

Social, resale, and beauty: 3 things buoying a slowing luxury retail market

Article

“There's a big change in the luxury market. The consumers are still there, but they're being more selective about what they buy and when they buy it,” our analyst Sky Canaves said on an

episode of the [“Behind the Numbers: Reimagining Retail” podcast](#).

Personal luxury retail sales will reach \$120.66 billion in the US this year, according to our June 2023 forecast. Although that marks a 4.4% YoY increase, growth will continue to slow through the end of our forecast period in 2027.

Because the audience for luxury is so much larger now than it was even just a few years ago, brands are feeling a bigger impact when consumers pull back. “The industry is now less insulated from broader economic trends,” Canaves said.

Expanding into new markets and raising prices isn’t always an option for luxury brands like Hermes, Canaves said. However, there are three areas of opportunity for brands to fuel discovery, spark engagement, and develop loyalty.

1. Social media can generate buzz

“There's so much interest in luxury content...especially among younger consumers looking for inspiration,” Canaves said. [TikTok](#) has even forced luxury brands to rethink their relationships with social and creators because polished ads don’t perform as well as real-life content. It’s why we’ll see behind-the-scenes videos become hugely popular, she said.

With TikTok as a lead sponsor of The Met Gala on May 6, one of the biggest luxury fashion events of the year, we’ll see an even bigger presence of creators.

2. Resale marketplace can foster trust

Brands such as Gucci and Oscar de la Renta have developed their own secondhand marketplace, tapping into the US ecommerce resale market worth \$80.60 billion this year, per our December 2023 forecast.

“There's a lot of concern in resale around authenticity and whether a product is legitimate,” Canaves said, but an owned-and-operated marketplace reduces that friction and maintains positive relationships with existing clientele.

3. Beauty can build loyalty

Beauty products offer a more accessible entry point into luxury, helping brands to build [loyalty](#) among younger consumers with smaller budgets.

“One of the challenges is that brands really have to take care to create compelling products when they launch a new beauty line. They can't just expect to put their name on makeup and have it sell,” Canaves said. Brands still need to ensure their luxury DNA comes across with lower-priced items, so the quality has to be there.

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