2026 TRENDS

Luxury Retail

TREND 1

Increasing Numbers of Gen Z & Millennial Shoppers

TREND 2

Hyper-Personalization: One-to-One Client Relationships

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Brand Image & Reputation

Luxury retailers entering are operating in a more complex environment shaped by global economic pressure and changing consumer expectations. United States tariffs continue to influence the global value chain, creating added strain for companies with international supply networks. Brands that manufacture in China or rely on global distribution are especially exposed as the cost impact of tariffs becomes more pronounced. Hermès, for example, raised U.S. prices in May 2025 to help offset tariff-related costs. Broader economic uncertainty tied to these pressures has the potential to soften consumer spending, particularly in discretionary categories such as luxury goods.

In this environment, luxury retailers are placing greater emphasis on brand strength and clearly articulated value propositions to help shoppers understand and accept higher prices. Looking ahead, the following trends highlight what luxury retailers can expect to see in 2026 and outline how brands can begin preparing now.

TREND 1

Increasing Numbers of Gen Z & Millennial Shoppers

Millennials and Gen Z are projected to account for roughly 45% of the luxury retail market by the end of 2025, marking a meaningful shift in who luxury brands are selling to. As these younger consumers increase their share of spend, retailers are under pressure to adapt their strategies to align with different expectations around engagement, values, and how brands show up across channels.

Brand loyalty (*repeat purchases, advocacy, content engagement, etc.*) is one characteristic amongst younger generations when it comes to selecting products. More than half of Gen Zers say they'll purchase from a brand they love, which places a premium on experiences that build emotional connection over time. Experiential marketing plays a growing role here, particularly through immersive digital tools that feel personalized and interactive.

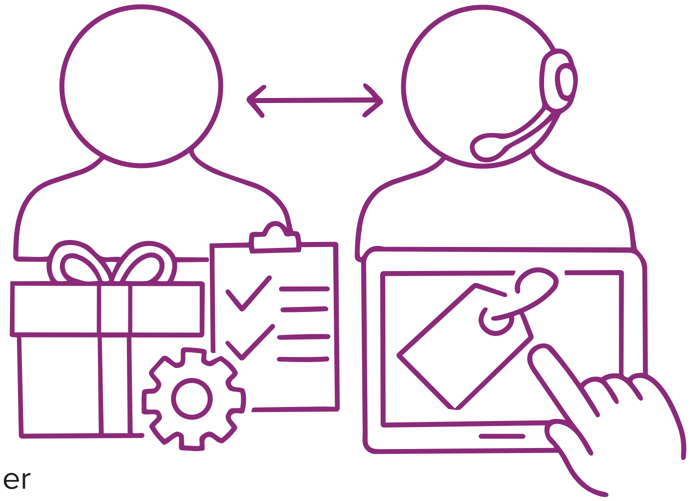
Take, for example, augmented reality lenses and virtual try-on experiences – two ways that brands are creating moments that are both memorable and distinctly digital. NYX Professional Makeup's collaboration with Arcadia illustrates how this approach can come to life. The "Beauty Bestie" experience combines AR and AI to deliver personalized guidance and brand interaction through a digital lens. As digital natives, Gen Z shoppers are more inclined to engage with these types of experiences and, importantly, to form brand connections through them. Compared to older generations, younger consumers are more likely to translate digital engagement into purchase behavior and longer-term loyalty.

Social media also continues to be central to how Gen Z and Millennials discover and evaluate luxury brands. Nearly half of luxury shoppers aged 18–34 use social platforms to research high-end purchases, making channel selection a critical component of marketing strategy. Influencer partnerships remain a powerful way to reach these audiences, particularly when the creator's personal brand aligns authentically with the luxury house. Louis Vuitton's collaboration with Emma Chamberlain is one example of how brands can tap into established communities and drive awareness and engagement through trusted voices.

Beyond marketing, social platforms are increasingly functioning as direct commerce channels. Scrolling has evolved into shopping, with a meaningful share of fashion and beauty consumers purchasing luxury items directly through platforms such as TikTok and Instagram. This shift allows influencers and luxury retailers to sell directly to consumers in a way that feels seamless and intuitive. For younger shoppers in particular, social commerce creates a convenient, low-friction path from inspiration to purchase while keeping the brand experience rooted in the channels they use most.

TREND 2

Hyper-Personalization: One-to-One Client Relationships



Personalization continues to be a powerful way for luxury retailers to differentiate their brands and deepen customer loyalty. Building personal relationships with shoppers, whether through remembering individual preferences, acknowledging milestones like birthdays, or tailoring offers based on prior purchases, helps create a sense of recognition that luxury consumers increasingly expect.

Historically, personalization in luxury retail relied on broad customer segments to approximate preferences. Today, it has evolved into a more precise, data-driven strategy that enables brands to engage shoppers on an individual level.

Digital tools now allow retailers to anticipate preferences and surface relevant products in a more tailored way. Vuori's "Personalized Picks for You," for example, curates product recommendations based on shopper behavior, while Alo uses email personalization to re-engage customers who have abandoned carts. The brand also captures purchase history and stated preferences to inform personalized marketing and targeted advertising. These approaches help create shopping experiences that feel more relevant and intentional, strengthening long-term brand relationships.

Product customization is another extension of one-to-one engagement, giving shoppers the ability to shape luxury items around their personal tastes. Burberry Bespoke allows shoppers to customize every aspect of their product from fabric and lining to buttons and embroidery. Meanwhile, Cartier allows shoppers to engrave their jewelry with custom engravings. Experiences like these can foster a deeper emotional connection, as customers receive products that feel uniquely theirs and reflective of their individual style.

Technology continues to play a growing role in enabling personalized luxury experiences as well. Estée Lauder's Virtual Foundation Tool uses a customer's phone camera to help identify the best shade of Double Wear foundation, removing friction from the discovery process. Gucci's remote shopping experience, Gucci Live, brings high-touch service into a digital environment by offering personalized video appointments with real advisors, complete with close-up product views and interactive conversation. Integrating technology in this way allows luxury brands to deliver service that feels both seamless and highly attentive.

Looking ahead, continued advances in technology will unlock even more sophisticated personalization strategies. Retailers that invest in tech-enabled, real-time personalization will be better positioned to anticipate customer needs and respond in the moment, creating differentiated experiences that support long-term loyalty well beyond the initial transaction.

TREND 3

Exclusivity and the Experience Economy

Today’s luxury consumers are increasingly looking for more than a transaction. They are seeking distinctive, immersive experiences that allow them to engage with a brand in a deeper way. Luxury retailers are responding by extending their brand worlds beyond traditional product offerings and into lifestyle-driven experiences. Tiffany & Co’s Blue Box Café in its New York flagship is a clear example, bringing the brand’s heritage and aesthetic to life through hospitality rather than merchandise alone.

In contrast to earlier eras, when luxury retail leaned primarily on product quality and scarcity, experience-led strategies are designed to create emotional connections that support long-term loyalty. Flagship stores, in particular, are becoming stages for these moments, with events and activations that draw attention, generate excitement, and turn physical locations into destinations rather than simple points of sale.

Workshops are another way luxury brands are creating more personal and memorable interactions. Diptyque’s Maison Diptyque concept, a dedicated workshop space, invites visitors to participate in hands-on sessions such as candle making or flower arranging. Experiences like these help shoppers build lasting memories with a brand, encouraging deeper engagement over time. Each store visit becomes something to anticipate, rather than a routine shopping trip.

As the experience economy continues to shape luxury retail, immersive brand moments are emerging as a key point of differentiation. Luxury retailers that can deliver emotionally resonant, thoughtfully curated experiences will be better positioned to attract new customers and reinforce their relevance, setting expectations for what luxury shopping looks like in the years ahead.

TREND 4

Training & Store Associate Enablement as a Competitive Advantage

Store associate enablement plays a critical role in shaping the luxury customer experience. Well-trained associates are often the most direct expression of a brand's values, expertise, and service standards. In luxury retail, this human element remains essential.

Hermès offers a clear example, requiring sales associates to spend months immersed in the brand's history and craftsmanship. Associates participate in workshops where they observe artisans creating handbags, giving them a deep understanding of product construction and detail. That knowledge allows associates to share meaningful stories with shoppers, elevating the in-store experience.

As luxury retailers adopt more digital tools to support personalization and service, store associates are increasingly responsible for bringing those tools to life on the sales floor. AI-powered insights and clienteling platforms can help surface customer preferences and past behaviors, but their value depends on how confidently associates can interpret and use them. Expanding training to include these technologies is becoming essential, ensuring associates can deliver experiences that feel seamless rather than transactional.

Beyond product knowledge, store associates provide the guidance and reassurance that shoppers seek when making high-consideration purchases. They're also responsible for nurturing long-term relationships with high-value clients, often across multiple channels. Investing in associate expertise and development supports stronger customer relationships while also driving revenue and improving associate retention, both of which contribute to sustained competitive advantage.

Looking ahead, the combination of advanced technology and highly trained associates will continue to differentiate leading luxury retailers. When associates are equipped with the right tools and the confidence to use them, they can anticipate customer needs and deliver personalized service that reinforces the brand's value well into the future.

TREND 5

Sustainable Production

Sustainability is becoming an increasingly important consideration for luxury retailers, driven by both regulatory pressure and evolving consumer expectations.

In Europe, the Digital Product Passport mandate begins rolling out in 2026 as part of broader efforts to improve traceability and sustainability across industries. Products sold in the EU, including those imported from other markets, will ultimately be required to include a Digital Product Passport that details information such as product origin, materials used, environmental impact, and guidance for end-of-life disposal.

For textiles, these requirements are expected to begin phasing in during 2027. To prepare, luxury manufacturers will need to significantly enhance their ability to collect and manage detailed supply chain data.

Regulation is only part of the equation. Sustainability is also becoming a meaningful purchase driver for luxury consumers, particularly in Europe, where a large majority of shoppers consider sustainability an important factor when buying luxury goods. There is growing demand for ethically sourced products, and local artisanship is increasingly valued over mass-produced alternatives. In response, many luxury brands are re-centering craftsmanship and material integrity within their production strategies.

Prada, for example, has invested in preserving artisanal skills by partnering with smaller manufacturers and craftspeople, reinforcing both quality and heritage while supporting more responsible production methods. Gucci has taken a different but complementary approach through Gucci Artlab, a dedicated facility designed to prototype products and explore innovative, more sustainable materials.

Investments like these illustrate how luxury brands are beginning to align sustainability initiatives with long-term brand strategy. Taken together, regulatory readiness and shifting consumer priorities are pushing sustainable production from a differentiator to an expectation. Luxury retailers that invest now in supply chain transparency and responsible sourcing will be better positioned to meet compliance requirements while also resonating with increasingly value-driven shoppers in the years ahead.

TREND 6

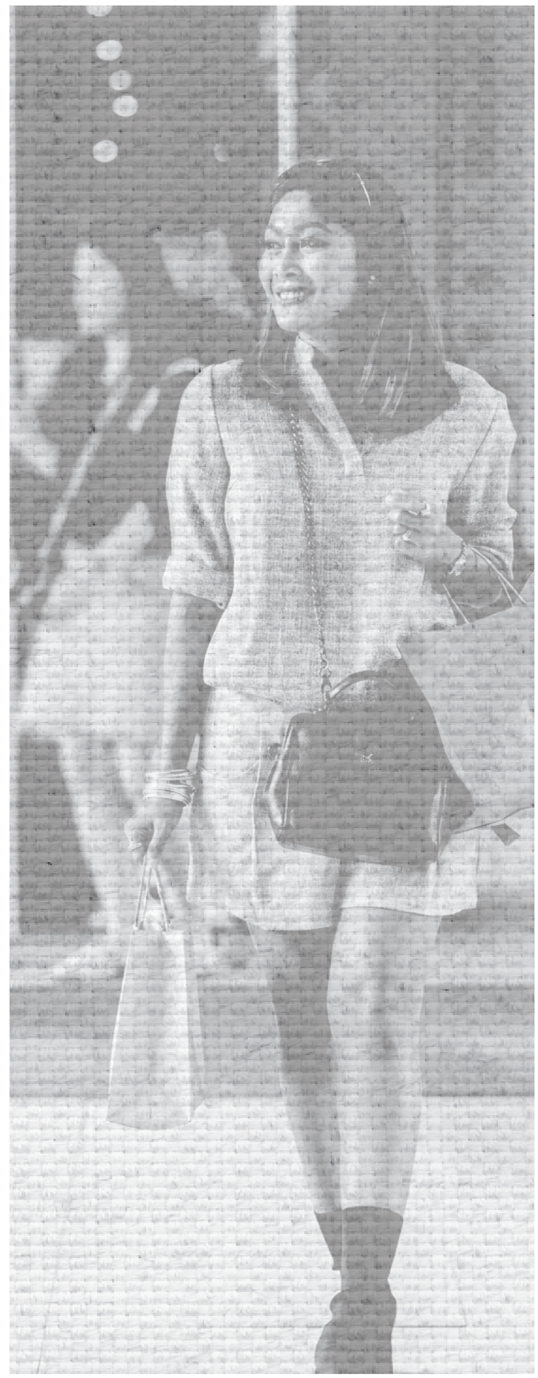
Brand Image & Reputation

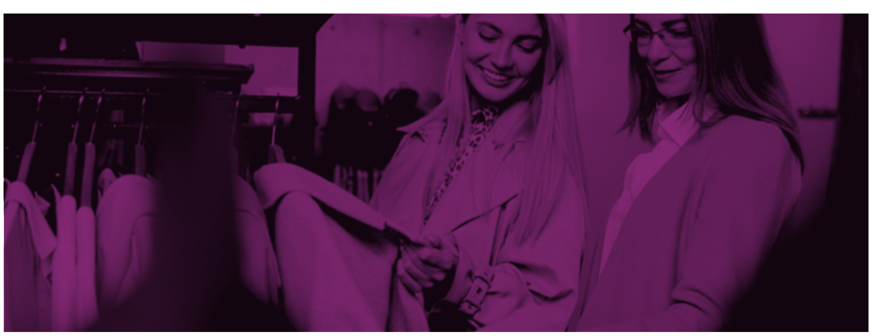
Brand image and reputation also continue to be of high importance to shoppers. In addition to environmental sustainability, shoppers are looking for companies that showcase social responsibility, with 77% of consumers saying they're more likely to purchase from a company that's committed to social or environmental causes. For luxury retailers, this means being deliberate about how brand values are communicated and ensuring that public statements, campaigns, and actions are aligned with the issues that genuinely reflect the brand's identity.

This shift is particularly pronounced among younger generations, who are more willing to pay premium prices for brands that align with their personal values. For these shoppers, brand perception is shaped not only by product quality and heritage, but also by a company's stance on broader social and cultural issues.

Celebrity and cultural collaborations are one way luxury brands can shape public perception while reinforcing their commitments. Stella McCartney's Summer 2024 campaign with actress and environmental activist Cara Delevingne offers a clear example. Set in a recycling facility, the campaign emphasized circular fashion and waste reduction, reinforcing the brand's long-standing sustainability focus. By partnering with a public figure who authentically reflects its values, the brand strengthened its credibility with socially conscious consumers.

As consumers continue to become more value-driven, brand reputation will remain a key differentiator in luxury retail. Retailers will need to thoughtfully integrate social responsibility into their branding through initiatives, partnerships, and storytelling to build trust and remain relevant in an increasingly discerning market.





Looking Ahead

As the luxury retail industry moves into 2026, demographic change and rising expectations are pushing brands to rethink how they connect with shoppers. Winning brands are focusing on building relationships that feel personal and earned, whether through more thoughtful engagement or by elevating what the customer experiences at every touchpoint. Further, sustainability and ethical are becoming core to how luxury brands define themselves and how shoppers decide where to place their trust and loyalty over time.

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