

The Future of Luxury Retail

Introduction

verizon^v
business

As part of this Future of Luxury Retail series, we spoke to experts to understand how technology is revolutionising the industry. Read on for cutting-edge insights on how retail technology is shaping the future of luxury.



The digital catwalk is here

Technology is reshaping the world of luxury retail.

The catwalk runway now extends its reach beyond the physical – and into the digital realm.

A lot of the technology changing this space is not new. Rather, the COVID-19 pandemic spurred a shift, and we have embraced digital technology that was widely available before, but not widely adopted.

Today, in the world of luxury retail, digital technology – ranging from RFID-enabled magic mirrors to QR code portals to augmented reality (AR) – is changing the industry profoundly. Retailers in this space have always relied on performance and spectacle to make sales – and the catwalk has been a theatrical extension of fashion since the early 1900s, when it revolutionised how clothes were sold.

“ This development changed the relationship between the dressmaker and the client. Rather than the designer coming directly to the customer, the designs were presented to clients,” reports Harper’s Bazaar.¹



The revolution that is happening now

The way that clients (or customers) can experience fashion, and the way in which luxury items are presented to us, is again being revolutionised. This time, digital technology is taking centre stage.

At Verizon Business, we decided to investigate these changes, and the impact of technology on luxury retail. To this end, we’ve assembled a team of experts from different disciplines to chronicle how the luxury retail industry is changing, and to compile these different viewpoints.

1. De Klerk, A. (2022, January 24). The fascinating history of the catwalk show. Harper’s BAZAAR. <https://www.harpersbazaar.com/uk/fashion/a35783366/history-catwalk-show/>

Stop thinking shop

As part of our Future of Luxury Retail series, we spoke to Howard Saunders, a designer, writer, speaker, and futurist. Having spent 25 years of his working life designing retail spaces for big agencies, Howard has seen big shifts before.

“The big picture for luxury retail is you’ve got to stop thinking shop. Stores are not stores in that sense. They’re not storing stuff anymore for a start.”

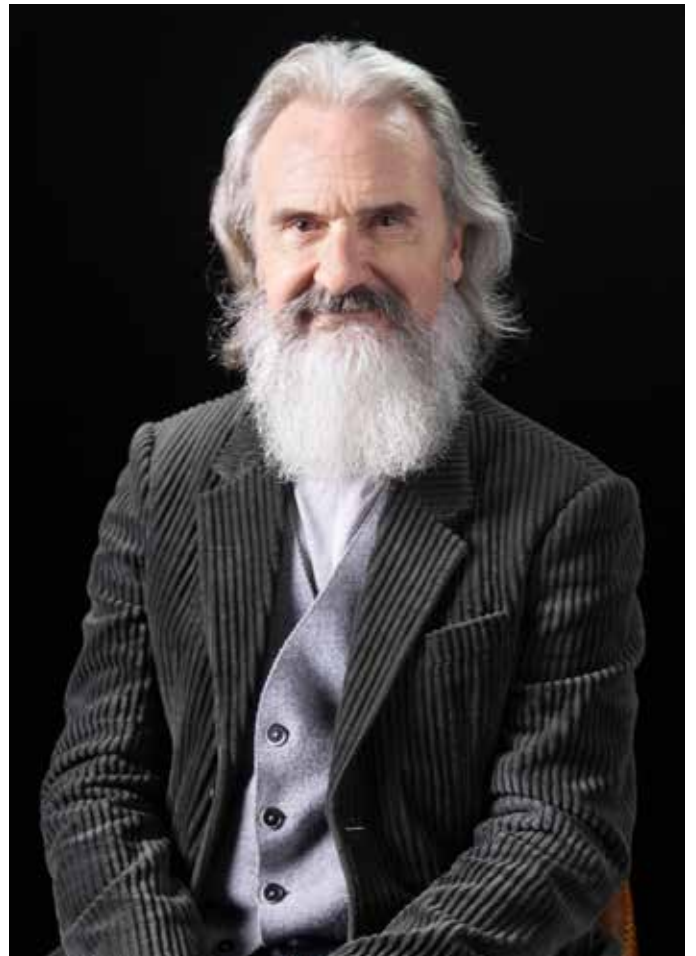
Shops are not places to move products alone. Rather, he sees luxury retail storefronts as a kind of gathering place, where we can be seduced by spectacle.

“[Stores] are motherships. And you come back to the mothership to pay homage to the brand that you love,” says Howard. “I would say think about a retail space not just as a shop, but as a venue or an art gallery.”

Part of the reason for the shift in the purpose of luxury storefronts is that we, as customers, are more empowered than ever before. We’ve changed, and so stores must change in tandem.

“Those customers are coming into stores augmented, boosted, bolstered, armed. They can look at the sources of stuff at the blink of an eye. That is an incredibly empowered customer. You can’t just carry on as if they were the same customer in 1952 – and they’re going to be impressed with your posh marble flooring.”

“**Those customers are coming into stores augmented, boosted, bolstered, armed.**”



Ultra-connected shoppers

Natalie Berg has been paying close attention to the changes in our shopping habits, too. Natalie, a retail analyst, hosts the Retail Disrupted podcast and is a regular contributor to the BBC, The New York Times and Forbes, among others.

“I have spent the past two decades now helping clients to navigate the trends and disruption impacting the global retail sector,” she says. “This is a really exciting time for the luxury retail industry. Recent technological developments mean that we’re now seeing these services reach both high end and high street retail spaces.”

Natalie says that the ‘ultra-connected consumer,’ a term she used for the tech-savvy customer of today, is putting pressure on retailers to adapt to our new empowerment. We have higher expectations than ever before – and technology is needed to surprise and delight us.

“Increasingly, retailers need to roll out the red carpet for their shoppers. They need to go beyond. They need to surprise and delight them and continue to innovate, continue to disrupt the status quo.”



The psychology of luxury retail

We also spoke to Shakaila Forbes-Bell, a renowned fashion psychologist whose work is a regular feature in The Times, i-D, and Marie Claire. Shakaila is also the author of the best-selling book, *Big Dress Energy*.

“For a customer walking into a store in 2030, I think it will feel really integrated - meaning affirmations from social media, or friends and family who aren't even near me, will somehow be integrated into that store,” says Shakaila.

In her view, brands need to cater to our desire to chronicle our experiences. Of course, brands need to first offer experiences worth sharing in-store.

“The reason I think this is because it is what Gen Z wants. These young people are more motivated by social media than brand loyalty. They are concerned about sustainability. They have real ‘main character’ energy.”

‘Main character’ energy is the term Shakaila uses to describe our newfound emphasis on ourselves in the era of social media.



“**Most importantly, Gen Z is set to account for 40% of luxury purchases by 2035,” she says.**

“And so: it is reasonable to expect that we will see their preferences come to life in-store – because the brands that fail to meet them will not survive.”

Technology made chic

The world of luxury fashion is always changing. New seasons bring new styles, and fresh looks are never far away. Matthew Drinkwater, who *Wired* says² is “bringing Hollywood-style technology to high street fashion,” is the head of the Fashion Innovation Agency at the London College of Fashion.

“There’s been an explosion of interest in what technology can do for fashion and retail,” says Matthew. “The ways in which consumers can engage with brands is changing. Technology is affecting every part of the industry. And so, it’s essential that brands begin to understand how to implement that technology and what they’re doing.”

So: how is technology changing how we engage with brands?

On the one hand, retail storefronts can become more immersive and more dazzling with better digital displays, and by better syncing up our preferences online with our experiences in-store. (The hyper-realistic wave rendered on an LED façade of the SMTown COEX building in Seoul is one example.) On the other hand, online shopping can be enhanced by creating more realistic renderings of the products we’re considering.

“One of the challenges that we experience when we’re trying to model clothes that would sit on a person in a digital experience is getting the material to move as it should do,” says Matthew.

“Creating an accurate rendering of clothing – to be overlaid as augmented reality – is worth the effort.”

“The more work that we do in augmented reality and the research that we’re doing behind it would suggest the click through rates on 3-D models are higher.”³



“ Anywhere between 20 to 40% higher conversion rates are higher, in some cases up to 100% higher. And return rates are lower.”³

2. Burgess, M. (2017, October 24). How Hollywood technology is changing fashion retail. WIRED UK. <https://www.wired.co.uk/article/matthew-drinkwater-london-college-of-fashion>.

3. The ROI on AR: How augmented Reality is boosting ecommerce sales. (2022, April 29). Shopify. <https://www.shopify.com/uk/blog/ar-shopping>

Luxury retail and the circular economy

Another way in which consumers' expectations have changed – in addition to an appetite for more technology, and more spectacle – is the widely held desire for sustainability.

This is welcome news for Dr. Helen Crowley, who has spent 30 years building and implementing sustainability strategies for Gucci, Yves Saint Laurent and Alexander McQueen, among others.

According to Dr. Crowley, technology can now help us better track the provenance of products – so we as consumers can feel assured about every step in the supply chain. And this sort of transparency, she says, is going to be necessary to keep pace not just with consumers' desires, but new EU regulations.

“ The level of disclosure on your supply chains is going to be enormous. So why not use that data and that information to be able talk about how you're doing these things. Because you're going to have to do it and report on it.



Learn more about technology in luxury retail

To hear more from our experts, and to learn about how technology is revolutionising this industry, watch the Future of Retail series here.

I think what I'm most excited about is that we get to be part of the journey – and that we're taking part in a way that shapes the future," says James Hughes, the CTO for Verizon Retail.



James Hughes,
CTO for Verizon Retail

"We're not just a passenger along for the ride. We're now at the forefront, at the intersection. Innovation is coming from lots of different spaces within luxury, thick and fast. All that innovation requires technology, and connectivity to work. And that's really the role we play."

Learn more about how Verizon can help you explore and adopt the technology that's reinventing retail at [verizon.com/gb/retail](https://www.verizon.com/gb/retail)



