



THE
FUTURE
OF RETAIL

WHAT'S IN STORE?

ECRM. levine. HANSEN

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Who
We Are



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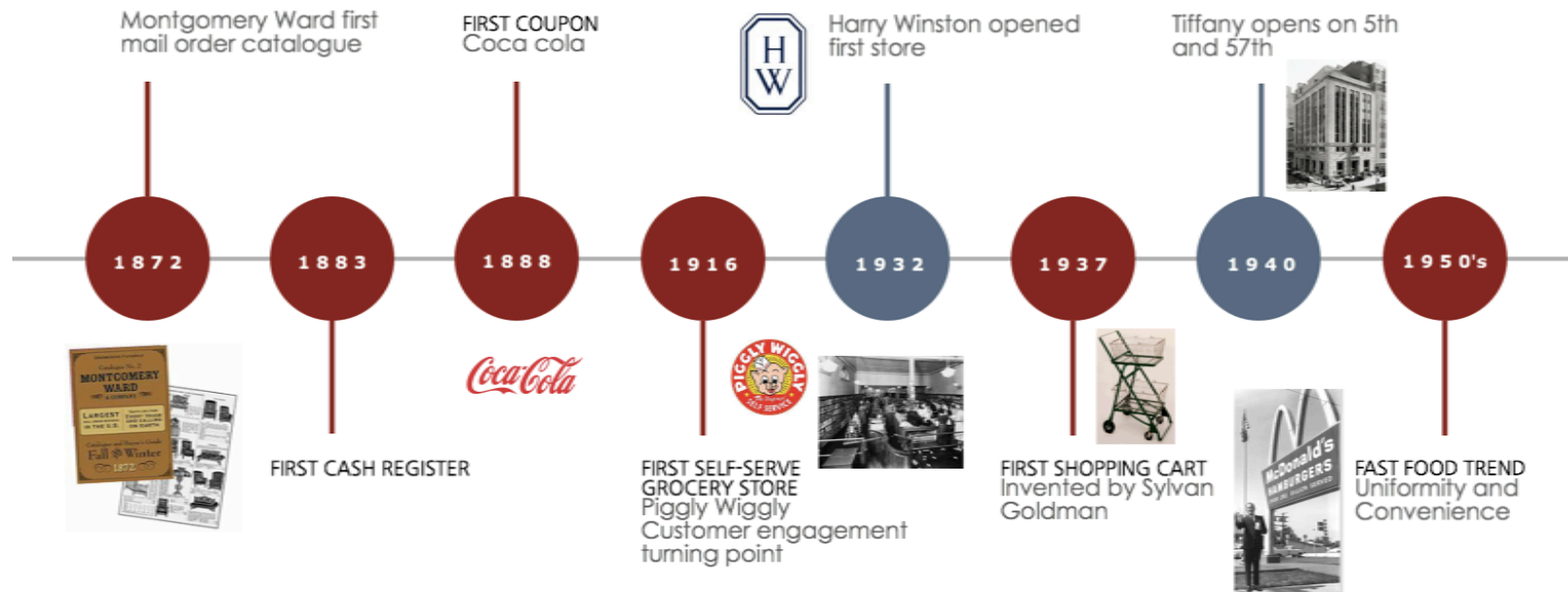
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levine.HANSEN

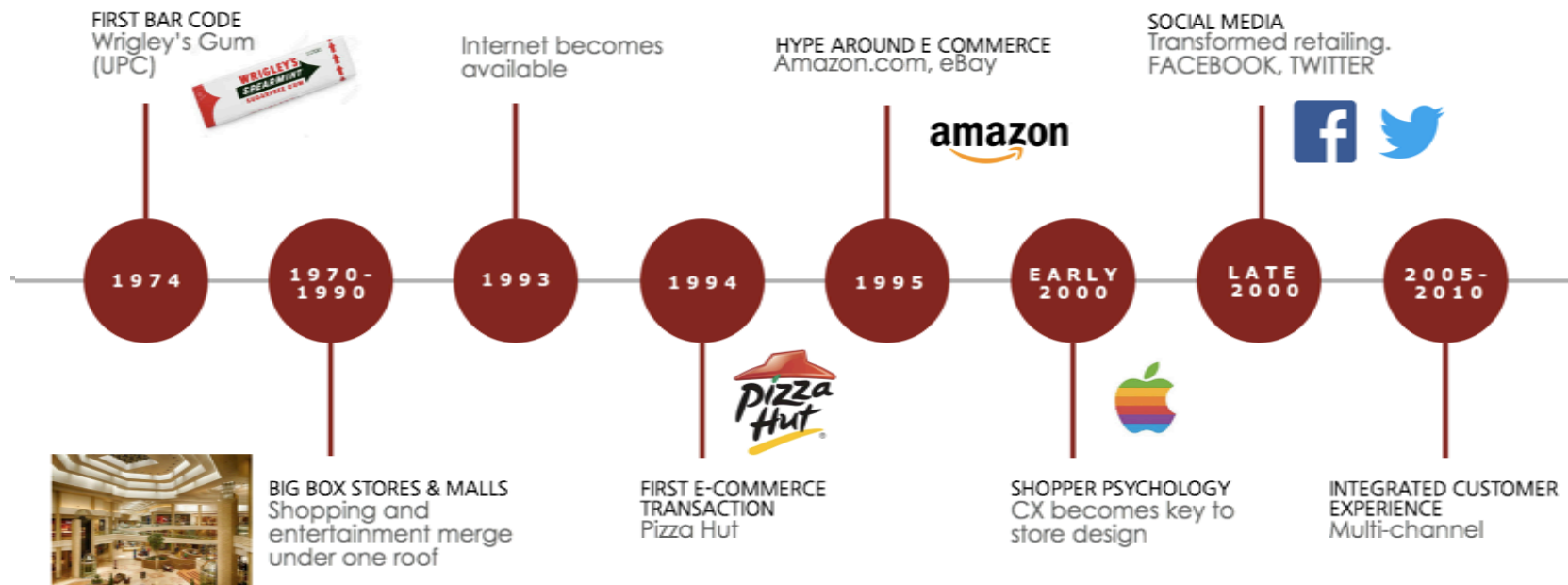
RETAIL TIMELINE | 1000 BC - 1847



RETAIL TIMELINE | 1872-1950'S



RETAIL TIMELINE | 1974-2010



RETAIL TIMELINE | 2010-2020



Amazon opens first bookstore



MILLENNIAL OBSESSION
Mobile Retail adoption

OMNI CHANNEL
Channels blend, mobile returns power to consumer



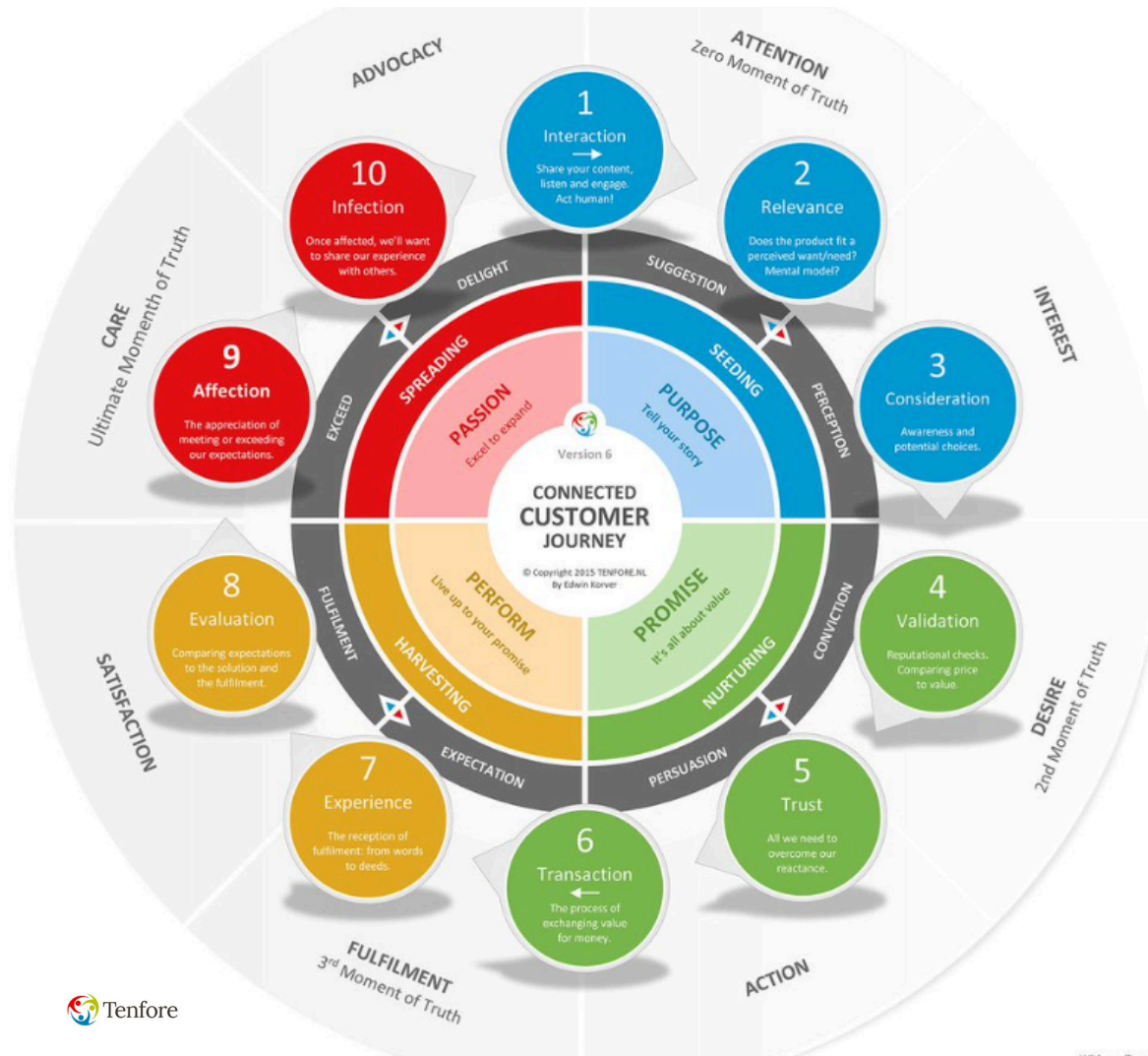
CHANGE IS THE NEW NORM

Living In A
World Of
Buzzwords

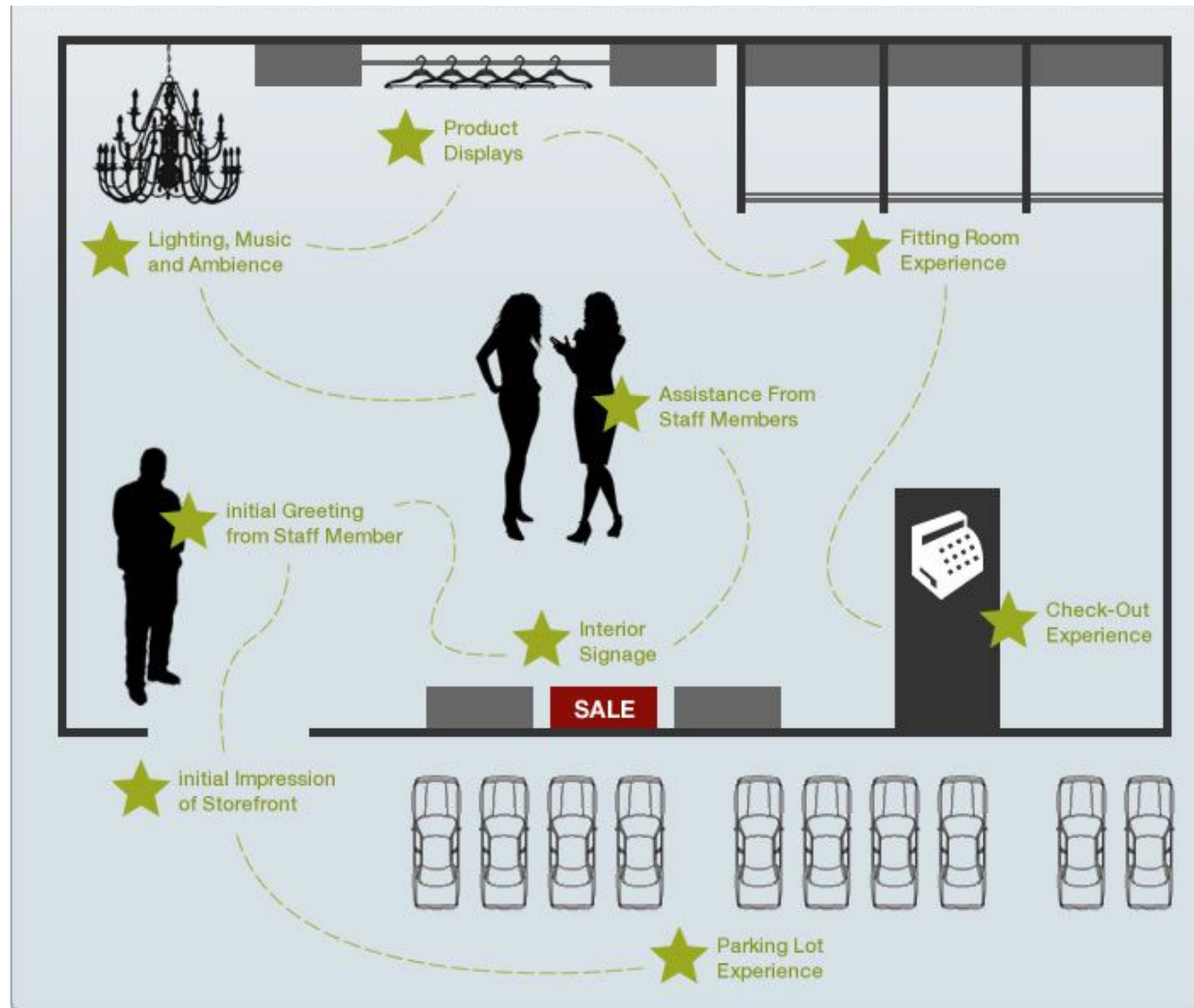


Is the retail experience the
CURE for what ails us today?
RX and Rx

Brick & Mortar Customer Engagement Journey



Brick & Mortar Customer Engagement Journey



Designing Happiness Study

Source | Lippincott

Anticipation and Memories: Happiness is as much about how we look forward and back on an event as it is about the event itself

To become an emotionally powerful brand, we need to design emotionally powerful experiences

Emotions matter. They drive connections.

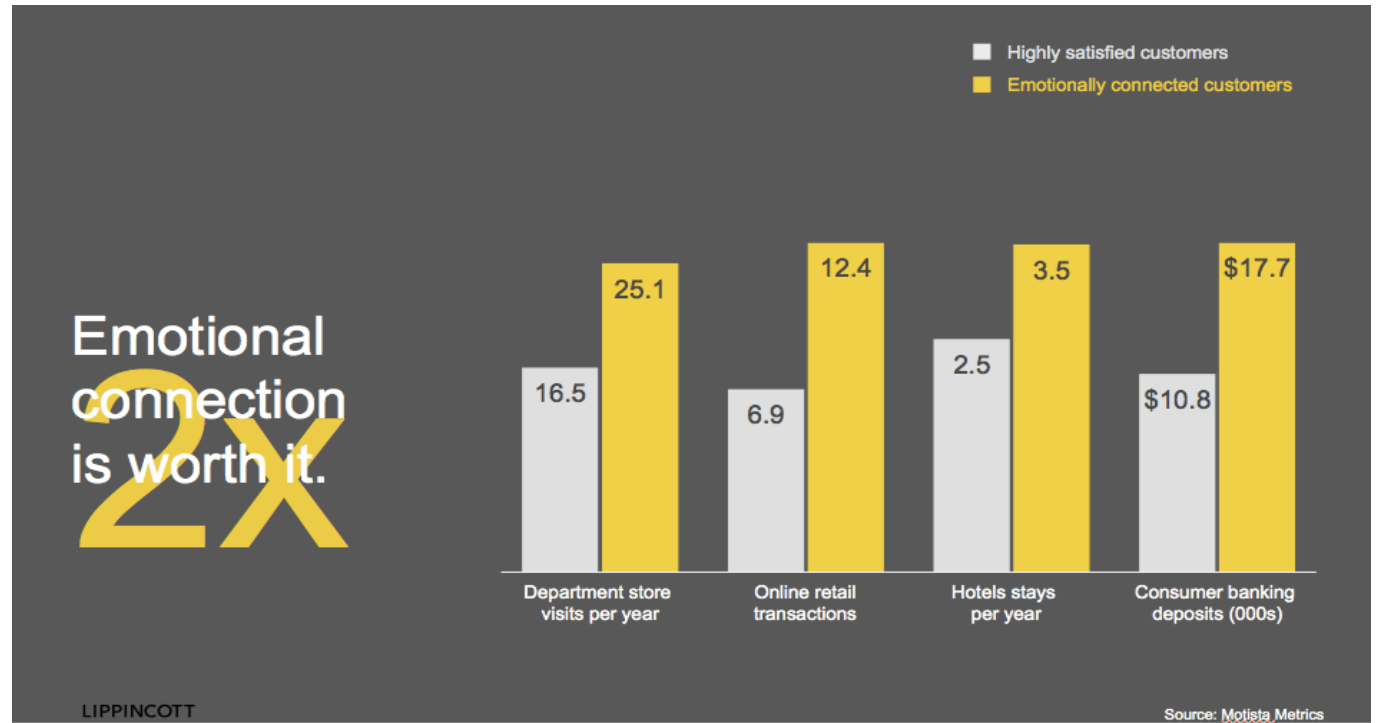
Memories are all we get to keep from our experience of living.



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The Double ROI of Emotional Connections

Emotional
connection
is worth it.
2X





GLOBAL LUXURY INSIGHTS

Global Luxury Goods Spending Trends



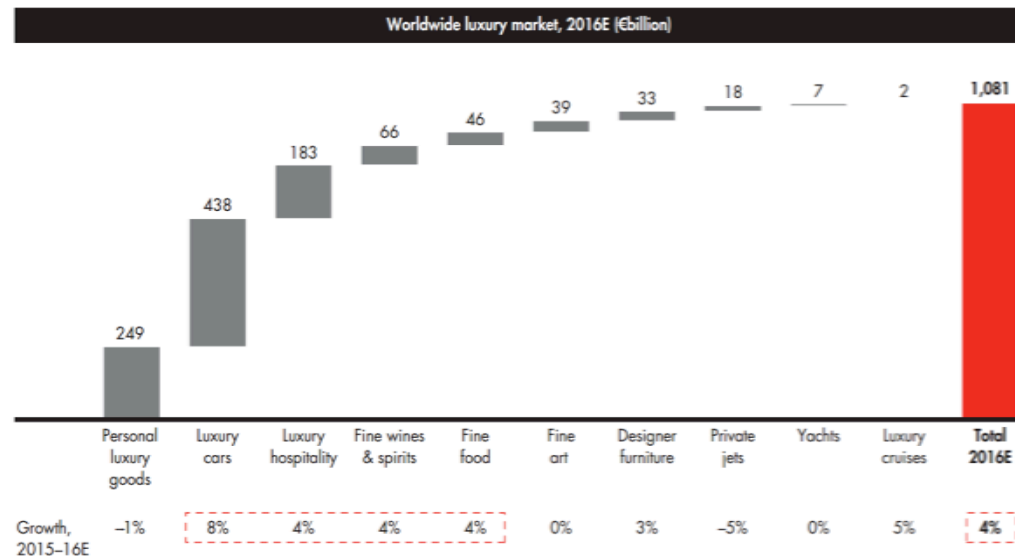
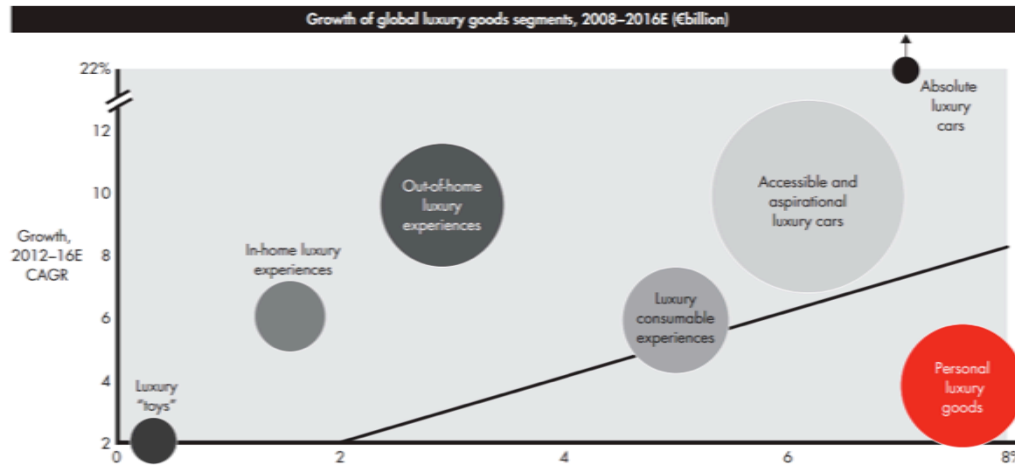
BIG PICTURE

Short and long term projections predict slower sales growth worldwide, which highlights the importance of strategic planning: projected 3% to 4% compound growth is projected through 2020 across all luxury categories, with jewelry and watches lagging...retailers need to allocate resources accordingly, and they will need to watch operating costs and overall productivity much more closely. Those measures ARE a departure for how luxury businesses have operated in the past. Over the next several years, the difference between strong executive teams and those without clear strategy and goals will become apparent and paramount to the bottom line.

CASUAL LUXURY IN HIGHER DEMAND

Another pronounced trend is the shift in preference among consumers for casual products, especially in categories such as apparel. Luxury denim and sneakers are each now €3 billion markets, while down jackets and backpacks are €2 billion each. Conversely, sales in the hard luxury category, which includes jewelry and watches, declined 5%, primarily driven by the continued difficulties of the watch category (down 8% vs. 2015 at current exchange rates), which also explains the growth in casual fashion jewelry and many hybrid interpretations of the category we now call "fashion fine".

Experiences Gain Traction Over Acquisition Of Hard Luxury Goods



Average Luxury Spending Online by 2020

Worldwide, the jewelry industry is expected to grow at a CAGR of approximately 5% over the next several years for a forecasted total of approximately \$257 billion USD by 2017. The primary growth driver is increased demand in the Asia-Pacific and Middle Eastern regions. However, the U.S. remains a dominant consumer of jewelry.

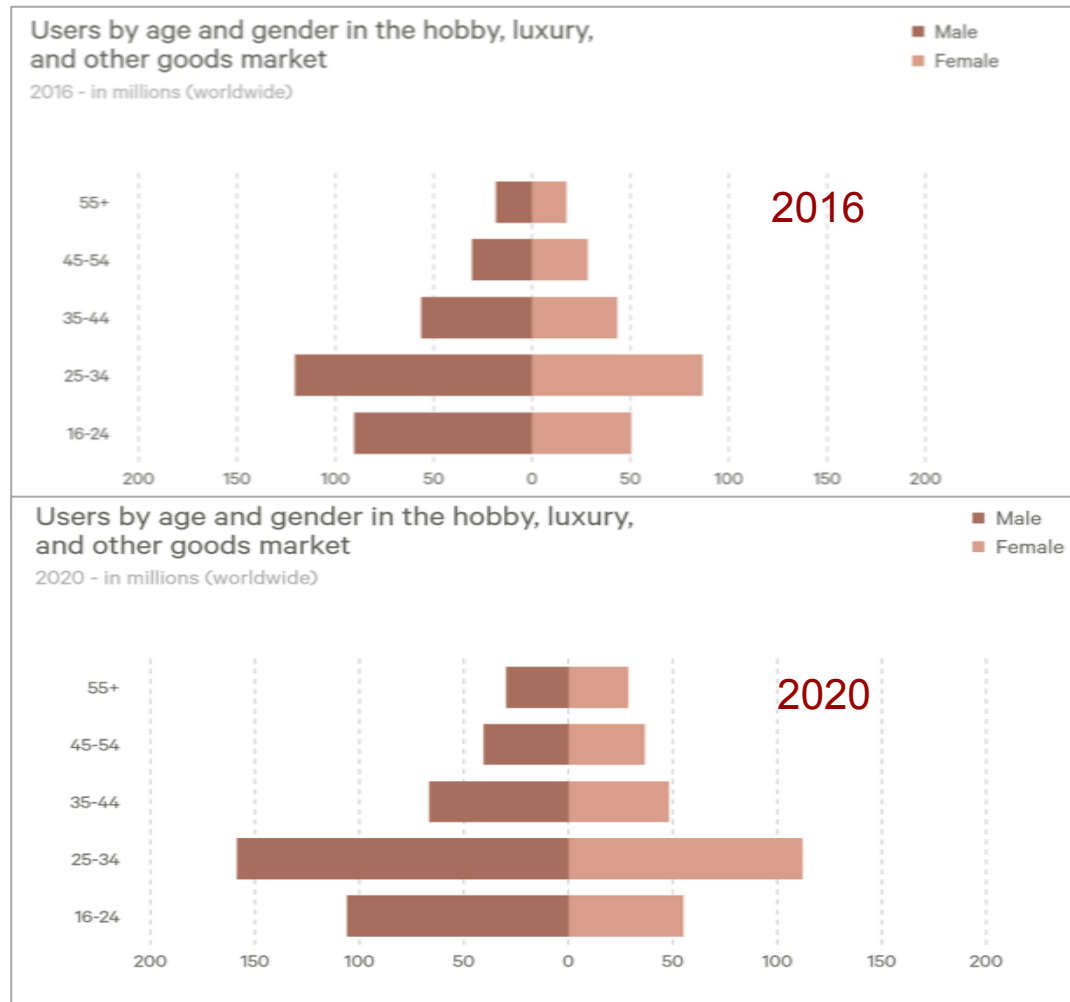
Today, ecommerce accounts for approximately 4-5% of overall sales but varies by region, brand, and type of jewelry. However, e-commerce is growing faster than overall sales and is expected to account for 10-15% of all jewelry sales by 2020.

The number of consumers expected to purchase personal luxury items including jewelry online is forecast to explode to more than 682-million by 2020, up from more than 542-million in 2016.



Audience Analysis 2016 - 2020

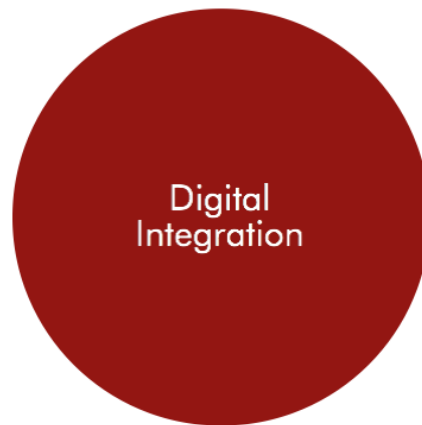
User by age and gender in the hobby, luxury and other goods market





TAKING IT **MOBILE**

Social Ecommerce & M-commerce



Mobile Ecommerce Influence



Source | Deloitte's Digital –
The Dawn of Mobile
Influence 2016

MOBILE IS MORE THAN A DRIVER FOR ONLINE PURCHASES.

Forrester's data projects that mobile devices influenced more than \$1 trillion in total purchases in 2015 between online and offline transactions

The silver lining for retailers is the expected increase in the number of shoppers browsing and buying on their smartphones and tablets.

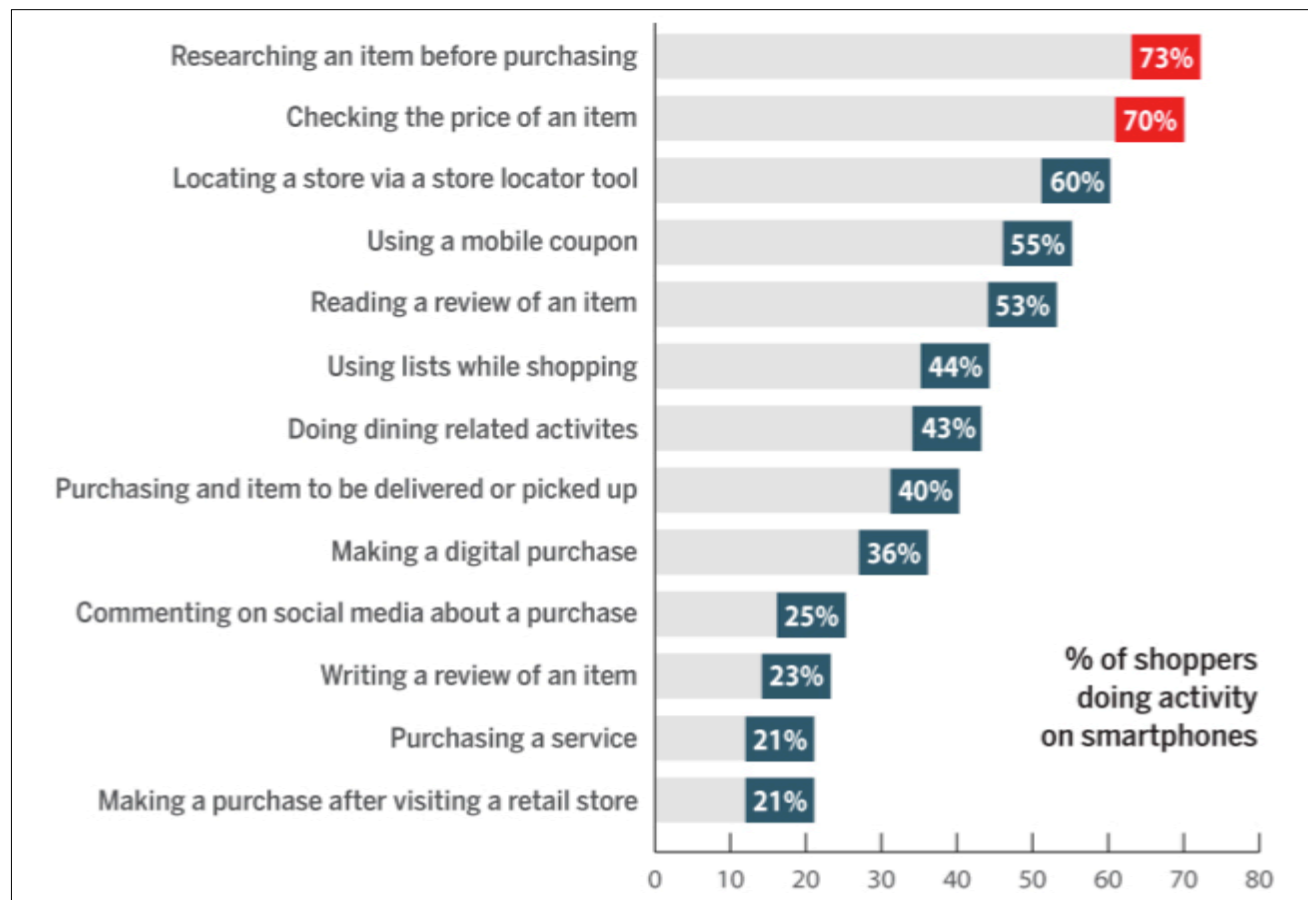
Forrester projects an additional 26 million shoppers will be both browsing and buying from retail sites by the end of this decade, reaching 270 million, as bigger smartphones and faster wireless networks make it easier for consumers to shop on their phones.



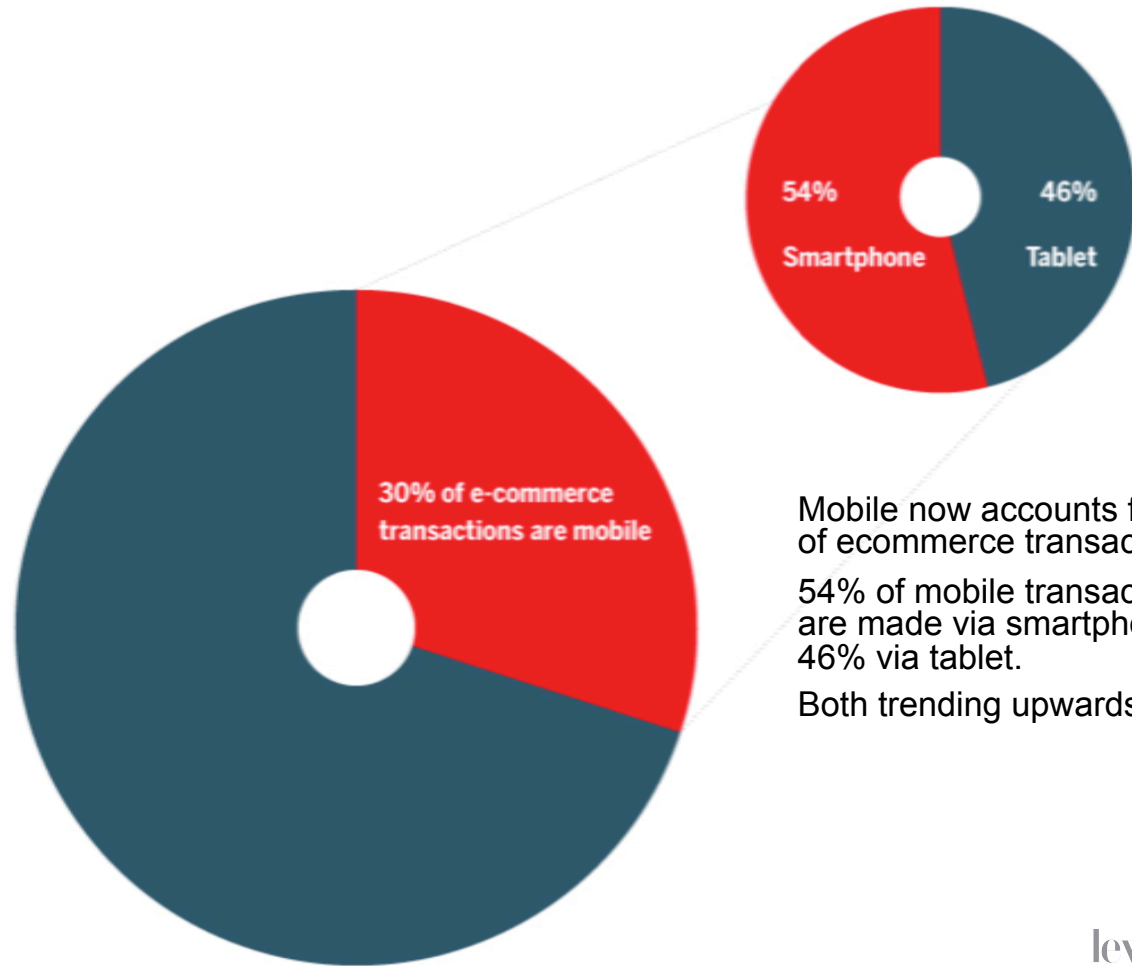
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Consumer Behavior On Mobile

Source | A smartphone shopping snapshot



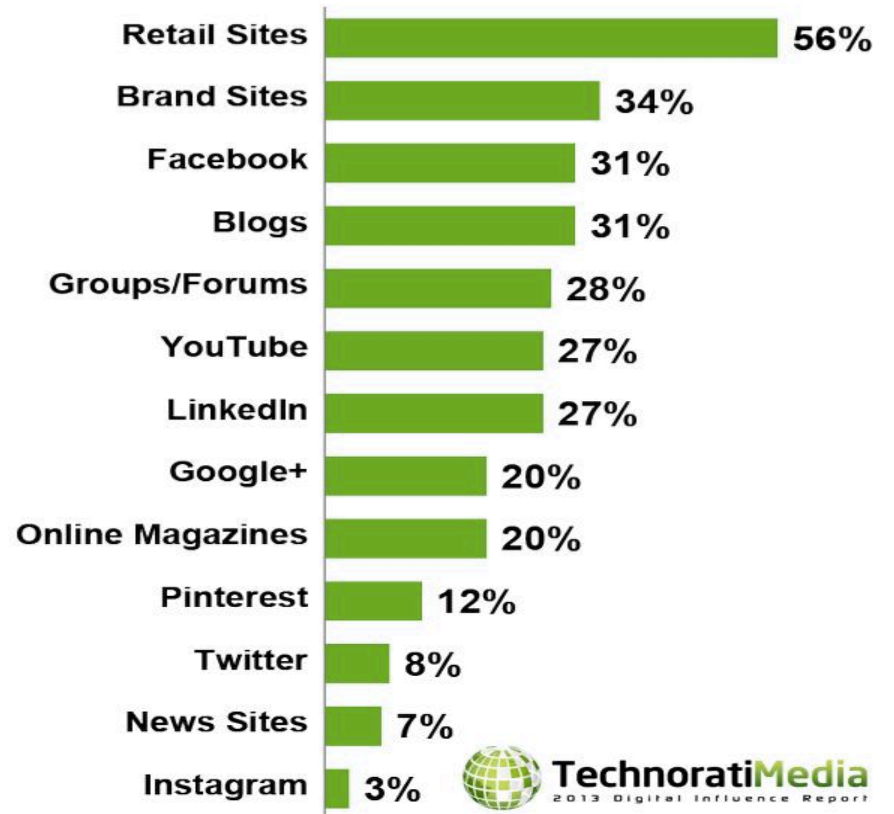
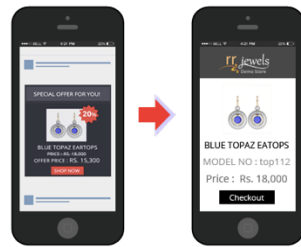
Mobile % Of Ecommerce Today



Mobile Influence On Retail Sales US

Source | Statista 2017

Online services most likely to influence a purchase



 **TechnoratiMedia**
2013 Digital Influence Report

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Did You Know...



Online adults aged 18-34 are most likely follow a brand via social networking (95%)

71% of consumers who have had a good social media service experience with a brand are likely to recommend it to others

There are 1.65 billion active mobile social accounts globally with 1 million new active mobile social users added every day

The best time to post on Facebook is 3:00 p.m. on Wednesday. Other optimal times include 12:00–1:00 p.m. on Saturdays and Sundays and 1:00–4:00 p.m. on Thursdays and Fridays

Top brands on Instagram are seeing a per-follower engagement rate of 4.21% which is 58 times higher than on Facebook and 120 times higher than on Twitter

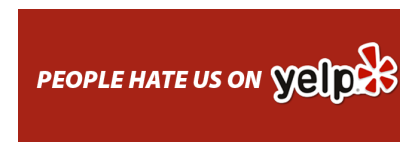
Products were the top content types for the top 200 global brands in terms of engagement, at 60% in 2015 beating lifestyle category by over 20%. (Source: Hootsuite) This is great news for marketers since people who follow brands on Instagram are aware and accept the fact that they're going to be exposed to products.

93% of Pinterest users plan purchases based upon the pins that they view on this site

Social Reviews Matter

Understanding digital and social marketing as the new “clientelling”, and online reviews as your best client’s word of mouth.

- 61% of customers read an online review before they make a purchasing decision.
- 63% of consumers are likelier to make a purchase from a website that has user reviews.
- 105% chance of a customer converting during a visit when customer questions and reviews are offered.
- Consumer reviews are 12 times more trusted than product descriptions.
- Reviews have the ability to produce at least an 18% uplift in sales on any given ecommerce site.





TAKING IT INDOORS

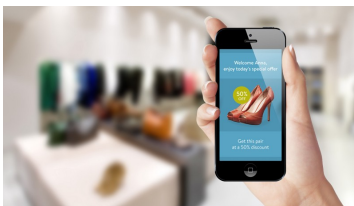
Come Back of Brick & Mortar

The jewelry industry is undergoing major changes as the technical barriers to entry, at least in terms of e-commerce, are all but gone and less expensive commodity costs create the potential for smaller niche jewelers to better compete for market share. However, recent consolidation among industry giants and the relative outperformance of branded jewelry is also focusing attention on the increasing importance of having a brick and mortar footprint as part of an omnichannel marketing and sales strategy.



The In-Store Sale Starts on the First Click

Source | Deloitte Digital –
The Dawn of Mobile
Influence 2016



Social commerce is even more significant when looking at where consumers began their purchase process, i.e., the first click, whether at home or office. Bigger screen sizes and widespread in-store Wi-Fi and 4G networks make "online browsing in store" a matter of a few real time clicks. And while mobile behavior is an extension of their desktop behavior... the money is still in the store.

While U.S. shoppers spent \$334 billion online last year, they spent \$2.9 trillion in physical stores, of which mobile influenced more than \$1 trillion.

Nearly half (48%) of all U.S. consumers already own a smartphone, and that number is rising fast.

Roughly 58% of consumers who own a smartphone have used it for store-related shopping. Among smartphone shoppers, the percentage who use their phone for shopping varies by store category, from 49% in electronics and appliance stores to 19% in convenience stores and gas stations.

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Beyond Mobile

Notable Trends
Influencing Our
Retaility©

Better use of website-generated personal recommendations such as custom pop-up shops, wish lists and use of big data to customize the RX

Omni-Channel retail: see, touch, try – the rise of SHOWRooming.

Relevance with price-comparison aggregators

Emphasize trial programs and easy returns

Hardware and Software as facilitators of high ticket price online transactions (cars, homes, jewelry)

Use mobile wallets and M-Payments to facilitate secure cashless transactions.

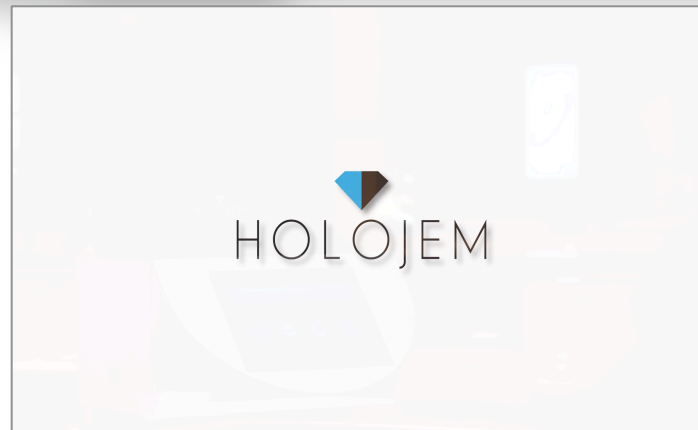
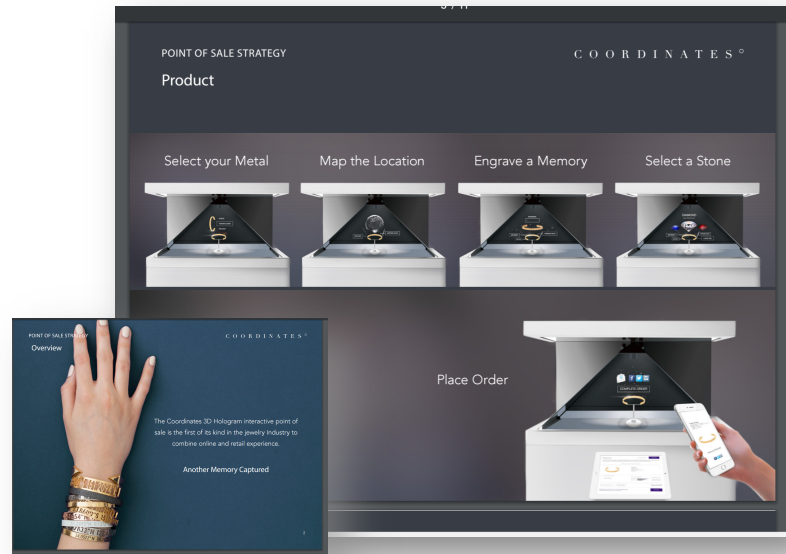
Sensory experience

Virtual Reality Jewelry Store

Source | Richline VR



Showrooming And In-store Display Technology



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Personalization Tools

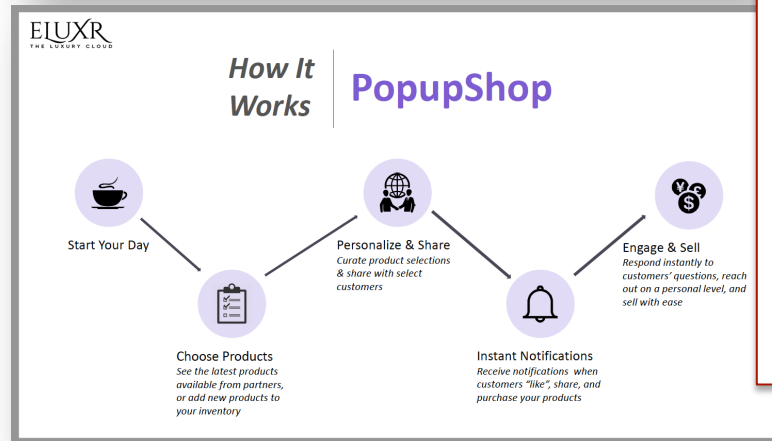


ELUXR
THE LUXURY CLOUD

The E-Commerce Marketplace
for The Jewelry Industry

PopupShop

*For those who want to sell.
Anytime. Anywhere.*



Business Benefits For Sales Associates



Immediate Accessibility

- Use the mobile app to sell anytime, anywhere
- Access in-store & supplier inventories instantly



Share & Sell

- Send product suggestions to individual shoppers
- Drive urgency with customized "flash-sales"



Communicate & Upsell

- Interact and sell via Facebook, mobile messaging, and Skype
- Receive instant updates and upsell reminders
- Engage with customers in real time

Consumer
Engagement
One Clean
Ring at a
Time



In a recent consumer survey...

82%



Of women have dirty jewelry that they cannot or do not wear

ONLY

16%



Of women received the jewelry care education they need

Your jewelry care line and education allow you to fill this gap, keeping your customers happy and wearing the jewelry they purchase.

THE KINGSWOOD COMPANY
OUR PRODUCTS. YOUR LABEL. SPARKLING RESULTS.

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In a recent consumer survey...

80%

Trial Programs And Memberships

rocksbox
JEWELRY

What to Expect Browse Jewelry Gifts SIGN IN JOIN NOW

Create a Profile Make a Wish (List)
Create a quick profile and start adding pieces to your Wish List to help your personal stylist go from 0 to BFF in one delivery.

Three's a Charm
You'll get three amazing pieces to keep for as long as you want. Ready to change it up? Swap your box to receive a new set as often as you like.

Bring On The Compliments
We carry the trendiest jewelry from 30+ designers, giving you access to a collection that is the ultimate in #accessorygoals.

Find True Love
Can't bear to part with something? No worries! Redeem your \$10 monthly credit, buy pieces at a discount, plus get an extra \$10 off when you keep your whole set!

ONE SUBSCRIPTION. COUNTLESS STATEMENTS.

Scent in Retail

scentair

Why Scent is So Important?

Scent can enhance energy and mood by **40%** when exposed to pleasant scent

Up to **75%** of your emotions can be generated by your smell each day

We recall what we smell **longer** and **more vividly** than any of other 4 senses.

Study participants were willing to pay 10-15% more for a pair of Nike shoes in a scented room as compared to identical shoes in an unscented room.



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Our Retail Reality or Retaility[©]

The web will influence 59% of US retail purchases by 2018

55% of shoppers who buy online would prefer to purchase from a physical store over an online vendor.

Categories most influenced by internet are apparel and accessories, home improvement and furniture, consumer electronics and groceries. They will take up \$1.1 trillion of the est. \$1.8 trillion total web influenced retail sales by 2017.

22% of consumers spend more at the stores if digital channels are involved in the process.

3 out of 4 customers who find online info useful are more likely to visit stores; 2 out of 3 who do research online purchase off-line moved to

84% of customers already expect retailers to make more efforts integrating their offline and online channels and such “omnichannel” customers spend 3.5x more than regular consumers.

30% of surveyed customers prefer shopping in store to be able to see or feel the item from different angles and ask for instant advice.

Our Retaility[®]
2016



1190
RETAIL JEWELERS



253
WHOLESALERS



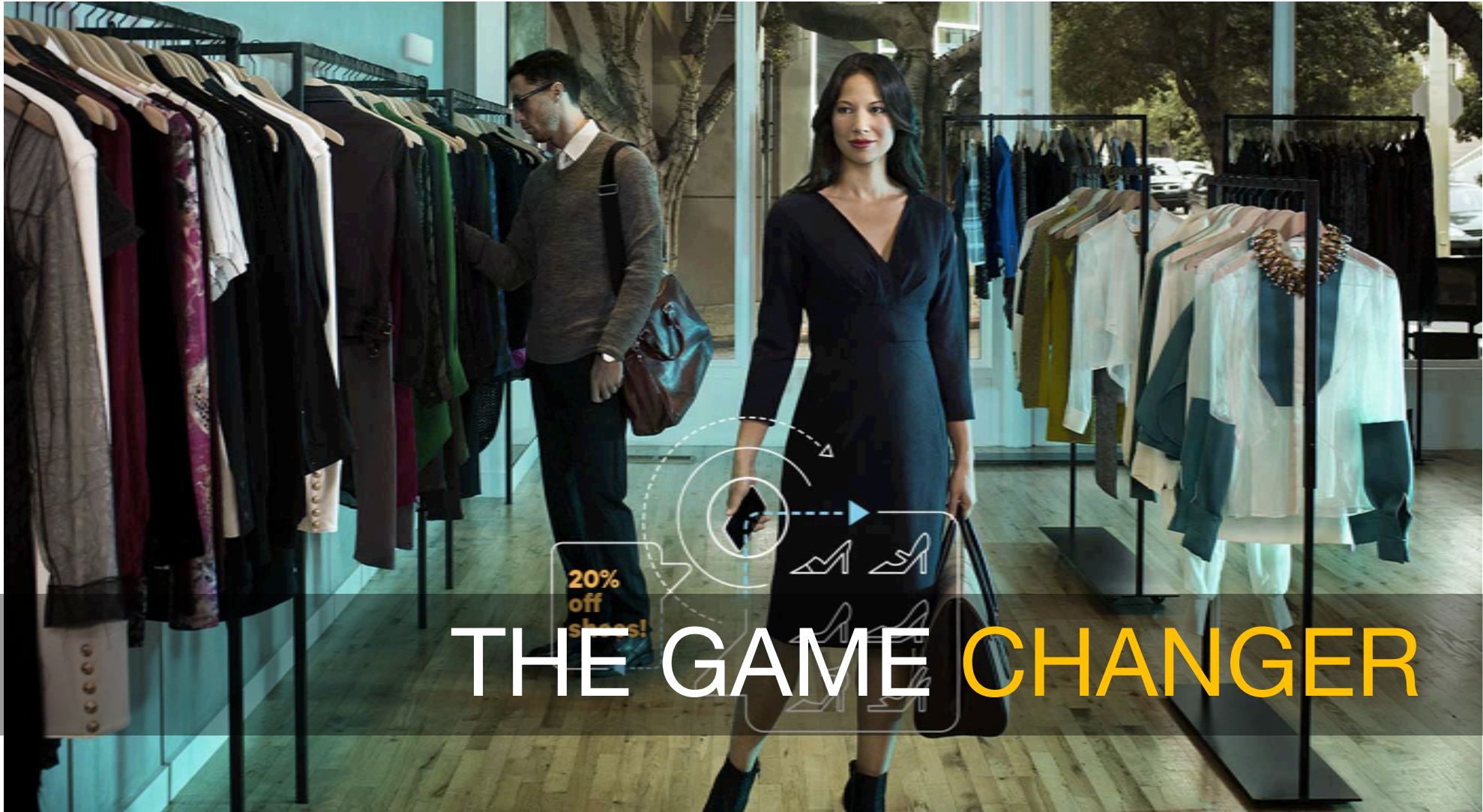
139
MANUFACTURERS



1564
BUSINESS CLOSURES



**UP 64% FROM
2015**



THE GAME CHANGER

Definition
of *luxury* in
English

luxury

NOUN

The state of great comfort and extravagant living.

'he lived a life of luxury'

An inessential, desirable item that is expensive or difficult to obtain.

'luxuries like raspberry vinegar and state-of-the-art CD players'

'he considers bananas a luxury'

'Unattainable luxuries were transformed into desirable marks of status or even into affordable necessities.'

Origin

> Middle English (denoting lechery): from Old French *luxurie*, *luxure*, from Latin *luxuria*, from *luxus* excess.

> The earliest current sense dates from the mid 17th century.

Starbucks
& Apple



Sephora & Harry Winston

Blurring The
Lines



The Real Game Changer

The new perception of luxury is the REAL game-changer of our industry because it up-ended the way we sell jewelry, and have marketed ourselves for decades.

Mr. Retailer feels like nothing that has worked in the past works NOW.

- Trunk shows with less than stellar results
- Lower ROI on catalogs and advertising
- Sales professionals who no longer can snap their fingers and bring their top clients into the store, or close a sale without a discount

Should you be hoping they will simply GROW UP?



UNDERSTANDING YOUR AUDIENCE

HOW DO WE GO FROM

Selling TO THEM...

lovino.



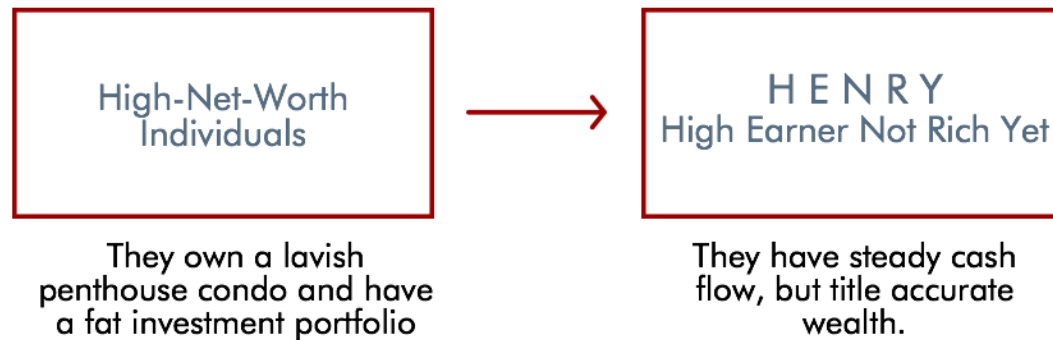
UNDERSTANDING YOUR AUDIENCE

HOW TO **Engage**
WITH HIM?

**Meet
Henry...**

The Luxury Consumer Has Evolved From

HENRY:
High Earner
Not Rich Yet



Henry Profile

Age 25- 34
Personal household incomes \$100k – \$250k
Annual spending \$1.4 trillion (Accenture report) by 2020.

A Changing Perception Shaped By Changed Behavior?

Source | [Hearst.co.uk/news/Millennialluxury](https://www.hearst.com/news/millennialluxury)

- Millennials are much freer with their interpretations of luxury. Qualitative research reveals that they are happy to blend old with new, high and low.
- After an upfront online search, 47% of Millennials turn to social media when thinking about alternatives, compared to 3% of Boomers, who apart from the initial online search, follow a more traditional path to purchase
- Prior to final purchase, Millennials turn to technology to seek reassurance from their peers with 34% talking about it via text/chat/messaging, compared to just 4% of Boomers
- Post purchase, Millennials turn to social media to reinforce their buying decision, with 22% sharing it for validation, compared to 4% of Boomers

A photograph of a modern clothing store interior. In the foreground, a tablet displays a colorful line chart with multiple data series in yellow, green, red, and blue. The background shows a well-lit store with white walls, clothing racks, and a woman in a tan jacket and blue pants walking through the aisles. Other customers are visible in the distance. The text "BRAND CULTIVATION & ENGAGEMENT" is overlaid on the image in a bold, sans-serif font, with "BRAND" and "ENGAGEMENT" in yellow and "CULTIVATION &" in white.

BRAND CULTIVATION & ENGAGEMENT

Why So Many Fail?

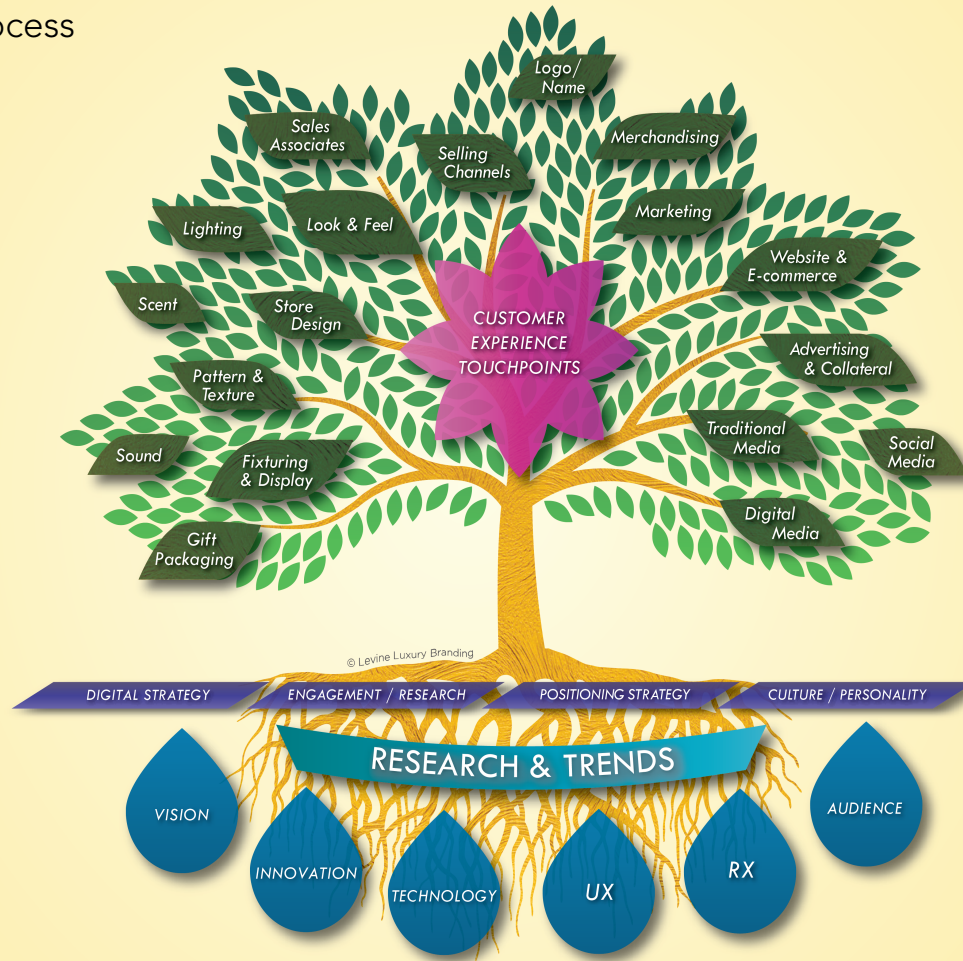
...Because you cannot create TRUE **lasting** engagement and tell a good brand story without knowing the truth about who you are, (**what distinguishes you from your competitors**), what your customers want and how to reach them (**on a deep emotional level**).

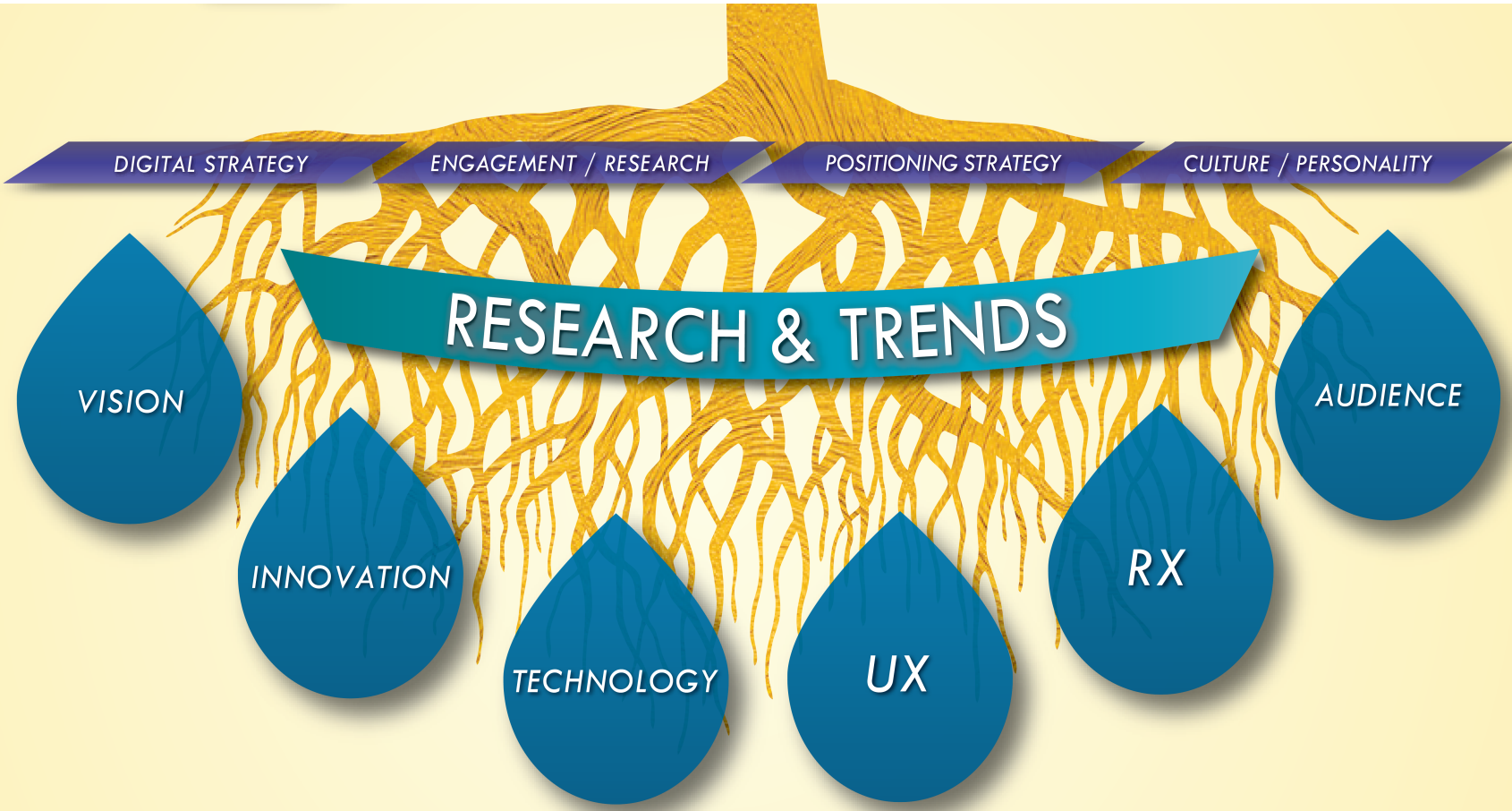
What Is
Customer
Engagement?

Stated simply, **customer engagement** is the **depth** of the **relationship** a **customer** has with a brand.



Brand Cultivation Process





Strong Roots Grow Lasting Brands

© Levine Luxury Branding

A futuristic digital shopping mall with glowing silhouettes of shoppers and binary code on the floor. The scene is illuminated with vibrant blue and purple light, creating a high-tech atmosphere. The floor is covered in a grid of binary code (0s and 1s) that glows in a light blue color. Several glowing white silhouettes of people are shown pushing shopping carts, moving through the virtual aisles. The walls and shelves are filled with various digital displays, including product information, advertisements, and interactive elements. The overall aesthetic is clean, modern, and highly technological, representing a digital marketplace.

THE NEW C's

New **C**'s
of Selling
Luxury Jewelry



NORDSTROM

The New C's
Confidence

Source | The Devil is in the
Details. Customer Service 2.0
The Never-Point Rule



levine.HANSEN

The New C's
Confidence



"We Understand"

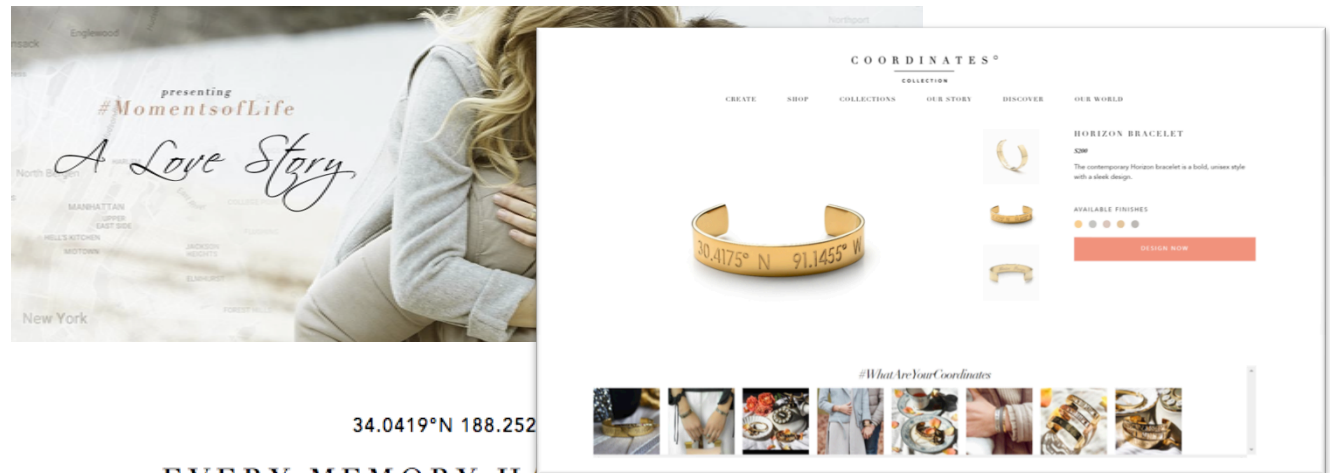
With a straightforward passion for the task at hand, FedEx has created a strong corporate identity. Not surprisingly, the company receives strongest ratings in ability, specifically for being able to achieve what it promises and for the efficiency of its operations. In addition to providing what is seen as a reliable service, the brand has engendered trust through initiatives such as its "We Understand" campaign. They've elevated the brand by recognizing that it's not just about the logistics of moving packages and boxes. They appreciate that it's people's treasures, livelihoods and futures, and that the contents of those packages mean a lot to people.

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The New C's
Customization

COORDINATES °

COLLECTION



EVERY MEMORY HAS A PLACE

Beautiful, meaningful and completely original, Coordinates Collection combines California-crafted handmade jewelry with your unique personalization.

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The New C's
Customer X

Bauble Bar

Source | Bauble Bar
Perch Interactive

Discovery is an important part of the experience.

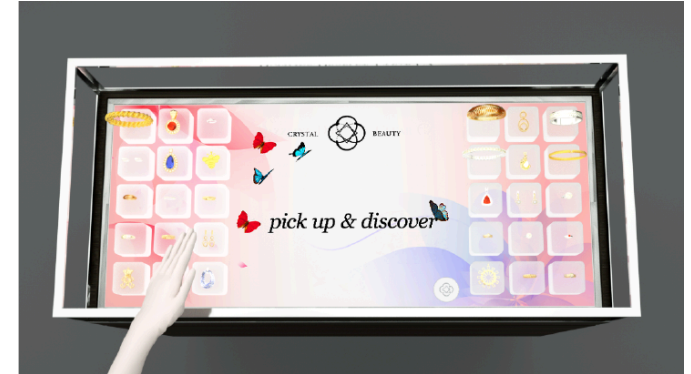
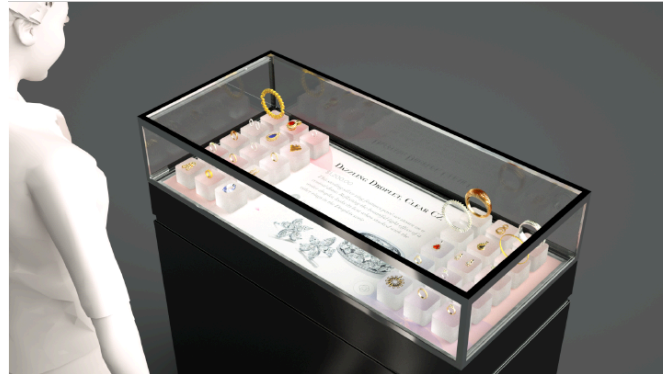
“ Touching a product makes customer 40% to 60% more likely to purchase”
-University of Chicago Press-



The New C's
Customer X

Interactive
Jewelry Display

Source | Perch Interactive



The New Cs

Courage
to
Change



Veuve Clicquot



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The New Cs

Consistency

Hermes



HERMÈS PARIS

search an item

receive our newsletter customer service your account my cart (0)

WOMEN MEN JEWELRY & WATCHES LEATHER FRAGRANCES HOME EQUESTRIAN SURPRISE!

our sets of two flat cases

our ties

our scarves

You're not dressed without one!

site map general terms and conditions of sale FAQ boutiques the world of Hermès

© Hermès 2015

HERMÈS PARIS

search an item

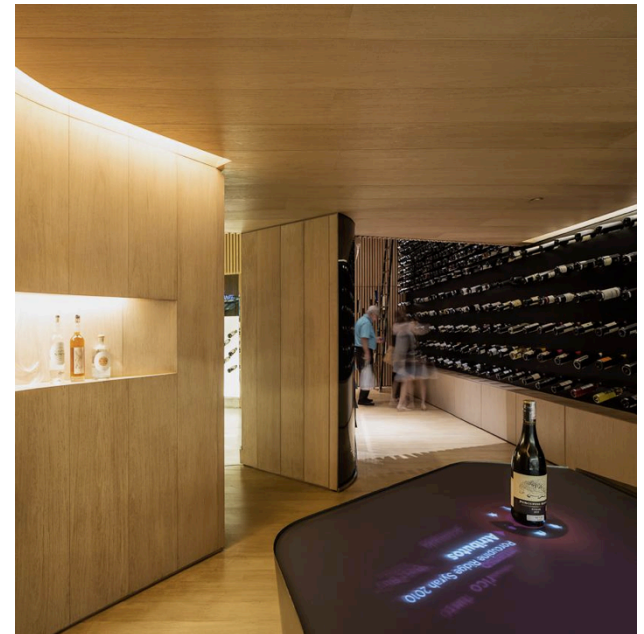
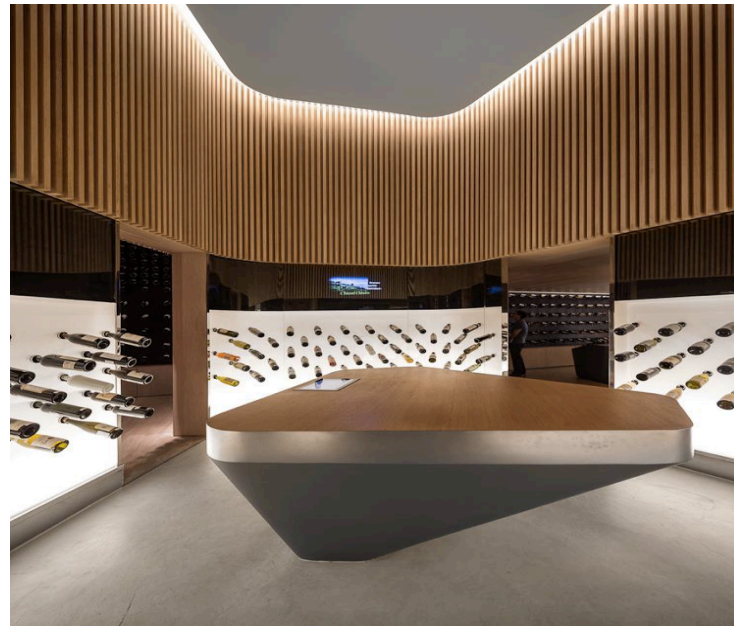
WOMEN MEN JEWELRY & WATCHES

Reach for the top!

The New Cs
Creativity

Mistral Wine Store

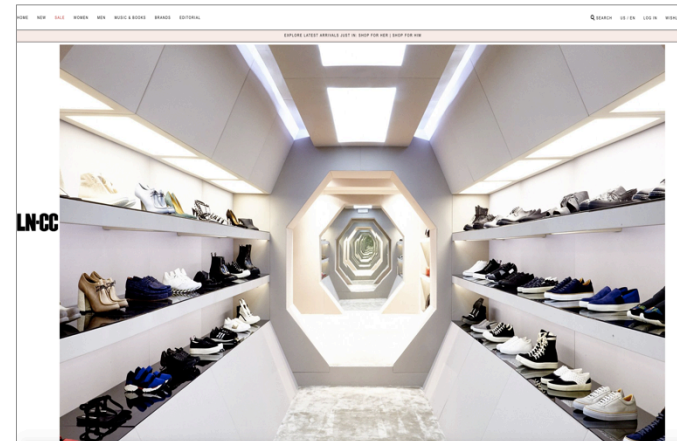
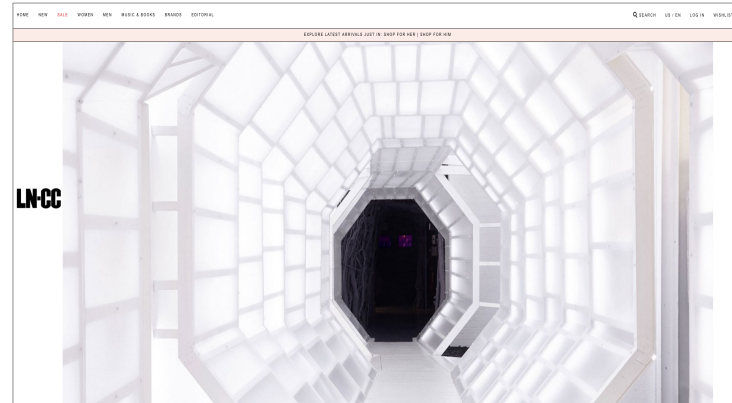
Source | Mistral Wine
Store. Sao Paulo, Brazil



The New C's
Cool Factor

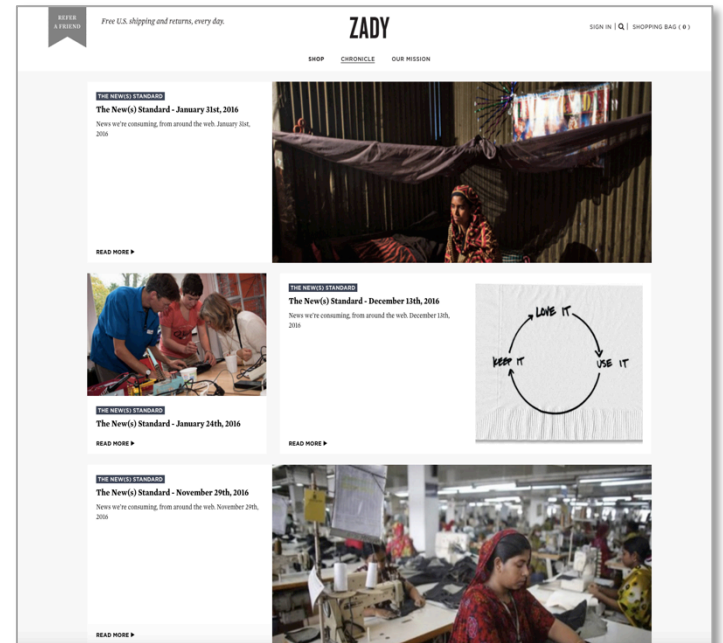
LN-CC

Source | LN-CC. London



21% of Millennials see luxury as “fun”
compared to **12%** of Boomers .

The New C's
Clarity
Communications
Commitment



But How? Engagement Tool Box





THANK YOU

Pam Levine & Andrea Hansen

levine.HANSEN