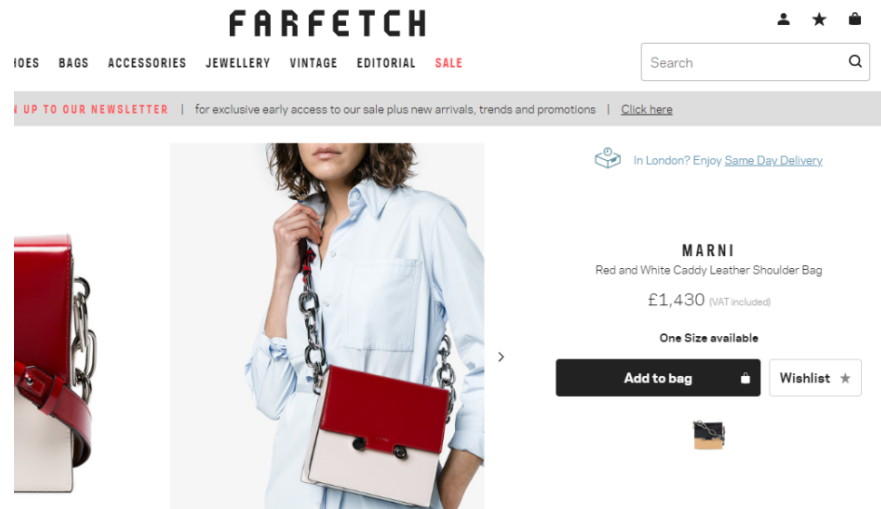
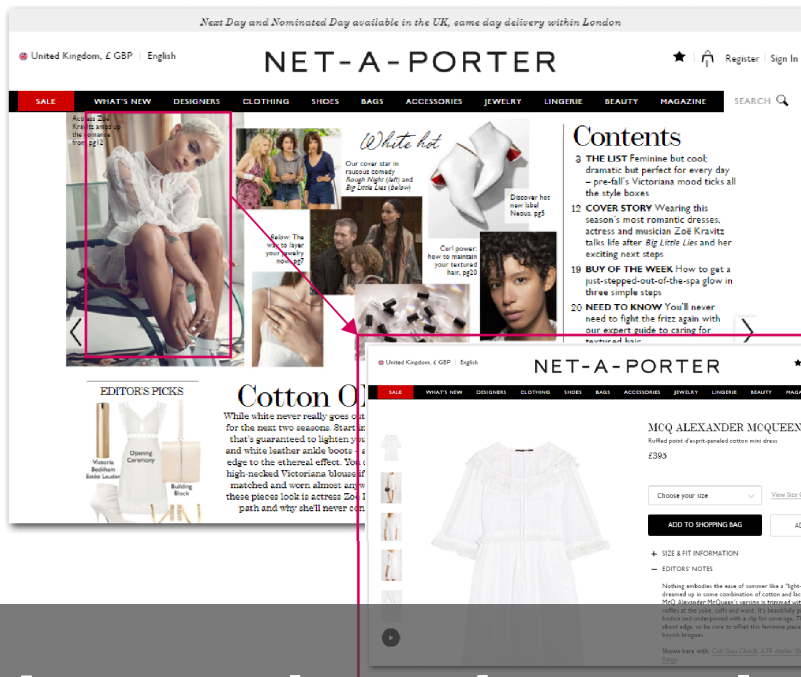
**60% to 70% of global luxury sales are digitally influenced.**



**72% of the highest-spending luxury buyers use social media to interact with their favorite luxury brands.**

Source: [Forrester Data: Luxury Retail Forecast, 2017 To 2022 \(US\)](#) Forrester report

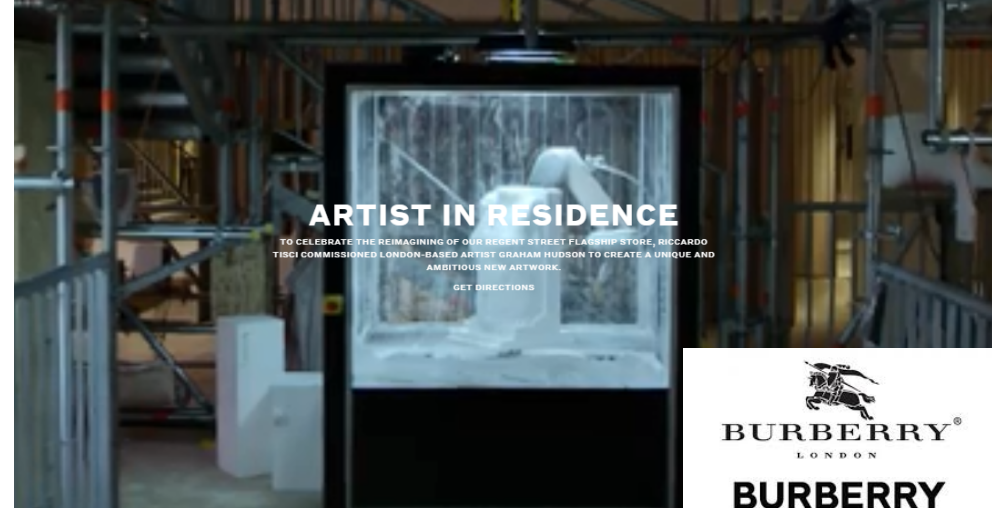




Luxury brands are playing catch up to popular and profitable multi-brand pure players

Source: See Forrester Report [Luxury Brands Must Chase Digitally Savvy Global Luxury Shoppers](#)





# Expanding the horizon for luxury sales and engagement experiences



ITEMS IN ROOM 131

FORD COAT 14



EMBELLISHED



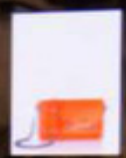
## EMBELLISHED BECKY JACKET

### EMBELLISHED

OUR ICONIC BECKY JACKET IS A STYLE MUST-HAVE. THIS MASTERPIECE OF MODERN TAILORING GOES WITH EVERYTHING. REALLY. FEATURES A SUBTLY SHAPED SHOULDER, FEMININE TAILORED WAIST AND RUCHED SLEEVES THAT SLOUCH JUST SO WHEN PUSHED UP. BOTTOM THE BOTTOM FOR A BOYISH SHAPE. NOW WITH SUBTLE EMBELLISHMENT FOR A TOUCH OF GLAM. WEAR IT WITH DRESSES, PANTS OR EVEN JEANS.

VIEW IMAGE

### WEAR IT WITH



Enhancing and evolving the in-store experience

YOOX SpA

Add to myFT

## Richemont bids to take full control of Yoox Net-a-Porter

Swiss luxury group looks to shake up internet strategy as consumers go online

NEWS & ANALYSIS

## Prada Plays Digital Catch-Up in China

Focusing on digital and forging relationships with KOLs like "Mr Bags" will prove crucial to Prada regaining ground in China, a region which accounts for close to a third of all global luxury sales.

## Chanel Strikes Farfetch Deal to Augment Boutiques

The Telegraph

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## Business

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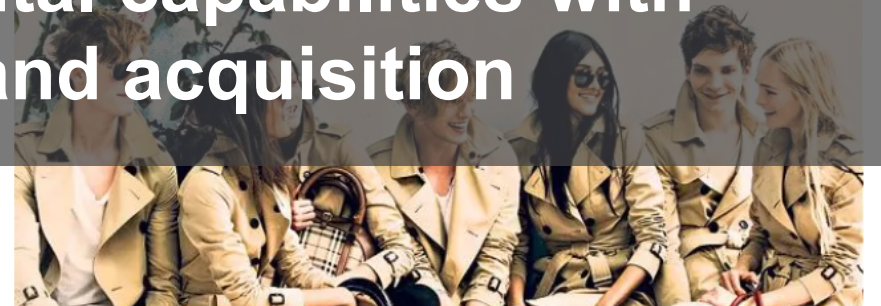
Home > Business

## Burberry to expand online reach with Farfetch tie-up



Extending digital capabilities with partnerships and acquisition

Making The Best Of A Digital Situation: What Brands Can Do To Catch Up Online

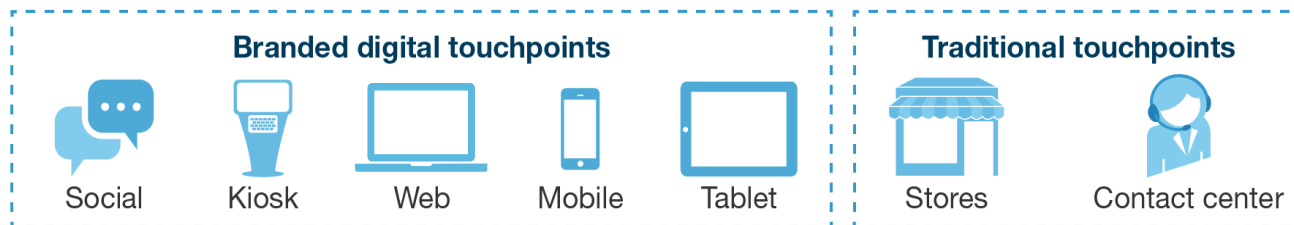




**It isn't just about technology.**

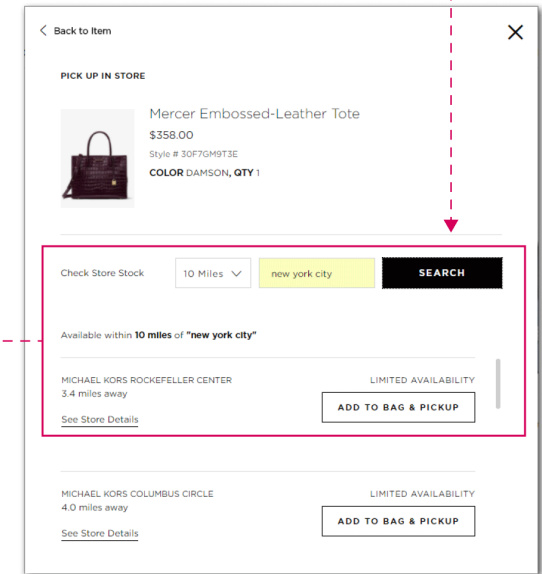
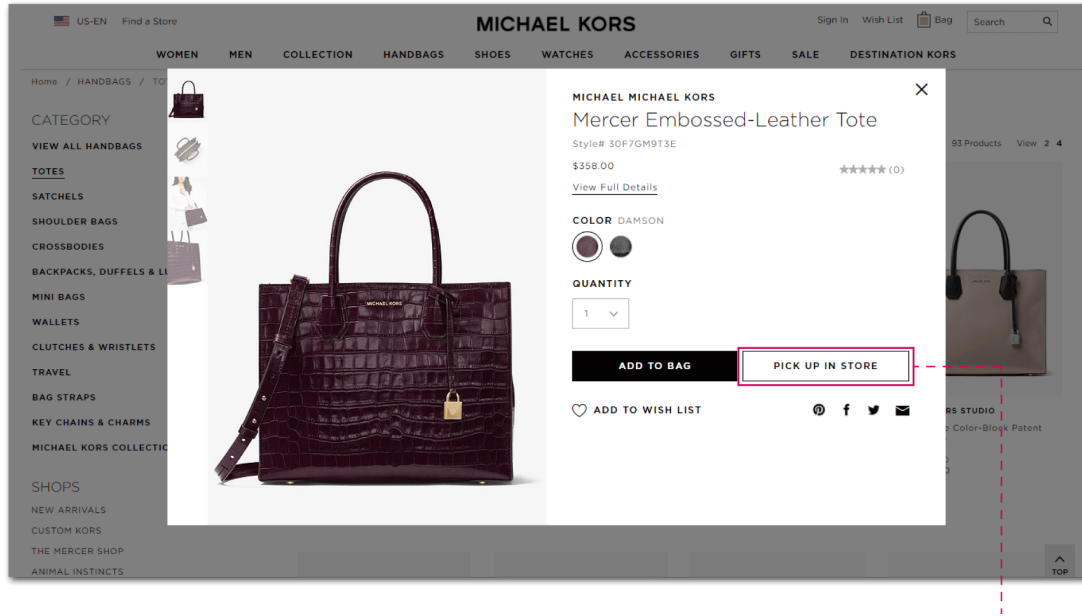
**It is what we DO with technology that matters.**

# Luxury brand organisations must become channel agnostic digital cultures



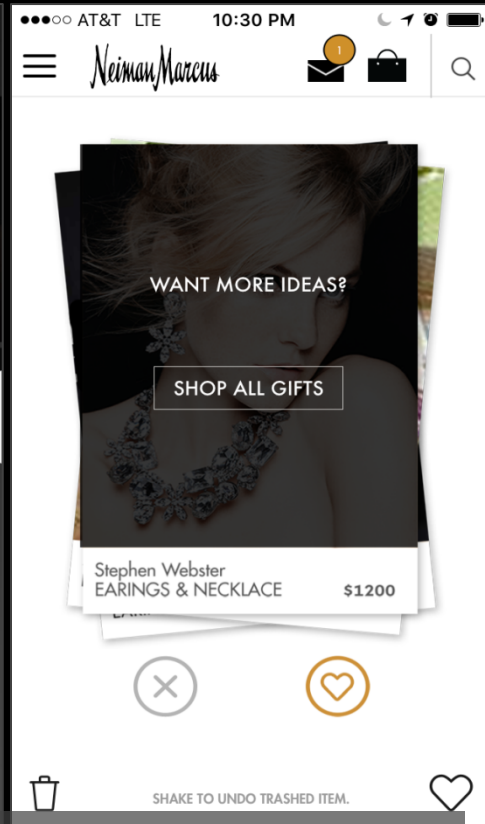
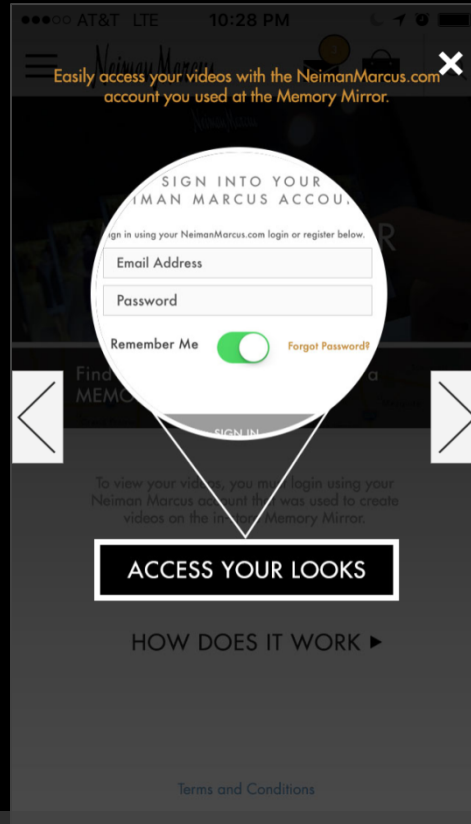
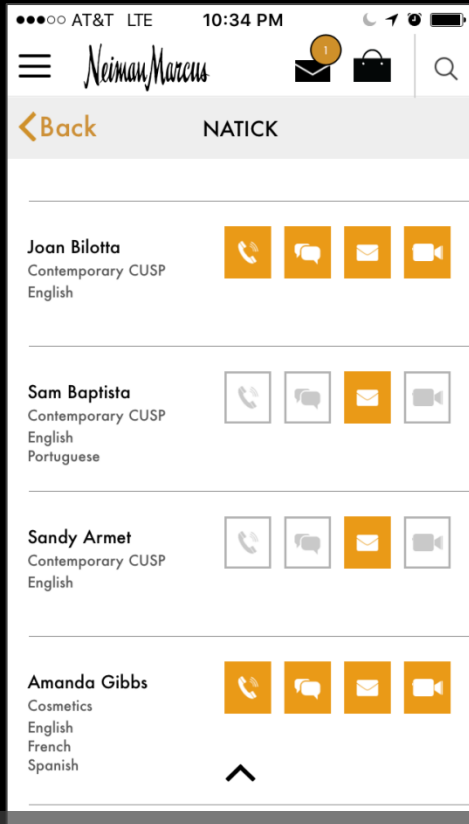
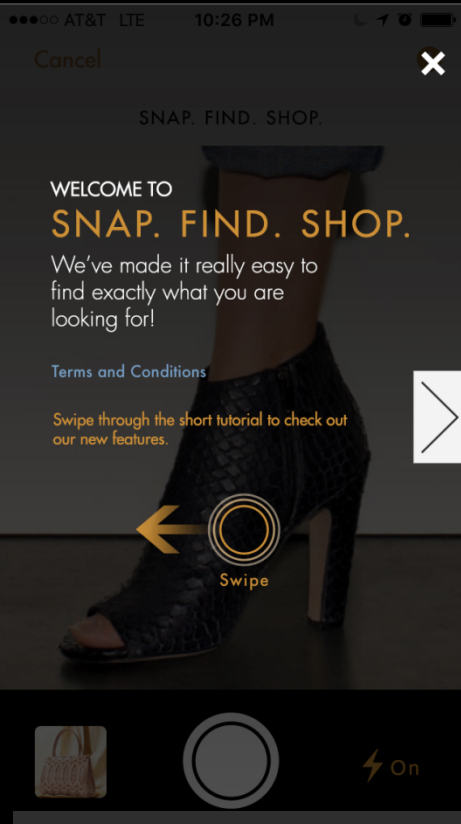
**Single, enterprise wide  
view of stock and orders**

# The days of online flagship stores are over



Michael Kors lets US customers buy online from select stores and collect orders within 3 hours

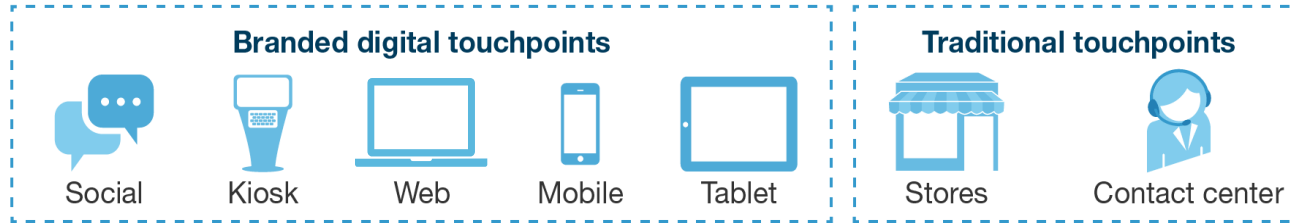




# Digitally extend a store's ability to serve luxury customers



# Luxury brand organisations must become channel agnostic digital cultures



**Single, enterprise wide  
view of stock and orders**



**Unified and customer-  
centric organization**

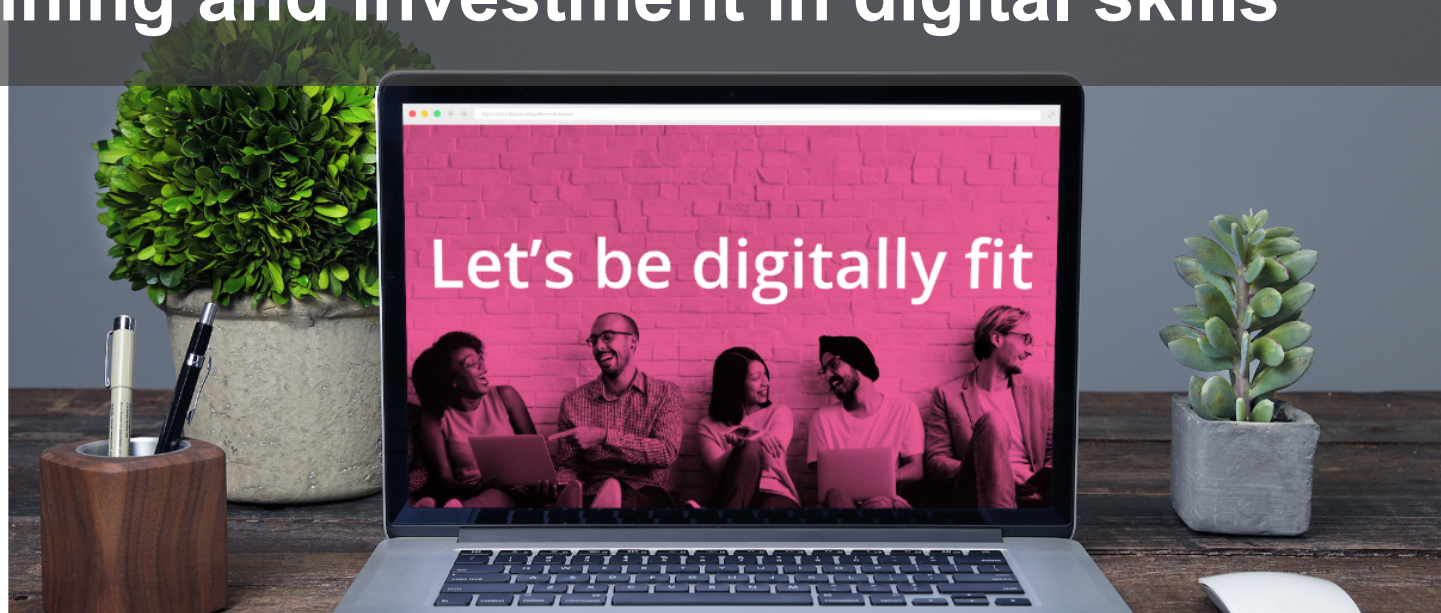


**Performance and success metrics must promote customer centric, not channel centric behaviours**

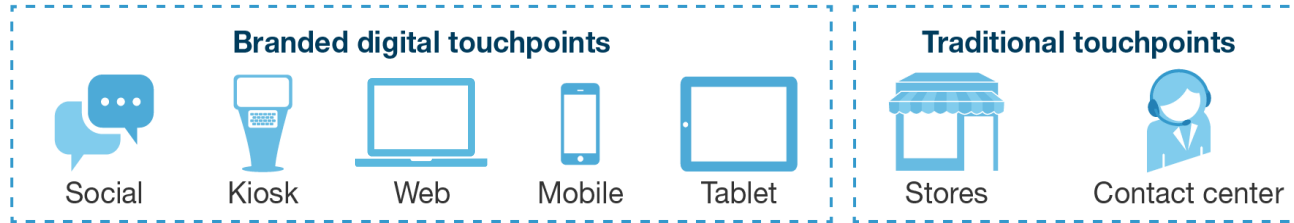
## SHISEIDO+ DIGITAL ACADEMY

Building a powerful group-wide digital training program

# Shiseido's digital academy ensures ongoing training and investment in digital skills



# Luxury brand organisations must become channel agnostic digital cultures



**Single, enterprisewide  
view of stock and orders**



**Unified and customer-  
centric organization**



**Holistic view of the  
customer**



**45%** of firms are expanding, upgrading, or making new **investments in devices** specifically designed to **help store associates better deliver personalized, contextual experiences to customers in stores.**

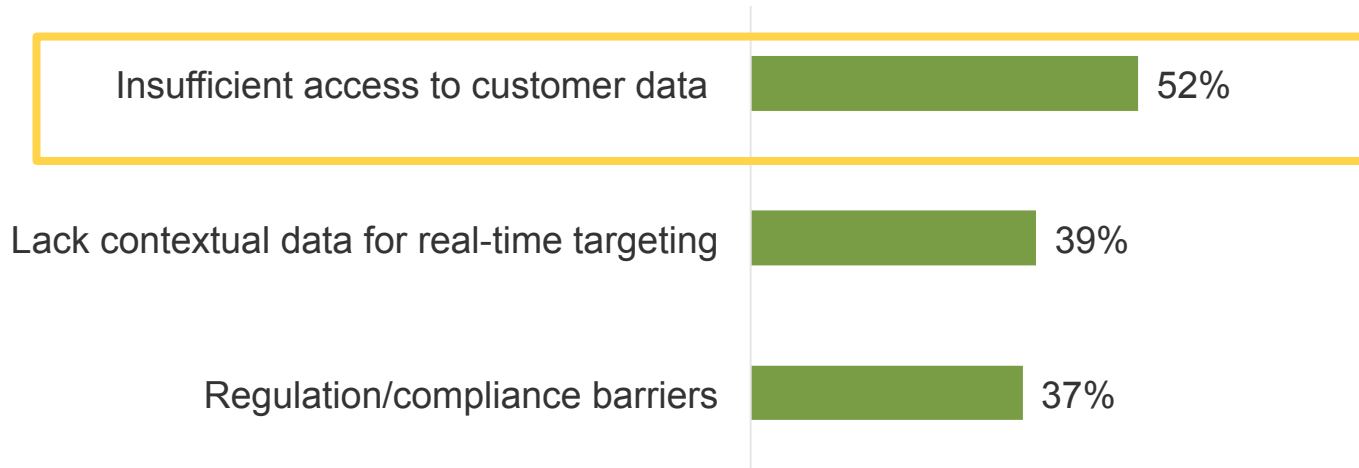
Base: 44-45 digital business professionals

(Percentages may not total 100 because of rounding)

Source: Forrester's Q2 2017 Global Business Commerce Technology Investment Panel Online Survey

# BUT ... that only focuses on a small porportion of the customer base and one touchpoint

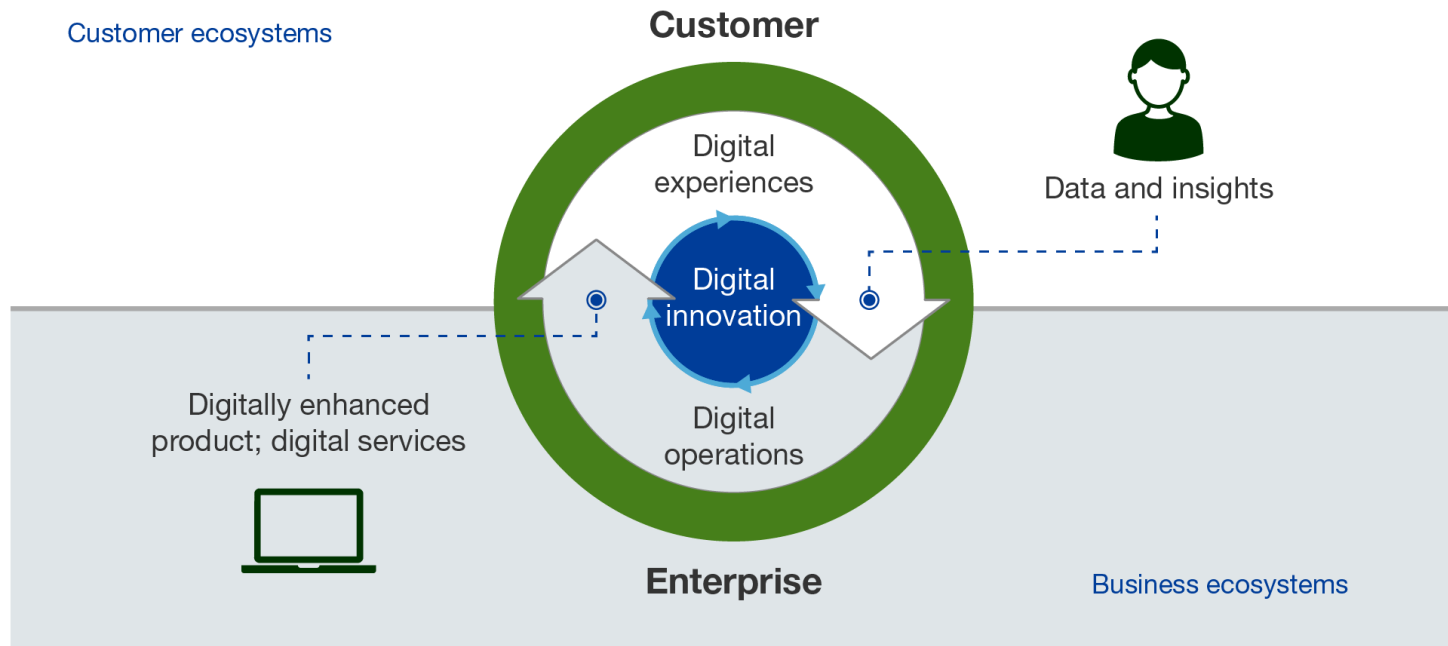
What have been the top challenges to maturing personalization initiatives at your organization? (Please select up to five challenges.)



Base: 109 digital executives

Source: Q1 2018 Digital Business And Experience Panel Survey

# Retail business model must evolve to operate in new ways, to support new customer outcomes





**All aspects of the business are affected, the business transformation requires strong leadership**

## *CHECKLIST*

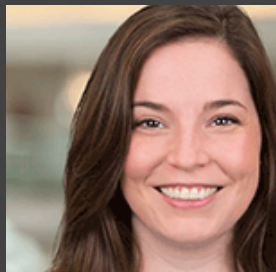
- **Culture**
- **Organization**
- **Technology**
- **Metrics**



# Build platforms and **partnerships** to accelerate **and scale**



FORRESTER®



**Michelle Beeson**

+44 207-323-7677

mbeeson@forrester.com

Thank you

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