The future of luxury retail is hybrid

A major challenge for luxury brands is that luxury consumers are changing fast; they have diversified. By Julien Cayla

Luxury retailers are still designed as intimidating cathedrals of consumption. Heavy doors, glass cases and service in white gloves: these props and tricks create daunting, almost sacred spaces.

A major challenge for luxury brands is that luxury consumers are changing fast; they have diversified. Younger customers are accustomed to the convenience of digital platforms. Consumers from newer fast-growing markets like China are also disrupting the traditions and rituals of luxury.

Given these changes, one would expect luxury retailers to radically overhaul luxury retail, and some changes have already taken place. Luxury stores are becoming more experiential. After a late start, luxury brands have started to embrace digital channels. But luxury brands are still playing catch-up in trying to change radical and distinction within the store.

Based on our research, in which we talked to more than 100 luxury customers and retailers in key luxury markets, we argue that the future of luxury retail will be all about hybridity. Only through a hybrid retail strategy will luxury retailers be able to adapt to a rapidly changing luxury market.

We suggest three main ways to adopt a hybrid retail strategy.

Spatial hybridisation

Spatial hybridisation refers to using retail spaces to cater to a diverse clientele visiting stores. Some luxury brands are already doing this. For example, Van Cleef & Arpels created a "bridal bar". Clients can sit on high stools, sip a glass of champagne, and choose from a menu of rings.

Van Cleef manages to blend hedonism, which is all about sensory experiences, with distinction, which is all about status and tradition. Similarly, Louis Vuitton has created stores that look like new-age museums. The stores mix playful, multi-sensory features, while keeping the elegance and glamour of the brand. Hermes developed pastry corners inside its stores in Dubai.

Luxury retailers can also use a retail portfolio strategy to embrace hybridity. The Parisian department store Galeries Lafayette has a new outlet named the "Shopping & Welcome Centre". Located opposite its flagship store on Boulevard Haussmann, the new store targets tourists. The store offers streamlined duty-free procedures and a large number of luxury brands within a limited space.

Luxury salespeople need to develop new skills, to become more agile, less focused on the brand, and more focused on customers.

Technology is key in creating a more hybrid and modular experience for luxury consumers.

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