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Luxury in 2018: Special Outlook Edition

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Rich grow richer. Do the merchants?

The outlook for luxury consumers in 2018 is bright: the rich are getting richer. The challenge for luxury marketers is how to get them to spend more.

Worldwide, the pace of luxury growth will vary. China will continue to shine. Europe and North America are likely to hold up. Indians will shop more overseas. Africa will emerge from the shadows. Ecommerce will bag a larger share of retail sales. And bricks-and-mortar stores will have to amp up their experience quotient to woo younger affluent consumers.

Experience qualifies as buzzword of the year for 2017, but few know what it translates to: luxury brands already deliver in-store service above and beyond mainstream retail. But that is what Gens Y and Z want, so luxury marketers are in the long grass to find the experience elixir.

Barring war and natural disasters, luxury spending is expected to grow, but at a measured clip. As long as stock markets worldwide continue to soar, wealth creation will increase apace.

The trick is to convince those born to wealth, those making it and those aspiring to it to continue acquiring quality product and experiences without feeling sold to or overwhelmed. Wooing will have to transcend mere digital or print advertising. Relationship building and personalization will be key.

In this special edition, *Luxury Daily* invited 25 experts to offer their take on what luxury marketers can expect in 2018, complemented by our editorial team's assessment of how key sectors are expected to perform. Their insights and analysis are not a luxury to ignore.

Mickey Alam Khan, editor in chief, *Luxury Daily*

Sector-by-sector: *Luxury Daily* editorial take



Bob Shullman is founder/CEO of the

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“When Amazon introduces an innovation to its customer base, it’s very likely it will be disrupting many retailers or brands’ business models”

As virtually all marketers now understand, the majority of consumers, including luxury shoppers, have embraced a digitally based lifestyle that includes shopping online. And as all marketers understand, Amazon has been a leader in disrupting their business models by delivering to consumers shopping innovations that consumers believe make their lives more convenient.

Big picture, when Amazon introduces an innovation to its customer base, it’s very likely it will be disrupting many retailers or brands’ business models. Why? From listening to consumers, it’s incredibly clear to us that innovation through the consumer’s eyes is generally a disruption through some brand’s or retailer’s eyes.

When we have asked consumers to describe in their own words why they shop on Amazon – and Amazon is the #1 digital store in the U.S. – the following are representative of how those shoppers describe the benefits they perceive Amazon delivers:

Amazon offers a wide breadth of products and services

Amazon delivers one-stop shopping

Amazon offers competitive pricing

Amazon makes it convenient to shop (customers can shop from home or office, no driving, et cetera)

Amazon continues to work on eliminating consumers' problems and annoyances regarding shopping

Amazon offers fast and free shipping to its Amazon Prime customers

Amazon Prime customers receive other benefits in addition to free shipping (Prime Videos, music, et cetera)

Amazon facilitates hassle-free returns when purchases need to be returned

Amazon delivers responsive customer service when service is needed

Amazon offers online reviews of products by prior purchasers

Amazon is a globally recognized brand

Among this fairly long list of consumer benefits, notable is the following one: Amazon continues to work on eliminating consumers' problems and annoyances regarding shopping.

What has Amazon been delivering in this arena lately?

New connected devices (smart speakers) such as their trademarked home device Echo that make shopping easier for many consumers, as well as adding in other benefits including answering many every-day questions that consumers have through its virtual assistant Alexa (for example, "What's today's weather forecast?").

As we look towards 2018 and the new consumer benefits Amazon will undoubtedly be introducing, our expectation is they will be based on its artificial intelligence and home/business device capabilities (Alexa and/or Echo).

With so many luxury shoppers shopping for millions of mainstream products on Amazon, we believe luxury marketers need to stay on top of what Amazon is doing. Why?

Assuming whatever Amazon introduces during 2018 benefits consumers as they shop for mainstream products, these same consumers will eventually be expecting their favorite luxury brands to deliver comparable benefits on their digital platforms or in their stores.

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