ShopperTrak

LUXURY RETAIL AND TRAFFIC DATA

INSIGHTS FOR SEAMLESS STORE EXPERIENCES

Sensormatic
by Johnson Controls

SHINE LIKE
A **DIAMOND**

Luxury retail is undergoing a transformation.

The physical store is shifting from transactional to experiential. In luxury retail, customers demand personalised experiences and outstanding service. High-spending shoppers expect the choice, convenience and assistance they receive in store to surpass what they would find elsewhere.

Millennials and Generation Z are now making up over 30% of all luxury spending, and this is expected to rise to 55% by 2025, according to Bain.

These digitally-connected consumers may browse websites and enjoy social media engagement with the likes of Gucci, Burberry, Fendi, TAG Heuer and Luis Vuitton, but they are still most likely to complete their purchase in a brand store. As McKinsey points out, online luxury sales will triple by 2025 to nearly one fifth of the total pot, but the fact remains that 80% of luxury purchases will continue to take place in physical stores.

SHOPPERTRAK IS **PASSIONATE** ABOUT **EMPOWERING** LUXURY **RETAILERS** TO DRIVE PERFORMANCE IN A **CHANGING WORLD**

This report examines how traffic data insights can help luxury brands respond to shopper behaviour, boost consumer experience and brand loyalty, drive conversions and future-proof their businesses.

ShopperTrak helps luxury retailers:

- Improve customers' shopping experience by optimising store navigation and service levels

- Track store and staff performance and set meaningful KPIs

- Benefit from luxury-specific benchmark traffic data with our Market Intelligence tool

- Understand the client journey, dwell time and repeat visits.

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> *Gen Z will be even more digitally connected and motivated by the influencers, and the smartest luxury brands are adapting to these emerging shopping habits. Footfall data which reveals when and how stores are shopped has a vital role to play in this process.*
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> **Kevin Larke, Director of Sales, ShopperTrak**

MILLENNIALS AND **GEN Z** NOW ACCOUNT FOR **MORE THAN 30%** OF ALL LUXURY SPENDING

THE PERSONAL LUXURY GOODS MARKET IS ENJOYING HEALTHY GROWTH

◆ The global market for personal luxury goods reached a record high of €260 Bn (US$ 287 Bn) in 2018, representing 6% year-on-year growth.

◆ The global luxury market (including cars, yachts and experiences) is predicted to top €1.3 Tr (US$ 1.5 Tr) by 2025.

◆ Worldwide, the personal luxury goods market experienced growth across most regions, driven primarily by more robust local consumption. In contrast, purchases among tourists remained flat on average.

◆ Shoes and jewellery were the top personal luxury goods growth categories, gaining 7% each, followed by handbags and beauty. Watches remained flat while apparel suffered, mainly due to lack-lustre sales in the menswear segment.

◆ Chinese consumers led the positive growth trend around the world. Their share of global luxury spending continued to rise, now 33% of the total spend.

◆ Millennials and Gen Z currrently represent 32% of spending in the personal luxury market but by 2025 they are expected to make up 55% of the market.

ShopperTrak | Luxury retail and traffic data. Insights for seamless store experiences

UNIQUE, SEAMLESS, VIP EXPERIENCES

If you are a luxury retailer, your customers expect a VIP buying experience from start to finish.

Online research and influencer recommendations are only part of the luxury buying journey. The adventure often continues instore, and retailers must aim to provide that white glove service when it matters. Being able to provide a face-to-face personalised service has the power to increase dwell times and conversions, and drive loyalty. As digital channels evolve , luxury brands will have to work harder to make their retail spaces distinctive and memorable, giving shoppers a reason to return.

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Today's consumers may be hyper-informed and accustomed to shopping on their terms, but they still value human interaction – particularly when it comes to advice and inspiration.

Natalie Berg, Retail Analyst at NBK Retail

ABOVE AND BEYOND

Innovative luxury brands are shaking off the traditional image of luxury stores. The future of luxury retail is about building lasting relationships with customers, and that means tapping into the very latest technology while keeping pace with evolving customer behaviour trends.

BLENDING ONLINE AND OFFLINE

Burberry, Ralph Lauren, Gucci and Prada are all blending online/offline experiences by using social media – particularly Instagram - to win over younger consumers. The use of traffic data will help luxury brands track and improve upon cross-channel campaigns and assess their commercial impact as part of the marketing mix.

UPSCALED PERSONALISED SERVICES

Product personalisation services can drive traffic and engage loyal luxury customers. Coach boutiques are enabling customers to customise bags in store, and customers are able to 'build' their own bag according to individual tastes and preferences. Data can be used to measure the impact of personalised services, in terms of increasing average sales per shopper and conversions.

FUTURISTIC PHYSICAL RETAIL

Technology is helping luxury brands add a new dimension of discovery into stores. High end watch and jewellery brand Swarovski is using 'Virtual Try On' and 'Selfie Stand' solutions in its two concept stores to shake up the way people buy luxury products. Traffic data can keep track of the impact such new store concepts are having on customer behaviour and conversions.

SUPER-CHARGED ASSISTED SELLING

A more personal experience becomes possible when staff in luxury stores have clienteling mobile devices to hand, and labour is optimised in line with traffic data, so service levels match demand. Tablets and other devices offer shoppers every possible opportunity to buy and have luxury items delivered when and where they want them.

BLENDING ONLINE AND OFFLINE

BURBERRY'S FLAGSHIP AS A SHOWCASE FOR LUXURY MULTICHANNEL RETAILING

The iconic British brand renovated its London Regent Street flagship in 2012 integrating digital technology into the landmark 1920s store, bringing online elements of shopping into the physical space. Salespeople use tablets to access customer purchase history and preferences, empowering staff to provide a more personalised shopping experience. There are also mirrors that double as audio-visual displays showing footage from run-way shows, product information on screens in the fitting rooms, and mobile checkout systems to streamline the buying process.

UPSCALED PERSONALISED SERVICES

TAILOR MADE JEANS AT NEW YORK'S 3×1 DENIM

3x1 Denim's showroom houses a 24-person strong in-store factory where jeans are made from scratch, with over 800 different fabrics to choose from. While it does have a range of jeans ready-made and available for purchase online or in-store, the real luxury experience is in its custom-fit service. Customers are paying for the expertise and visit stores to enjoy the whole experience of having something individually tailored.

FUTURISTIC PHYSICAL RETAIL

VIRTUAL REALITY FOR PRODUCT DISCOVERY AT CHRISTIAN DIOR

Christian Dior has blended technology and couture with the introduction of virtual reality headsets in its boutiques, creating an immersive 3D experience with its collection and recreating a runway atmosphere. By rolling out 'Dior Eyes' in a number of its stores, Dior is aiming to attract young tech-loving consumers, giving them an elevated in-store experience.

SUPER-CHARGED ASSISTED SELLING

FRANK AND OAK STYLE ADVISORS BOOST SERVICE LEVELS

Assisted Selling is being used by Canadian fashion retailer Frank and Oak. The store teams are using an Assisted Selling platform so they can become personal stylists. Using handheld devices, these specialist advisors can access a full customer profile and past purchase history, which helps them better serve shoppers. They can also refer to a complete product catalogue, which gives them much more to offer shoppers than simply what's on t he shelf in-store.

SPOTLIGHT ON LUXURY RETAIL IN CHINA

Brand-obsessed Chinese consumers account for more than a third of the luxury goods sector's worldwide revenues. Bain forecasts that global sales of luxury handbags, high-end clothing and cosmetics would expand by 4% to 6% at constant currencies in 2019, thanks largely to booming Chinese demand, after growing 6% in 2018.

According to China luxury reports issued by McKinsey & Company and Fung Business Intelligence, Chinese Millennial consumers are driving global luxury growth. However, shopping patterns are shifting as Chinese Gen Z consumers are rapidly aligning to leading luxury brands. It's expected that smartphone obsessed young consumers will look even more readily to digital channels and social influencers to research and buy high fashion and premium jewellery.

That said, stores will remain important for luxury shopping for Chinese consumers, with brands utilising social media and the latest shopping apps to bridge the gap between online and instore shopping. Traffic data insights can help luxury brands maximise opportunities across the physical touchpoints in the China market.

Source: BCG

ShopperTrak | Luxury retail and traffic data. Insights for seamless store experiences

BY **2024**, WEALTHY CHINESE SHOPPERS WILL CONTRIBUTE **40% OF GLOBAL LUXURY SALES** AND DRIVE **70% OF GLOBAL LUXURY GROWTH**

STRIKE SALES GOLD WITH TRAFFIC DATA INSIGHTS

It's clear that luxury brands are pushing the limits of what can be achieved in their stores.

TRAFFIC DATA TAKES THE GUESSWORK OUT OF THIS PROCESS.

· Retailers can view store traffic, conversion, and sales performance, and overlay with visitor behaviour metrics.

· It's possible to spot and react to trends through the use of heat maps, charts and graphs.

· Head office can export and schedule automated reports for individual store teams.

CUSTOMER SERVICE OPTIMISATION

With traffic analytics, luxury stores can develop their staffing schedules based on accurate traffic forecasts.

In luxury stores the human touch is priceless. When sales associates demonstrate genuine expertise, offer advice and personal recommendations, they can become a trusted shopping companion, driving conversions and loyalty.

Traffic data reveals when high-opportunity seasonal peaks in footfall will occur, and when weekly Power Hours should be expected. Scheduling in line with these insights ensures the store has the correct Shopper-to-Associate Ratio (STAR) on the floor. This means every conversion opportunity can be pursued and premium service delivered to customers. It also helps to differentiate selling time and store tasks time, so that the customer experience is never compromised.

MARKETING OPTIMISATION

Marketing initiatives can be fine-tuned in line with measured traffic trends over time.

Marketing campaigns around the launch of seasonal ranges, summer and winter sales, and other peaks are vital traffic drivers in luxury retailing. The simple measurement of traffic uplift as a result of marketing activity can help retailers improve campaigns over time.

Retailers can be fully prepared for known traffic peaks, and able to focus on boosting conversions and average transaction values on key dates, in line with planned marketing activities.

Traffic data can also help provide quick reads on the influence of promotions on in-store traffic. With social marketing becoming increasingly important in the luxury world, Instagram, YouTube and influencer promotions can be measured in terms of footfall, dwell time and conversions achieved.

REAL ESTATE PLANNING

Luxury retailers can make property portfolio decisions based on traffic and demographic data.

Retail property management teams are increasingly calling for accurate data to inform their decision-making. The volatile nature of the global market also means retail property professionals are reliant on traffic insights that will alert them to major changes on the horizon and help them build store portfolios that will deliver the necessary long-term returns.

By tracking year-on-year traffic performance property managers can evolve leasing strategies to align with historical shopper footfall.

It's also beneficial to use traffic data to track the impact of new instore services and concept store designs. If traffic, dwell time and conversion rates increase following a high-tech re-design of a flagship, the retailer can gauge performance of rolling the new store format to other outlets.

MILLENNIALS AND GEN Z EXPECT THE BEST, AT EVERY TOUCHPOINT

Globally, luxury personal goods sales are growing. However, this is a fiercely competitive market, and driving conversions and loyalty must be front of mind for those retailers and brands seeking a long-term future.

Retailers who choose to actively pursue competitive advantages with advanced retail analytics solutions stand to capitalise on every consumer footstep and keep pace with change.

ARE YOU READY
TO PUSH THE LIMITS OF **LUXURY** STORE PERFORMANCE?

Luxury brand retailers who use store traffic analytics more readily achieve their revenue goals by aligning staffing with in-store demand to match the ebb and flow of shoppers entering their stores. They are more likely to win during the busiest time of the year; to deliver a high customer experience through wise use of Shopper-to-Associate Ratio, and to drive superior experiential retail interactions.

ShopperTrak can also deliver near real-time traffic data, which allows stores to be extremely responsive. For instance, ShopperTrak Analytics is a reporting portal that can help provide quick reads on the influence of marketing promotions on in-store traffic and ability to shift during the high-volume seasons. Data can help stores understand dwell time, draw rate and abandonment rate.

Contact ShopperTrak if you'd like to improve the performance of your luxury retail operation, using traffic data insights.

About ShopperTrak

ShopperTrak is part of Sensormatic Solutions. Sensormatic Solutions powers retail operations and creates unique shopping experiences. Retail today is about achieving success through informed moments of truth. Those moments between customers, stores, associates and inventory are opportunities for retailers to positively impact the shopping experience and execute secure, seamless unified commerce. They are opportunities to deepen our understanding of what customers want with every interaction.

Sensormatic Solutions helps retailers deliver frictionless, secure, personalised experiences by powering accurate decision-making across the enterprise.

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