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THE FUTURE OF LUXURY DEPARTMENT STORES: NOW, NEXT AND BEYOND: Engaging Generation Alpha Through Immersive Experiences

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Abstract

Against the backdrop of a rapidly evolving luxury retail landscape, Selfridges is positioned at a critical moment of transformation. As the emerging consumers, Generation Alpha is becoming increasingly influential. This Work Project aims to develop a comprehensive understanding of Selfridges' current position within the luxury retail market and to investigate the behavioral characteristics of three generations, ultimately generating strategic recommendations. This individual section examines Generation Alpha's digital behaviors, assesses Selfridges' technological immersion initiatives. The overarching objective is to help Selfridges maintain competitiveness in the future luxury market, ensuring its retail strategy aligns with Generation Alpha's evolving expectations and lifestyles.

Keywords

Generation Alpha, Immersive Experiences, Luxury, Digital Transformation, Selfridges

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1. Introduction

This project aims to examine how the luxury retail sector can attract and engage younger and future generations of luxury consumers, specifically Generation Z, Generation Alpha, and the emerging Generation Beta. Using the Selfridges Group as the central case study, the project analyses the key challenges and opportunities faced by luxury retailers today, and evaluates the relevance and validity of current industry insights in addressing the expectations of these new consumer cohorts. To achieve this, we adopted a two-phase research approach combining secondary data analysis with primary data collection.

In phase one, we conducted a systematic review of existing literature, market reports, Selfridges' Briefing with Lizzie Heywood (Business Development Manager, Selfridges), and materials provided by the brand to build a foundational understanding of these three consumer generations. This included analyzing their demographics, value systems, lifestyle patterns, and evolving expectations regarding luxury. Concurrently, we examined Selfridges' current business model, strategic priorities, and experiential positioning, supplemented by competitive analysis of major luxury retailers.

In the second phase, the team split into three sub-teams, each focusing on Generation Z, Generation Alpha, and Generation Beta. Based on each generation's unique characteristics, we designed corresponding research methodologies to capture more generation-specific data. Each team produced research findings on consumer perceptions, shopping behaviors, and interaction expectations, and based on these, proposed actionable recommendations to support Selfridges' future strategy.

Overall, this multi-method, multi-generational research framework not only helped us understand the differences between three generations of consumers, their characteristics and shopping behaviors, but also enabled us to develop a coherent, forward-looking strategy. This provides a clear direction for the future of luxury retail, specially Selfridge relationship with future consumers.

2. Contextual Background

2.1. Structural Shifts in the Global Luxury Market

Market Slowdown and Polarization

Over the last two years, the global luxury sector has entered a phase of structural adjustment marked by slowing growth, market polarization, and a redefinition of what constitutes luxury value. The personal luxury goods (PLG) market recorded its first decline in fifteen years (excluding the pandemic) falling by around –1% in 2024 and contracting further to between -3% and -1% in early 2025 (Bain and Altagamma 2025). This deceleration is tied to macroeconomic uncertainty, price fatigue, and regional weakness, particularly in China and the United States. Simultaneously, the sector is becoming increasingly polarized: while top-tier luxury houses continue to grow, mid-market brands are losing momentum, reinforcing a "strong-get-stronger" dynamic (Bain and Altagamma 2025).

Shift Away from Product-Centric Luxury

Structural changes extend beyond macro indicators. Traditional product-driven luxury is weakening as experiential luxury continues to outperform. Consumers are prioritizing high-end travel, gastronomy, art, and curated events, reflecting a broader transition from owning luxury to experiencing it. Even within physical goods, demand is increasingly shaped by experience-led attributes and cultural relevance rather than legacy craftsmanship alone (Bain and Altagamma 2025).

At the same time, consumer expectations are shifting from identity signaling to value and authenticity expression. Younger cohorts, particularly Gen Z and Gen Alpha, are more price-value conscious, more demanding of transparency, and more oriented toward immersive, culturally meaningful retail environments. This shift is rewriting the luxury "value formula", weakening traditional brand distinctiveness and giving rise to new, niche, and culturally grounded players (Bain and Altagamma 2025).

The sector is undergoing a broader transformation toward cultural and phygital consumption. With a decisive move from "products to cultural scenes," where luxury retail must blend art, technology, community, and sensory immersion to remain competitive (Bain and Altagamma 2025). Younger consumers expect hybrid online–offline pathways, AI-enabled personalization, social commerce, and interactive digital layers as standard components of the shopping journey, not add-ons.

Traditional retailers and department stores are therefore being pushed to evolve from shelf-oriented formats toward experiential, destination-driven spaces centered on creativity, co-creation, and digital integration.

Dependence on New Geographies and Young Consumers

Geographic power is shifting as well. While established markets such as Europe and Japan show signs of fatigue, growth is increasingly driven by the Middle East, Southeast Asia, and parts of Latin America, supported by rising local wealth and tourism flows. Over the next five years, more than 300 million new reachable consumers are expected to enter the luxury market, with more than half coming from Generation Z and Generation Alpha (Bain and Altagamma 2025).

Moreover, wealth expansion, a projected 20% increase in HNWIs, and substantial intergenerational wealth transfer reinforce the centrality of younger audiences in luxury's long-term growth (Bain and Altagamma 2025).

Overall, the luxury industry is transitioning into a new era defined by experiential value, cultural relevance, digital immersion, and geographic diversification. However, the most decisive break with the past is generational: future demand will rely disproportionately on younger consumers, whose expectations and behaviors are fundamentally different from those of previous cohorts. As a result, luxury retailers must develop new growth engines and reimagine their value propositions to remain competitive in the decade ahead.

2.2. The Changing Role of Luxury Department Stores

The structural shifts currently redefining the global luxury industry have exposed fundamental vulnerabilities within the department store model. As the market transitions toward polarization and experiential consumption, traditional multi-brand retailers face declining channel relevance and intensifying competitive pressures. Department stores and specialty retailers have seen their market shares fall to roughly 13% each, a decline driven by weakening foot traffic, limited innovation, and the growing dominance of mono-brand stores, which now account for approximately 36% of global luxury sales (D'Arpizio et al. 2025).

Brand Tightening and Distribution Constraints

Luxury brands have increasingly restricted wholesale distribution in order to preserve exclusivity and pricing power, directly impacting department stores' historical role as intermediaries. The tightening of supply forces department stores to reassess their strategic purpose, shifting from a transactional platform to one that adds value through first launches, limited editions, and co-creation opportunities (Bain and Altagamma 2025). This transition underscores a structural weakening of wholesale as a dependable business pillar.

Escalating E-Commerce Competition

At the same time, e-commerce has become a central driver of luxury engagement, representing around 20% of personal luxury goods sales, more than double its share in 2019 (D'Arpizio et al. 2025). Even with a minor decline in 2024, online retail now stands as a core touchpoint equal in importance to mono-brand boutiques. This shift places department stores at a disadvantage, as many still struggle with fragmented omnichannel integration, slow digital adoption, and limited use of advanced technologies such as AI-enabled clienteling, MarTech, and PriceTech - tools increasingly described as essential for competitiveness (Bain and Altagamma 2025).

The Need for a New Value Proposition: Experience, Culture, and Curation

As product-driven retail becomes less defensible, department stores must redefine their value proposition. The sector is moving rapidly from a “shelf-oriented” model toward one centered on experiential and cultural relevance. Destination-led retailing, integrating art, events, gastronomy, sustainability narratives, and community engagement, has become a critical differentiator (Bain and Altagamma 2025). Case evidence illustrates this shift clearly: Selfridges’ sales decline of roughly 7% in 2024 was attributed partly to policy changes affecting tourism, but also to heightened competition from cities such as Paris and Milan, where tax advantages and cultural programming strengthened the appeal of department-store destinations (The Guardian 2025).

Given the declining relevance of wholesale, brands tightening distribution, rising digital competition, and shifting consumer expectations, luxury department stores face a decisive inflection point. Their future competitiveness will depend on their ability to reinvent themselves as cultural, experiential, and curatorial platforms, particularly to attract younger generations, who will shape most luxury demand in the years ahead.

2.3. Why Younger Generations Matter for the Future of Luxury

The strategic importance of younger generations: Generation Z, Generation Alpha, and the emerging Generation Beta; is foundational to understanding the future trajectory of the luxury sector. Their demographic scale, digital behaviors, and evolving value systems position them at the center of medium and long-term industry growth. This demographic shift alone reshapes global demand patterns, making younger cohorts essential to luxury brands’ future relevance.

Gen Z: The New Fashion Authority

Generation Z already plays a decisive role in shaping luxury culture. Beyond their growing purchasing power, they exert disproportionate influence on aesthetics, trends, and brand narratives, often guiding the preferences of both older and younger consumers. Their expectations, centered on authenticity, sustainability, inclusivity, digital engagement, and value alignment, are redefining what qualifies as luxury and forcing brands to recalibrate their offerings accordingly (McKinsey 2023; Mendini et al. 2022). As early adopters of luxury and vocal participants in digital culture, Gen Z has become a reference point for industry direction.

Gen Alpha: The Next Drivers of Digital and Experiential Luxury

Generation Alpha, raised in an environment of pervasive connectivity, immersive media, and participatory digital culture, will shape the next decade of luxury engagement. Their behaviors reflect a strong preference for interactivity, hybrid online–offline journeys, and experiential formats that blend entertainment, creativity, and community. Many encounter luxury brands early in life, with a significant proportion acquiring their first branded products before age ten, indicating the formation of early brand awareness and loyalty pathways (Karlovitch 2025). As they transition from entertainment-led to identity-led consumption, they will push the industry further toward phygital experiences and continuous innovation.

Gen Beta: Long-Term Consumers in a Fully Tech-Embedded World

Generation Beta represents the long-term future of luxury demand. Born into a world in which AI, automation, virtual identity, and immersive ecosystems function as baseline infrastructure, they will be the most technologically integrated luxury consumers to date (Dentsu 2024). Their preferences are expected to center on cultural immersion, originality, co-creation, sustainability as a default expectation, and extreme fluidity in loyalty. With rising prosperity across APAC and increasing urbanization, Gen Beta will become a geographically and economically significant consumer base (World Economic Forum 2025).

Intergenerational Wealth Transfer and Rising Economic Power

Young consumers' influence is amplified by macroeconomic forces. A substantial intergenerational wealth transfer, combined with a projected rise of about 20% in high-net-worth individuals, will channel unprecedented financial power to younger cohorts (Bain and Altagamma 2025). Their expanding economic capacity, coupled with their cultural authority, means that they will not merely participate in the luxury market, they will define its norms, values, and growth profiles.

Collectively, Gen Z, Gen Alpha, and Gen Beta represent the structural growth engine of the luxury industry. Their demographic scale, digital-native behaviors, value-driven consumption, and rising economic power make them indispensable to the future of luxury retail. For Selfridges, understanding and engaging these generations is not optional. It is a strategic requirement. The company's medium and long-term success will depend on its ability to anticipate, interpret, and serve the expectations of the consumers who will ultimately define luxury demand in the decades ahead.

2.4. Profiles of Each Generation

2.4.1 Generation Z

Generation Z, commonly referred to as Gen Z, encompasses individuals born between 1996 and 2010 (McKinsey and Company 2023). This cohort has been shaped by the unique circumstances of their formative years, characterized by rapid digitalization and periods of global instability, including the 2008 financial crisis, the COVID-19 pandemic, and current inflationary pressures (Sakashita 2020; Rodriguez et al. 2021). As the first truly digital-native generation, Gen Z is highly educated, purpose-driven, and deeply engaged with social, environmental, and political issues, while also displaying strong individualistic tendencies (Goryunova and Jenkins 2023; Sinha 2025).

Generation Z Consumer Behavior & Preferences

Generation Z is shaped by a distinct set of values and expectations that strongly influence their consumer behavior. Central to their identity is technology and digital connectivity, as they are true digital natives who rely on smartphones, social media, and online platforms for communication, information, and entertainment (Sakashita 2020; Sinha 2025; Ameen and Anand 2020). Beyond technology, Gen Z places high importance on social and environmental issues, with sustainability, social justice, and ethical consumption emerging as strong motivators in their purchasing decisions (Goryunova and Jenkins 2023; Mendini et al. 2022). At a more personal level, they emphasize close family and peer relationships, often maintaining stronger bonds with their parents than previous generations (Shorey et al. 2024). In the workplace, Gen Z values flexibility, meaningful work, and career development opportunities, prioritizing a balanced lifestyle over rigid corporate structures (Rahmatika et al. 2024; Zain et al. 2025). Finally, their consumer choices are deeply influenced by authenticity and individuality, they are more likely to engage with brands that reflect their personal values and allow self-expression (Park and Park 2021; Shin et al. 2022).

Gen Z is rapidly becoming a decisive force in luxury retail. Their spending power is expanding, making them a substantial segment of luxury consumers, particularly motivated by status and recognition (Shin et al. 2022; Bakir et al. 2020). At the same time, they wield influence on market trends, reshaping luxury consumption with demands for uniqueness, exclusivity, sustainability, and inclusivity (Mendini et al. 2022; Ren et al. 2024). In terms of brand relationships, while Gen Z may not form deep emotional attachments to luxury brands, they display loyalty to those that align with their ethical and social values (Shin et al. 2022). This means luxury brands cannot rely solely on heritage and prestige, they must demonstrate alignment with the generation's worldview to secure engagement.

Compared with Millennials and older cohorts, Gen Z presents distinct consumer patterns. They are digital natives, having grown up fully immersed in technology, which sets them apart from generations who had to adapt to the digital shift (Sakashita 2020; Sinha 2025; Ameen and Anand 2020). They also display stronger social and environmental consciousness, demanding transparency and accountability from brands at levels unseen before (Seemiller and Grace 2024; Ribeiro et al. 2025). In the workplace, they seek flexibility and purpose-driven careers more actively than previous cohorts (Naim 2022; Zain et al. 2025). Their consumer behavior also diverges: rather than trusting traditional marketing, they are guided by peer recommendations, influencer endorsements, and user-generated content (Sinha 2025; Ameen and Anand 2020). Finally, Gen Z's strong orientation toward authenticity and individuality influences not only the products they buy but also the narratives and values they expect from brands (Park and Park 2021; Mendini et al. 2022).

Their shopping behavior reflects this digital fluency and values-driven outlook. They show a strong preference for online and mobile shopping, frequently using smartphones to browse and purchase (Dabija and Lung 2019; Kahawandala et al. 2020). At the same time, they remain prone to impulse buying, influenced by website design, promotions, and hedonic experiences both online and in-store (Yade and Indrawati 2024; Aires et al. 2024). Their lifestyle also extends to social consumption spaces such as coffee shops, which serve as hubs for experiences and social interaction (Putra and Roostika 2024; Fahlevi et al. 2023). When it comes to what they expect from retailers, three priorities stand out. First, sustainability is essential: Gen Z is willing to pay a premium for eco-friendly products and values brands committed to green practices (Gomes et al. 2023; Dabija et al. 2019). Second, they demand smart technologies such as augmented reality and smart retail tools that provide functional value and enjoyment (Ng et al. 2019; Roxo and Brito 2020). Third, they value seamless omnichannel integration, where online and offline experiences are interconnected, enhancing engagement and loyalty (Sari et al. 2025). Their spending patterns are equally telling. Gen Z tends toward conscious spending, balancing cost-awareness with a willingness to invest in quality and ethically aligned products (Pintér et al. 2021; Thangavel et al. 2022). They also favor digital banking solutions over traditional ones (Syahdini et al. 2024), and they increasingly engage in re-commerce buying and selling second-hand fashion-driven by both environmental awareness and the pursuit of authenticity (Ziółko et al. 2025).

The cumulative effect of Gen Z's values and behaviors is a generation with outsized influence on luxury retail. They are shaping the industry by pushing brands to redefine uniqueness, embed sustainability and inclusivity into their offerings, and invest in digital-first engagement strategies. Their early entry into luxury consumption, combined with their expectations for transparency, authenticity, and innovation, makes them a consumer group that luxury retailers cannot afford to overlook.

2.4.2 Generation Alpha

Gen A commonly refers to people born between 2010 and 2024, represents the first generation to be fully raised in a digital and highly connected environment (Zierock and Schulze 2025). This cohort has been born during a period of declining fertility rates across much of the world and has experienced the disruptive effects of the COVID-19 pandemic during their formative years (Šramová and Pavelka 2023). Their childhoods are increasingly shaped by electronic technologies, social media platforms, and streaming services (Basis Technologies 2024; Srivastava, B. 2024). Their consumption values and brand loyalty are reshaping the global retail landscape. At this stage, their spending remains influenced by household decision-making, yet their behavioral patterns, media preferences, and values are beginning to exhibit characteristics markedly different from previous generations.

Generation Alpha Consumer Behavior & Preferences

Contemporary Generation Alpha exhibits a pronounced digital consciousness and a propensity for social engagement. Video platforms, short-form content, and influencer recommendations have emerged as their primary channels for acquiring product information (Numerator 2025). As participants in the participation economy, this generation expects heightened levels of engagement throughout the consumer journey. Product uniqueness, diversity, and avant-garde design, coupled with sustained interaction with retailers, constitute their principal considerations. Furthermore, sustainability and corporate social responsibility are increasingly influential factors in their purchasing decisions (Morales Priego and Delgado Gutiérrez 2025).

In contrast to traditional advertising, this generation places greater trust in "interactive content" and "authentic user experiences." They demonstrate a tendency to establish emotional connections with brands through immersive experiences, gamified interactions, and brand activations, rather than passively receiving information.

Regarding purchasing behavior, although they remain dependent on parental decision-making, they already display distinct subjective preferences and brand awareness. Research indicates that beauty products represent a significant consumption category for this demographic. Approximately 68% of Generation Alpha acquires their first luxury item before the age of ten (Karlovitch 2025), suggesting early brand initiation. Meanwhile, offline retail remains highly relevant to them, particularly through interactive exhibitions, creative events, and limited-time pop-up spaces (Morales Priego and Delgado Gutiérrez 2025). In physical stores, they seek not only products but also participatory and social experiences.

For future, as Generation Alpha matures, their consumption logic is shifting from "Entertainment-driven" to "Self-identification and value expression-oriented" (Zierock and Schulze 2025). While this generation of consumers currently prioritizes experiences and entertainment, their purchasing behaviors will increasingly be guided by identity formation and personal expression as they gain age and independence. This evolution is expected to heighten their interest in luxury brands and unique designs. Concurrently, their consumer pathways within digital environments are becoming more diversified. They expect seamless integration between online and offline experiences, along with opportunities for interaction and co-creation with retailers. In the future, companies capable of blending interactive physical experiences with digital extension platforms will be better positioned to secure Generation Alpha's long-term loyalty (Numerator 2025).

This evolution indicates that future retail trends will be characterized by the integration of digital and experiential elements. Brands need to establish early connections with Generation Alpha and maintain a positive image, ensuring consistent exposure to brand updates across multiple platforms. Meanwhile, retailers should develop hybrid retail ecosystems that integrate immersion, social interaction, engagement, and diversity. Through continuous innovation and value-based resonance, they can grow alongside Generation Alpha.

2.4.3 Generation Beta

Generation Beta refers to people born between 2025 and 2039. They are often described as the "technology bridge generation," growing up in a world where AI, automation, and immersive digital ecosystems are fully embedded. By 2035, Generation Beta will represent about 16% of the global population (World Economic Forum 2025). Raised by younger Millennials and older members of Generation Z, they will naturally grow up in environments with stronger digitalization, urbanization, and cross-cultural influences (Dentsu 2024).

Although Generation Beta will be the least Asian generation in demographic terms, with only 46% of births in Asia-Pacific compared to 61% for Gen X, the region will still dominate in terms of consumption. Thanks to rising prosperity, nearly 40% of Gen Beta's total spending will occur in APAC, with two-thirds of high-spending consumers concentrated in China and India. Meanwhile, Sub-Saharan Africa will see the largest relative population increase, accounting for one in three Gen Beta births. By contrast, Europe and the United States will represent only 8% of the generation's population, but are projected to contribute 41% of overall consumption, keeping them as dominant luxury markets (World Economic Forum 2025).

Generation Beta Consumer Behavior & Preferences

According to the World Economic Forum (2025), although only 46% of Generation Beta will be born in Asia, the region is expected to contribute nearly 40% of global consumption power. Meanwhile, in Europe and North America, despite their smaller population share, they are projected to contribute about 41% of Beta consumption.

In terms of behavior, Generation Beta may become the most urbanized generation in history, with 58% expected to live in cities by 2040 (World Economic Forum 2025). According to the World Economic Forum (2025), citing estimates from World Data Lab, Generation Beta's spending on consumer electronics is projected to reach USD 113 billion by 2035, approximately 2.4 times that of Generation X in the same category. This background reinforces their "dual orientation": on the one hand, they will rely heavily on digital environments such as virtual shopping, social commerce, and AI-powered personalization; on the other hand, they will also show strong demand for real offline experiences, seeking sensory engagement and social interaction (Dentsu, 2024). Their consumption logic is also shifting, from simply showing identity to expressing values and social responsibility, especially in sustainability, inclusivity, and corporate responsibility (McKinsey 2018; Zeta Global 2024).

Based on empirical studies of younger consumers (especially Generation Z) and industry foresight regarding Generation Beta, this paper summarizes six core variables that shape their consumer behavior and, by extension, their expectations for luxury retail:

The first one is immersion and culture, online channels will be served as "high-frequency touchpoints," while offline spaces will still expected to deliver authentic, tangible, and culturally rich immersive experiences (e.g., exhibitions, curated events, gastronomy, and community activities). This signals a structural shift "from products to cultural scenes" (Bain and Altagamma 2025).

The second one is originality, Gen Beta will no longer tolerate "homogenized" commercial content, they support independent expression and new narratives. The traditional “advertising-to-conversion” funnel is being disrupted, requiring brands to replace one-way communication with authenticity and co-creation (Vogue Business 2023).

Next is technology integration (AI/VR/Data Identity), shopping journeys are naturally embedded with AI personalization, social commerce, virtual shopping, and digital avatars. For this generation, technology is seen as infrastructure rather than an add-on (Dentsu 2024).

Next, values and ESG, purchases are shifting from “status signaling” to “value expression.” Ethics, sustainability, and inclusivity are treated as basic entry thresholds, with transparency and accountability directly influencing consumer choice. Empirical studies on Gen Z provide transferable evidence for this shift (McKinsey and Company 2018).

What’s more, sociality and co-creation is also important, digital communities and offline networks co-exist, with a preference for brands and retail environments that “do things together” through co-creation, resale ecosystems, and membership-based privileges (Vogue Business 2023).

The last one is value-for-money and fluid loyalty. Loyalty is moving away from static attachment to brands toward dynamic evaluations of experience and value delivery. Young consumers are increasingly sensitive to cost-performance ratios and the actual fulfillment of brand promises (Zeta Global 2024).

Taking all the above into account, the emergence of Gen Beta brings both new opportunities and significant challenges for luxury department stores.

The first one is experience and cultural scenes as a must-have. The global luxury market is shifting from products to experiences. Since 2024, experiential luxury has been the most resilient growth driver (+5%), with spending on travel, social, and wellness outperforming physical goods. Even within products, “experience-driven items” (excluding luxury cars) remain robust, though with increasing differentiation. For luxury department stores, integrating products, art, dining, community events, and sustainability narratives into immersive everyday scenes is key to building long-term connections with Gen Beta (Bain and Altagamma 2025).

Next one is omnichannel and a "seamless digital layer" as the foundation. Gen Beta's decision-making journey is highly digital by nature. Virtual stores, social commerce, AI-powered clienteling (Clienteling 4.0), and integrated membership ecosystems will become the critical "hub" linking online discovery, offline immersion, and repeat purchase. Industry research highlights that, in uncertain times, adopting technology and rebuilding customer connection are necessary for future growth.

What's more, loyalty decline and rising price–value sensitivity are also worth mention Youth means uncertainty. Gen Beta's loyalty is no longer a static attachment but a dynamic evaluation. They continuously assess experiences, services, and value narratives. If brands fail to provide freshness or verifiable value (e.g., ESG transparency, repair or renewal, resale), switching costs are extremely low, and they are easily drawn to DTC players and platforms. Luxury department stores must counter this with frequent touchpoints plus personalized follow-ups plus proof of value to reduce churn (Zeta Global 2024).

The last one is about structural opportunities in New Categories and Services. According to the World Economic Forum, by 2035 Gen Beta's spending on consumer electronics will reach USD 113 billion, about 2.4 times that of Gen X. This indicates a much higher acceptance of smart hardware, wearables, immersive content, and tech-driven aesthetics. Department stores can expand the boundaries of "luxury" by curating crossovers between technology and design, offering repair and renewal services, creating resale/recycling zones, and introducing digital collectibles and identity-based benefits (World Economic Forum 2025).

2.5. Cross-Generational Insights for Luxury Retail

The combined analysis of Generation Z, Generation Alpha, and Generation Beta reveals a clear structural shift in how future consumers will engage with luxury. Although each cohort displays distinct behavioral patterns, together they outline a coherent trajectory that luxury retailers, particularly multi-brand destinations like Selfridges, must recognize and respond to. Their expectations around technology, values, experience, and brand relationships collectively redefine what luxury retail must deliver in the coming decade.

Technology stands at the center of this evolution. Gen Z uses digital tools for discovery and self-expression (Sakashita 2020; Ng et al. 2019), Gen Alpha grows up immersed in interactive and participatory media (Numerator 2025), and Gen Beta will operate within an environment where AI, virtual identity, and automation are foundational elements of daily life (World Economic Forum 2025; Dentsu 2024). This trajectory demands that luxury retailers adopt integrated phygital ecosystems that make technology a seamless part of the shopping experience.

Commerce and experience expectations also advance significantly across generations. Luxury consumption is shifting away from product acquisition toward meaningful, immersive, and culturally rich encounters. Gen Z prioritizes emotional and differentiated experiences, while Gen Alpha responds to immersive, interactive spaces that merge entertainment with retail (Morales Priego and Delgado Gutiérrez 2025). Gen Beta is expected to elevate this further by seeking multisensory cultural "scenes" where products function within broader experiential environments (Bain and Altagamma 2025). Retailers must therefore evolve into destinations that offer depth, creativity, and ongoing engagement.

Sustainability becomes progressively more central to luxury decision-making. Gen Z demands transparency and ethical practices (Mendini et al. 2022), Gen Alpha has an initial awareness of sustainability and is conscious of making relevant choices, and Gen Beta is anticipated to treat sustainability and circularity as basic requirements rather than differentiators (Bain and Altagamma 2025). This shifts sustainability from a value-added component to a structural expectation embedded in both operations and brand narrative.

Identity and social expression increasingly drive consumption. For Gen Z, authenticity and value alignment shape brand relationships (McKinsey 2023). Gen Alpha's preferences evolve toward identity-building through creative engagement, while Gen Beta is projected to emphasize originality, co-creation, and cultural relevance, rejecting homogenized content in favor of brands that support personal expression and community participation (Vogue Business 2023). Luxury retailers must therefore function as cultural platforms that enable self-expression rather than mere distributors of goods.

Finally, **perceptions of luxury** evolve from material exclusivity to multidimensional value systems. Gen Z blends status with ethics and experience (Shin et al. 2022); Gen Alpha associates luxury with creativity and immersive interaction (Numerator 2025); and Gen Beta will interpret luxury through technological enhancement, cultural meaning, and dynamic value assessment (Zeta Global 2024).

Collectively, these shifts signal a transition from product-centric luxury toward ecosystems defined by experience, culture, sustainability, and digital identity, creating a new strategic landscape that retailers like Selfridges must embrace.

2.6. Selfridges Group

Selfridges Group is an international luxury retail group headquartered in the United Kingdom, encompassing three prominent retail businesses Selfridges, Brown Thomas Arnotts, and de Bijenkorf, with stores across the UK, Ireland, and the Netherlands (Appendix 2) and digital operations reaching over 130 countries (Selfridges Group 2025). As one of Europe's most renowned luxury retailers, Selfridges Group is committed to envisioning and shaping a sustainable future for the retail industry through creativity, innovation, and a profound respect for both people and the planet. (Selfridges Group 2023)

2.6.1 Selfridges Brand

a) Brand Identity

Based on Kapferer's Brand Identity Prism model, Selfridges' brand identity can be understood as a composite that fuses tradition with innovation, centered on reshaping the emotional value of the department store format through culture and experience. The initiatives outlined above - including digital transformation, immersive experiential spaces, sustainability strategies, and cultural content innovation - collectively construct the six dimensions of its brand identity (Figure 1).

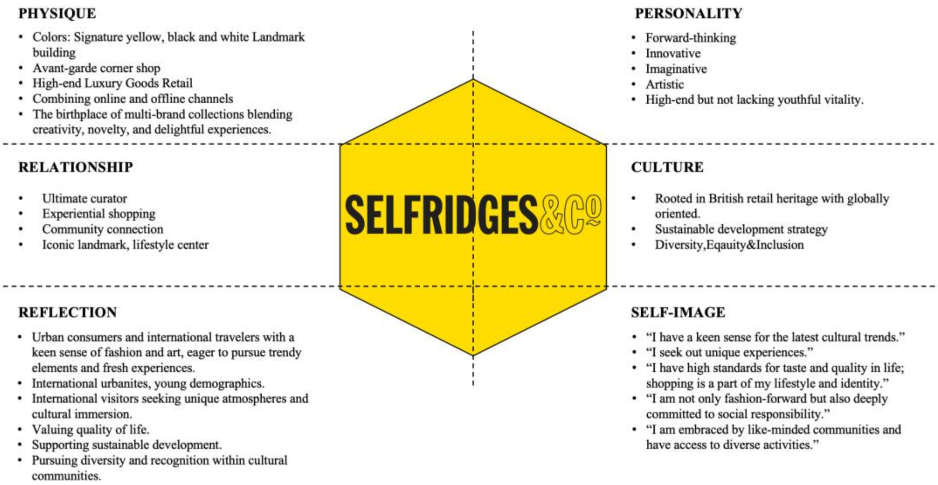

Figure 1 – Selfridges' Brand Identity Prism (based on Kapfere 2012 – Appendix 3)
Source: Desk Research

Through analysis, it is evident that Selfridges has successfully cultivated a brand image that transcends traditional retailers. At the physical level, it establishes its premium and innovative tone through iconic architecture and color schemes, pioneering marketing approaches, unique immersive experiences, and multi-channel sales strategies. Internally, the company not only builds upon British retail heritage but actively embraces global cultural values like sustainability, diversity, equity, and inclusion. It prioritizes social responsibilities such as sustainability as strategic objectives, striving to create a forward-thinking, artistic, and youthful physical space. Strive to establish an emotional connection with younger consumers. Externally, this attracts urban consumers and international tourists with high fashion sensitivity who seek unique experiences and value social responsibility.

Overall, Selfridges' core identity lies in its role as an iconic lifestyle hub connecting creativity, culture, and community, rather than merely a place for selling goods.

b) Selfridges' Current Strategies and Initiatives for Young Consumers

Amid the accelerating digitalization of luxury retail, Selfridges has proactively advanced its e-commerce transformation by launching a new mobile app. This app leverages artificial intelligence and data analytics to offer customers personalized product recommendations, streamlined payment options, and exclusive consultant booking services (Selfridges 2025). This initiative not only creates a seamless omnichannel shopping experience for younger consumers but also reflects the brand's agility and customer-centric transformation strategy in the digital retail era. Despite achieving some success in its digital transformation, Selfridges still faces shortcomings in user experience and omnichannel integration, failing to deliver a fully seamless shopping experience across online and offline channels. Furthermore, the retailer's limited investment in innovative applications such as immersive technologies (AR and VR) constrains its ability to create more interactive and immersive retail experiences for younger consumers (Cai 2024).

To attract younger generations, Selfridges has consistently enhanced its in-store experiences in recent years through the "Hyperphysical Stores" concept, transforming its outlets into immersive spaces integrating art, technology, and social interaction. In 2021, the retailer introduced the "Playhouse" project, a phygital destination combining virtual reality gaming and racing simulations, designed to appeal to younger demographics with high sensitivity to digital entertainment culture (The Business of Fashion 2021). In 2024, its iconic Corner Shop space hosted 32 immersive brand experience events, attracting over 60,000 visitors and further consolidating its market position as a "cultural landmark and trendsetter" (Selfridges Group 2025). Selfridges had some early experiments of immersive experiences and technology experiences (e.g., Playhouse VR), but not at scale or integrated into the customer journey.

Concurrently, sustainability has become an integral component of young consumers' value systems (Morales Priego and Delgado Gutiérrez 2025). In response, Selfridges has mainstreamed circular economy practices such as rental, resale, and repair through its "ReSelfridges" initiative. In 2024, the platform recorded a 56% year-on-year increase in sales of pre-owned handbags and a 90% rise in pre-owned watch sales, underscoring young consumers' growing alignment with Selfridges' concept (The Guardian 2025). This effort aligns with the brand's sustainability strategy, "Project Earth," launched in 2020, which aims to achieve systemic transformation through material innovation, supply chain transparency, and circular business models. In April 2023, Selfridges further launched the "Worn Again" seasonal campaign, focusing on secondhand shopping, swapping, mending, and upcycling, thereby strengthening its leadership in sustainable retail (Selfridges Group 2023).

In terms of cultural communication, Selfridges actively employs social media and content marketing to shape brand narratives and maintain high-frequency engagement with younger generations. Its 2023 "Yellow Pages" project - a 72-page guide to fashion, design, and culture - showcased seasonal trend agendas through an innovative publishing format (Selfridges Group 2023). Additionally, the brand has amplified its influence via collaborations with renowned artists and emerging labels. For instance, during the 2023 holiday season, pop singer Harry Styles' beauty brand, Pleasing, was featured in the Corner Shop, reinforcing Selfridges' youthful and culturally resonant image (The Business of Fashion 2023).

Research indicates that many consumers choose to shop at Selfridges not merely for functional needs but for the hedonic value and emotional brand appeal it provides (Hur and Claridge 2021). This suggests that immersive retail experiences and sensory engagement have become crucial factors in sustaining customer loyalty and fostering positive brand perceptions.

By continuously innovating across the three key dimensions of digitalization, experientialization, and sustainability, Selfridges strives to maintain its attractiveness to the new generation of consumers within a rapidly evolving retail landscape.

Overall, Selfridges has built a relatively strong foundation among young luxury consumers with its diverse and bold leading initiatives, as well as its strong cultural identity and brand recognition. But, compared to the rising expectations of Generation Z, Alpha and Beta, there are still significant gaps in its digital capabilities, and the omnichannel experience is not yet coherent enough to meet the needs of all three generations of young consumers for seamless, interactive and personalized journeys. Moreover, the heavy reliance on international travelers further increases operational risk. To be truly aligned with the structural changes in the luxury market of the future, Selfridges will need to build a more resilient and consistent long-term system of digital innovation, experience integration and value resonance.

2.7 Competitive Landscape

In addition to the competitors identified by the Selfridges Group (Selfridges, Brown Thomas Arnotts, and de Bijenkorf), further retail brands were positioned and analyzed according to two key dimensions: Brand Identity Orientation (Luxury Heritage versus Trend Driven) and Retail Strategy (Traditional versus Experiential Retail). Reframed through a generational lens, this analytical framework enables a multidimensional understanding of how department stores adjust their strategic models as Gen Z, Gen Alpha, and emerging Gen Beta reset expectations around cultural relevance, experiential depth, and digital integration. The mapping (Figure 2) situates each retailer according to historical legacy, degree of experiential innovation, level of digitalization, and capacity to satisfy generational demands for authenticity, immersion, and value transparency, as outlined by The State of Fashion (BoF & McKinsey, 2023), Bain & Company (2023), and Deloitte (2024).

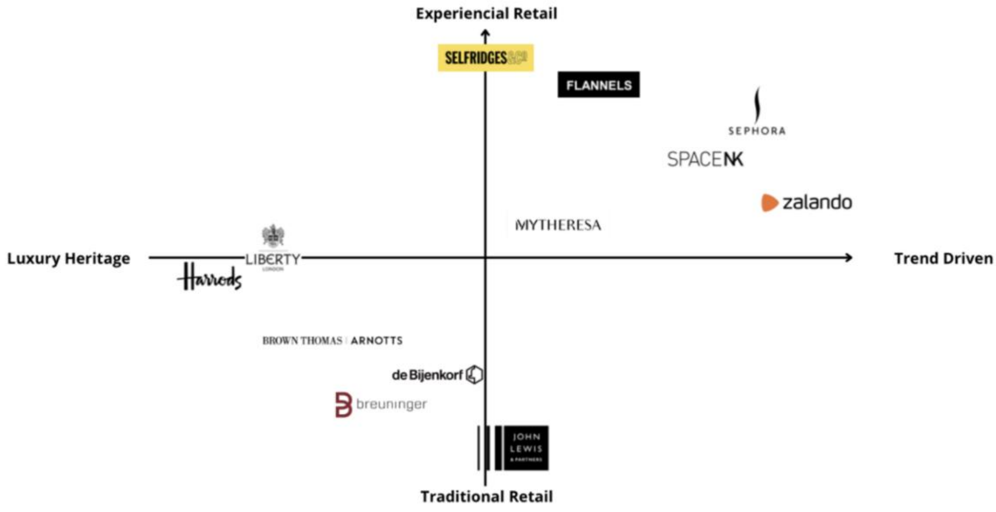

Figure 2 – Positioning Map for Luxury Retail According to Retail Strategy and Brand Identity Orientation

Source: Desk Research

As the analysis reveals, brands such as Harrods, Liberty, and Brown Thomas remain anchored in the Luxury Heritage–Traditional Retail quadrant, but their trajectories are increasingly shaped by the behaviours of younger cohorts. These retailers traditionally relied on symbolic capital - heritage, curation, and service excellence - but are now compelled to adapt as younger generations reject static prestige in favour of interactive, sensorial, and culturally active environments. Their evolution toward experiential luxury mirrors Bain & Company's (2023) observation that heritage players must translate legacy into formats that resonate with Gen Z's authenticity demands, Gen Alpha's need for participation, and Gen Beta's expectation of seamless phygital immersion.

In contrast, Flannels, Sephora, and Zalando are positioned in the Trend Driven–Experiential Retail quadrant, reflecting the rising influence of youth-centric, immediacy-driven consumption. These brands prioritise rapid trend cycles, influencer ecosystems, and social commerce—behaviours that dominate Gen Z's and Alpha's decision-making patterns and will intensify with Gen Beta's tech-embedded lifestyles. Their focus on speed, cultural relevance, and participatory touchpoints aligns with BoF & McKinsey's (2023) definition of "culture-first luxury," in which co-creation, community, and narrative relevance outweigh traditional prestige, particularly for younger, socially attuned consumers.

Selfridges emerges as a benchmark for Experiential Luxury, consistent with Deloitte's (2024) framing of "the age of experience," but more importantly with the generational shift from product ownership to experiential identity formation. Initiatives such as Project Earth illustrate how Selfridges leverages sustainability, culture, and education to appeal to Gen Z's value-driven mindset, Gen Alpha's appetite for hybrid entertainment, and Gen Beta's expectation that stores serve as culturally rich, multi-sensory environments. By transforming its flagship into a destination for discovery and emotional engagement, Selfridges addresses the drivers of modern luxury loyalty identified by Bain & Company (2023), which are increasingly shaped by younger generations' redefinition of what constitutes "luxury value."

Meanwhile, MyTheresa exemplifies digital curation in the Trend Driven–Traditional Retail space. Although it operates online, its editorial storytelling and selective portfolio align with generational expectations for algorithmically enhanced discovery paired with strong identity framing. Breuninger and de Bijenkorf, despite their department store heritage, are investing more heavily in experiential design and digitalisation to close the widening gap between traditional prestige and the generational demand for hybrid cultural, social, and technological experiences. John Lewis remains largely traditional and service-oriented, maintaining relevance with older demographics while cautiously integrating experiential elements such as beauty halls and lifestyle zones to avoid losing younger consumers entirely.

Overall, this mapping underscores how Selfridges Group, and more specifically Selfridges Brand, maintains a strategic advantage by combining heritage credibility with experiential and digital innovation. In a market increasingly defined by the expectations of Gen Z, Gen Alpha, and Gen Beta, Selfridges Group occupies the strategic space between timeless luxury and generational progressiveness, enabling it to remain culturally resonant while future-proofing its value proposition.

2.8 Synthesis - SWOT Analysis

Building upon the foregoing analysis, we can now synthesize the key findings and employ a SWOT framework to systematically delineate Selfridges' internal strengths and weaknesses, alongside the external opportunities and threats present in its operating environment, as it navigates the expectations of Generation Z, Alpha, and the forthcoming Generation Beta.

Strengths

Selfridges’ core strengths lie in its strong cultural positioning and experiential retail strategy. Through initiatives such as Corner shop and variety of in-store interactive activities, Selfridges has cultivated a retail space that full of cultural expression and immersive experiences. This kind of approach aligns with younger consumers’ preferences for interactive and experience. Also, Selfridges has a solid base of younger consumers, withe Millennials and Gen Z consumers accounting for 48% of its clients.(Selfridges, 2025), indicating significant long-term growth potential. The brand’s foresight in sustainability also constitutes a competitive advantage, initiatives like Project Earth and ReSelfridges demonstrate its intention to proactively promote a circular and green business model, in line with the values that are increasingly important to a new generation. Finally, Selfridges' century-old brand equity and deep-rooted image of luxury remain an irreplaceable advantage, especially for younger generations who see innovation and authenticity as central to the construction of their personal identity.

Weaknesses

Despite these strengths, Selfridges faces several internal limitations when viewed through a generational lens. Its digital and experiential innovations, while attractive, lack sustainability and scale. Many AR/VR or interactive experiences are still limited to temporary marketing campaigns and fail to integrate into the daily physical-digital fusion shopping journey. This falls far short of Gen Z and Gen Alpha's expectations for interactive experiences that are seamless, gamified and constantly connected.The lack of omnichannel synergies further diminishes the consumer journey experience. Young digital natives expect online discovery, social media interactions and immersive experiences in physical stores to be seamless, yet Selfridges' current channels are not fully integrated, resulting in a fragmented experience.

Meanwhile, Selfridges' reliance on international tourists continues to pose a structural risk. its revenue decline of around 7% in 2024 (The Guardian, 2025) following the removal of tax-free shopping policies highlights the brand's vulnerability to policy changes. For Generation Alpha and future Generation Beta, whose consumption of luxury goods will be increasingly globalized and digitalized, such uncertainties could diminish London's attractiveness compared to cities such as Paris and Milan.

Opportunities

In the future, Selfridges has multiple market opportunities. The global luxury market is expected to have a new generation of over 300 million consumers in the next five years, with Gen Z and Alpha dominating, providing a significant opportunity for the brand to develop a potentially younger customer base. There is also a shift in luxury consumption towards an experiential and circular economy. The development of this trend is highly aligned with Selfridges' current sustainable concepts and is in line with the consumer mindset of younger consumers, which could further deepen its appeal to this demographic. Technological developments are also providing new ideas for future growth, with the new generation of consumers demonstrating a high level of acceptance of smart -retail and virtual shopping, which makes the deepening of digital content an important opportunity for the future.Moreover, despite declining birth rates, APAC will account for nearly 40% of Gen Beta’s spending (with two-thirds from China and India), while GCC and Southeast Asia are emerging as new luxury growth poles. This indicates strong potential for regional expansion.

Threats

However, Selfridges also faces multiple external threats. Selfridges' unique experiential edge is being challenged as competitors such as Flannels and Sephora continue to strengthen their trending and experiential retail presence. Meanwhile, the new generation of consumers is relatively less price sensitive and loyalty-driven, making it imperative for brands to continue to offer differentiated and transparent value in order to maintain customer retention. In addition, the ability of other international luxury centers (e.g., Paris, Milan, Dubai) to attract high-spending tourists with more competitive tax and tourism policies may further divert luxury spending away from London, putting long-term pressure on Selfridges' performance.

INDIVIDUAL PART: Yifei Liu

9. Introduction to Individual Part

In the complex transformation of luxury retail, traditional department stores are facing challenges such as declining footfall, weak digital integration, and increased competition. Over the next five years, more than 300 million new reachable luxury consumers will enter the market, with over half coming from Generations Z and Alpha (Bain and Altagamma 2025), positioning Generation Alpha as a notably important future consumer group. Their upbringing in immersive, interactive, and participatory digital environments which gradually shaping their early brand awareness and preferences for hybrid experiences, self-expression, and innovation. As their engagement shifts from entertainment to identity formation, their influence on luxury value perceptions will grow. Understanding Generation Alpha’s emerging preferences is therefore essential for anticipating future retail models and considering how Selfridges can start building relevance with this forthcoming generation.

10. Methodology

From the above background, it can be seen that the overall development of immersive technologies is transforming the world of luxury retail, but the ways of how to respond to the needs of Generation Alpha are still inadequate. Available literature shows that Selfridges has some gaps when it comes to incorporating digital and experience aspects, which shows the necessity to explore the emerging consumers' expectations. Based on the literature review, this study dwells on five core characteristics of Generation Alpha: a high sensitivity to tech-immersive experiences, sustainability, availability of social trends through luxury products, self-expression as a driver of consumption, and the preference towards immersive omnichannel model of commerce. The study will explore the reason why Generation Alpha has become highly interested in the digitally immersive luxury retail environment, and how Selfridges can leverage these to attract Generation Alpha consumers in the future.

10.1 Research Design

This study adopts a quantitative research design, using the previously mentioned systematic secondary data analysis as a support to investigate the attitude of Generation Alpha towards the immersive experiences offered by luxury department stores in a comprehensive manner, and determine their potential impact on shopping behavior. The research design has two major phases. Phase one entails secondary data research. The preceding literature review provided the theoretical foundation, including the characteristics of consumer behavior and preferences of Generation Z, Generation Alpha and the future Generation Beta; the developmental context and trends of luxury retail and the existing market positioning and strategic challenges of Selfridges. This phase offers an important theoretical and contextual support for the following data analysis and interpretation.

To conduct the primary data research, to explore the level and cause of the Generation Alpha tendency to digital and immersive luxury retail experiences, this study prepared and administered a quantitative survey to parents living in Europe and have children aged between 10 and 15 years to achieve the objectives. Since the members of Generation Alpha are minors and they are unsuitable as the main participants of the survey, their parents can be effectively used as the proxies and can also help to gain credible information about their preferences in consumption, their digital activity, and their attitudes to luxury retail experiences. To comprehensively assess the impact of immersive digital experiences among young consumers, Sephora was introduced into the survey as an industry benchmark. Sephora being a forerunner of its kind in terms of providing digital and consumer immersive experiences, its digital installations and interactive products offer an externally valid point of origin when assessing the levels of Generation Alpha acceptance to the same. Comparative analysis of the potential development opportunities of Selfridges in comparison to the established practices of Sephora assists in determining gaps within the offerings of the luxury department stores as to their immersive experiences and future strategic optimization directions.

The survey developed with the Microsoft Forms, includes six sections: demographic filter questions, luxury perceptions and meanings, shopping behavior and discovery, engagement and immersive experiences, sustainability-related attitudes, and comparative items benchmarked against Sephora as a digital retail innovation standard (Appendix 26). The types of questions includes single choice, multiple choice, Likert scales and open ended responses, which are meant to build an analytic framework on the Generation Alpha's consumption preferences and to profoundly target the drivers of their fascination with immersive experiences and the drivers of their behaviors. Filtering questions used to ensure only respondents meeting the study proceed with the survey. Convenience sampling used to collect the samples was done in personal network of the researcher and in online social media channels.

11. Results

11.1 Sample Characteristics

In this study, 74 responses were obtained with 70 qualifying the screening characteristics and were passed as valid samples. The sample mainly located in European countries including Portugal, the United Kingdom and Poland (Table 1).

Table 1-Quantitative Research: Sample characterization

Geographic Data		Frequency	%
Children's Age Group	1-9	19	22
	10-12	35	41
	13-15	25	29
	16 or older	6	7
Region	Portugal	40	57
	United Kingdom	17	24
	Poland	6	9
	Switzerland	2	3
	France	2	3
	Germany	2	3
	Spain	1	1

11.2 Insights

Based on the analysis of data above, combine with the previous assumptions about the consumption behavior of Generation Alpha, allow generalizing the following insights out of the five core characteristics described above. The results from these findings do not only confirm the present behavioral trends of Generation Alpha but they also confirm and further refine the primary generation predictions used in the theoretical background of this study.

11.2.1 Tech-driven Engagement and Conversion

Parents indicated that their children's interest in the brand stems from "Fun and interactive" (36%) and is most attracted to "Virtual/AR try-on" (21%) and "In store immersive experiences" (20%) during the purchase stage. Meanwhile, the primary discovery channels for brands are "Friends and peers" (19%), "Social media" (19%) and "YouTube or podcasts" (15%). Additionally, 64% of respondents agreed that digital content and in-store experiences help their children develop an emotional connection with brands.

These results indicate that Generation Alpha's brand interest and purchase preferences are mainly drove by technology. In their consumption journey, the role of technology is not just to enhance the experience, but the main mechanism to drive emotional engagement and behavioral transformation. The immersion that technology brings has become an important criterion for young consumers to evaluate brands and determines whether online interest can be successfully converted into offline action.

While Selfridges has already experimented with various technological formats, its current offerings still lack interactive, digitally native content that aligns with Generation Alpha's habitual modes of engagement. The integration of immersive technologies is still fragmented. For Selfridges to build relevance with young consumers, immersive technology will need to be embedded across the full journey, in order to attract and retain the next generations of luxury potential consumers.

11.2.2 Sustainability as an Early Value Frame

Data shows that 60% of parents consider sustainability important when their children shop, with particular emphasis placed on materials (27%) and circularity (25%). In action, the most common behaviors reported are "Reselling unwanted items" (26%) and "Avoiding fast fashion" (20%). These descriptions suggest that sustainable awareness has already entered their evaluative framework, and that Generation Alpha is beginning to exhibit sustainable behaviors in daily life, especially in areas that are tangible and easy to comprehend.

However, when asked about the primary factors shaping their children's product choices, parents ranked sustainability (3.2 out of 5) noticeably lower than "Brand itself" (4.13 out of 5) and "Trendiness/what's popular on social media" (3.96 out of 5). This indicates that sustainability functions more as a foundational value orientation than as a direct purchase driver. It indicates the direction of their future preferences but does not yet determine luxury buying decisions.

Selfridges has already developed mature sustainability initiatives, such as ReSelfridges which align with these emerging values. Yet the findings suggest that Generation Alpha pays closer attention to product-level sustainable attributes rather than corporate-level claims. While sustainability may not currently be the dominant purchase factor, translating sustainability into concrete, visible touchpoints will better match their expectations and deepen early-stage resonance with the brand.

11.2.3 Early Luxury Socialization and Identity Formation

From the survey, parents consistently reported that their children already had preferences for luxury brands, product categories, and the symbolic meanings attached to them. The most frequently mentioned desired categories were clothing(27%), accessories(25%), and jewelry (23%). Moreover, 65% of parents considered luxury brands relevant to their children. This suggests that Generation Alpha begins forming perceptions and preferences toward luxury at an early stage, not only as interest in products but also as part of constructing social identity, self-understanding, and personal style.

The findings further reaffirm that many Generation Alpha consumers encounter and become interested in luxury relatively early. According to parents, these items help their children shape their appearance and express who they are within their social environment. They are increasingly aware of the aesthetic, trend-based, and social meanings embedded in luxury goods, and these products function as an educational medium through which they learn such cultural codes during their formative years.

For Selfridges, this underscores the need to provide educational and exploratory touchpoints before young consumers enter the actual purchase stage. At present, the retailer primarily engages this generation through transactional channels, which limits opportunities to build early cultural resonance. Creating environments where young consumers can explore, understand, and experiment with luxury will be crucial for shaping long-term affinity in the years ahead.

11.2.4 Identity-driven Motivation and Value Expression Demand

Surveyed parents describe their children's desire for luxury primarily in terms of "status and social recognition" (4.37 out of 5) and "self-expression and identity" (3.76 out of 5), the two highest-rated motivations. Likewise, when identifying what sparks their children's interest in products, parents most frequently cite "Self-expression" (36%) and "Finding it interesting or interactive" (36%). In the purchase stage, the most influential drivers are the "Brand itself" (4.13 out of 5) and "Trendiness/what's popular on social media" (3.96 out of 5). These findings indicate that luxury is increasingly becoming a medium through which younger consumers articulate and communicate their identities, often taking a main role in their decision-making. As Generation Alpha grows older, the importance of identity construction and social belonging is expected to intensify. Compared with functional benefits, their current consumption patterns are already highly shaped by emotional motivations.

For Selfridges, this reveals a persistent gap with its future core consumers. Although the retailer is strong in cultural events and immersive experimentation, it has not yet developed a systematic response to Generation Alpha's identity-driven expectations. The current offer still lacks avenues for expression, co-creation, and participatory engagement. Selfridges will therefore need to embed identity-supporting touchpoints throughout the retail journey to enable younger audiences to explore, articulate, and narrate who they are.

11.2.5 Immersive Commerce as a Key Driver of Purchase Conversion

Despite Generation Alpha's highly digital discovery habits, 27% of surveyed parents state that their children most frequently complete purchases in physical brand stores, followed by 14% who choose department stores. The top three factors motivating Generation Alpha to shop in physical luxury retail environments are "Personalized styling or recommendations" (21%), "Virtual or AR try-on" (21%), and "In-store immersive experiences" (20%). This suggests that their preference for physical channels is largely rooted in the ability of offline spaces to deliver immersive, technology-enhanced experiences, also a decisive driver for bringing them into stores.

Parents also indicate that the strategies most likely to increase their children's willingness to purchase include "integration with social media/content" (4.01 out of 5) and a "seamless online–offline experience" (3.66 out of 5). This indicates that Generation Alpha expects physical retail to be tightly connected to their digital ecosystems, not only through in-store immersive experiences but also through ongoing links with social platforms and online engagement.

These findings suggests that traditional retail models are no longer aligned with the emerging preferences of Generation Alpha. They need a space where they can express themselves while fluidly connecting the digital and physical worlds. At present, Selfridges' immersive commerce initiatives still lack a full online–offline loop. To remain competitive in the future, Selfridges will need to build a more complete immersive commerce system that integrates discovery, experience, purchase, and sharing into a cohesive journey while sustaining its edge in innovation.

12. Discussion and Recommendations

Based on the quantitative research in the study and the purposes that are formulated by Selfridges, the recommendations will be offered within five core respects: technological immersion, sustainable value, luxury education, identity expression, and closed-loop integration online and offline. These are meant to address fundamental needs of the Generation Alpha and streamline the future retail plan of Selfridges.

12.1 Establishing Permanent Immersive Tech Infrastructure

Due to Generation Alpha's consistent preference for interactivity and immersive technology, Selfridges needs to shift immersive technology from the temporary, seasonal displays of the past, such as the Corner Shop and event experiences in pop-ups, to a long-term, cross-category infrastructure. In the case of Sephora's AR virtual makeup trial, the value lies not in short-term marketing, but in its integration as part of the daily service process, enabling consumers to try multiple products at no cost and with no contact. Meanwhile, Beijing SKP-S has adopted “Digital-Analog Future” as its overall theme, integrating new media art, interactive installations, bionic technology and other technologies into its layout so that immersive experiences become the perceptual infrastructure of the store, rather than an accessory decoration. Rather than accessory decoration. Studies have shown that this type of long-term technology integration can enhance consumers' multi-sensory engagement, which in turn increases repurchase and store visit frequency (Feng and Li 2021; Dong 2023).

Therefore, Selfridges needs to establish daily, cross-category immersive technology systems, such as AR try-on installations, technological narrative windows that can be used over time, and technological art installations. Moving technology from an activity tool to a functional part of the retail space.

12.2 Materializing Sustainability Concepts

Although Generation Alpha is gradually becoming more aware of sustainability, its behavior remains mostly at the conceptual level at the moment. Research notes that sustainable concepts are more easily translated into long-term consumer preferences when they are visualized, engaged and operationalized (Le Bon 2024). Many department stores currently adopt the practice of embedding sustainable concepts into their architectural spaces, such as the rainwater recycling system and photovoltaic building of EmSphere in Bangkok; Docks Bruxsel discloses its operational logic through solar roofs and energy-efficient lighting, which allows consumers to perceive the real operational mechanisms behind green behaviors (Bai, Zhang, and Huang, 2024). These show that transparent and visualized environmental processes are more likely to promote consumer engagement.

Hence, by visualizing energy and material cycles, setting up participatory recycling workshops, and providing physical luxury goods resale spaces, Selfridges can enable young consumers to understand and participate in sustainable development through concrete behaviors, transforming it from an abstract concept into a daily experience.

12.3 Creating Luxury Engagement Learning Spaces

Generation Alpha's early exposure to luxury brands was primarily through social media and digital content rather than physical retail environments. Their interest involves not only the products, but also the culture behind it, the aesthetic system, and the exploration of trends.

Therefore, Selfridges needs to evolve from a traditional retailer into a curator and educator of luxury culture, building a "Luxury learning system" aligned with the cognitive habits of young consumers across both online and offline contexts. Offline, this could take the form of material-analysis workshops, participatory design experiences, and interactive installations for color and personal-style exploration, enabling young consumers to directly engage with the craft and cultural foundations of luxury. Online, short videos and gamified educational content, such as "One luxury fact a day" or "Stories behind iconic designs", can provide accessible, everyday touchpoints.

These elements would allow young consumers to develop a coherent aesthetic understanding across multiple channels, support their desire for personal-style formation, and cultivate long-term brand preference and brand memory during formative years.

12.4 Building a Co-Creation Platform for Identity Expression and Value Construction

Identity expression is a central motivation in Generation Alpha's consumption patterns, suggesting that Selfridges should shift from being a product provider to becoming a co-creation platform for identity construction and expression. Prior research notes that brand communities are fundamentally "brand cultures shaped collectively by their members" (Nightingale 2020).

Building on this, Selfridges could embed participatory and co-creative environments within its retail space. For instance, personalized-product studios, digital avatar creation, and youthfocused thematic events, which allowing consumers not only to purchase products but also to generate their own content and identity markers.

On digital platforms, Selfridges could cultivate a youth-centered collaborative community through quests, challenges, and content-analysis mechanisms; offline, periodic themed events would reinforce a sense of belonging. Through this bidirectional system, Selfridges becomes an active participant and co-creator in Generation Alpha's cultural sphere rather than merely a retailer.

12.5 Building a Complete Online-Offline Cycle

For Generation Alpha, the cycle of online content discovery, offline experience and online sharing is already highly integrated. This makes it essential for Selfridges to develop a data-driven end-to-end system to support this structure. China's new-retail models, such as Hema, demonstrate how "store-warehouse integration" and unified membership data can enable real-time coordination across online and offline touchpoints, offering a relevant structural reference for physical retailers (Chen and Yang 2025).

Following this logic, Selfridges could build a unified membership system, use digital trend-tracking to translate social-media heat into immediate offline activations, and connect offline events with online privileges to form a stable conversion cycle. Within this loop, online data would guide consumers toward offline experiences, while offline participation would generate new online content, positioning Selfridges as a key mediator between young consumers' digital and physical lives.

13. Limitations

Although valuable insights have been obtained through the diagnosis, limitations that can be potentially used to make a conclusion cannot be excluded.

First, since the members of Generation Alpha are still minors, in this study the use of parents as proxy respondents was made. Although seemingly morally right, this will inevitably bring in perceptual and expression biases in the process. The views of parents might not be a complete picture of the true motivation and digital behaviors of their children and this may have an impact on the accuracy of the data. Second, its effective sample size (n=70) is small. The respondents were mostly located in Portugal due to sampling techniques, and they may have not been reflecting the cultural diversity and consumption setting of a wider European Generation Alpha nevertheless.

Since the bulk of the Generation Alpha are still young and is still at a major phase of development of their values and identity, the luxury retail and immersive experiences they are seeking might change drastically as they become older. This means the results of this research cannot be put under continuous scrutiny as opposed to being understood as long-term developmental behavioral patterns. Moreover, the new technologies like AR/VR, AI, and phygital commerce are developing swiftly. The relevance of these discussions based on the technological developments may diminish in the future due to the accuracy of innovations in the industry.

14. Conclusion

This individual part investigates how luxury department stores, represented by Selfridges, can better engage Generation Alpha and cultivate them as future luxury consumers by leveraging immersive experiences and technology-driven retail model. It argues for the development of a more participatory, immersive and culturally resonant retail system that meets the expectations of the future potential young consumers. By advancing in these areas, Selfridges can strengthen its competitive positioning in the luxury market and building long-term brand relationship with this generation that is only beginning to form its luxury consumption habits.

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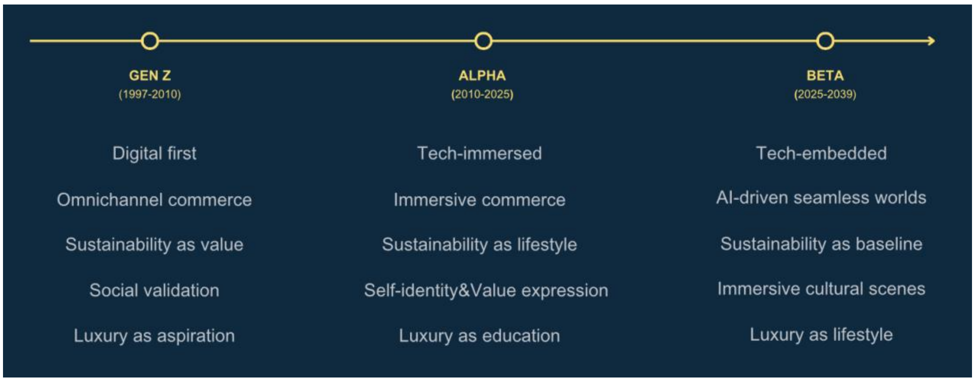
23. Appendices

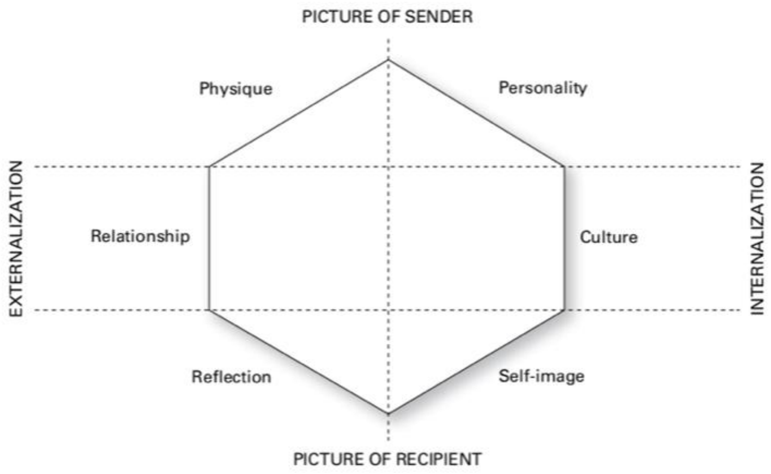
23.1 Appendices-Group Part

Appendix 1) The evolution of generations charactheristics



Appendix 2) Selfridges Group

Appendix 3) Brand Identity Prism, Kapferer 2012gfh



23.2 Appendices-Yifei Liu

Appendix 26) Quantitative Research: Survey

I am a Master's student at Nova School of Business and Economics, currently completing a Master in Management with a workstream in Luxury Management. This survey is part of my Master's thesis project, which seeks to examine Generation Alpha's attitude and demand toward immersive experiences in luxury department stores.

The study is motivated by emerging trends in luxury retail and the current gap in immersive technology integration at retailers such as Selfridges. It aims to investigate why Generation Alpha shows a strong preference for digitally immersive retail experiences. We hypothesize that this is driven by their identity as digital natives and their desire for interactive consumption.

Your participation is voluntary, and all responses will remain completely anonymous and confidential. The data collected will be used solely for academic research purposes. The questionnaire should take approximately 5 to 8 minutes to complete.

Thank you very much for your time and valuable contribution to this research.

Note: Questions differing from the general ones are highlighted in blue.

Section 1: Demographic Questions

1. Do you have children with the following ages?

- 1-10 *(survey ends)*
- 10-12
- 12-15
- 16 or older *(finish survey)*

2. Do you currently live in Europe?

Yes

No *(complete survey)*

3. Where do you currently live?

- Portugal
- Other European countries *(please specify)*

4. Do your teenage children ask you to purchase fashion/luxury items? If yes, which ones? (Select all that apply)

- Clothing
- Beauty and skincare
- Accessories (handbags/shoes)
- Jewelry (keychains, bracelets, etc.)
- Other
- My child doesn't ask me to buy any of these items

Section 2: Luxury Perceptions & Meanings

5. When your child asks you to buy a fashion/luxury product, what do you think are the main three reasons that motivate them? (Open-ended)

6. In your opinion, how well do the following statements describe your teenage children's interest in the fashion/luxury products they desire? (Scale: 1=Strongly disagree, 5=Strongly agree)

- They associate them with quality and craftsmanship
- They associate them with status and social recognition
- They associate them with self-expression and identity
- They associate them with sustainability and responsibility
- They associate them with exclusivity and difficulty in obtaining
- They associate them with experience and innovation
- They associate them with learning and exploration
- They associate them with personalization and innovation

7. How relevant do you believe luxury brands are to your child personally?

- Very relevant
- Somewhat relevant
- Neutral
- Somewhat irrelevant
- Not relevant at all

Section 3: Shopping Behavior & Discovery

8. Where do you think your child usually discovers brands or products? (Select all that apply)

- Social media (TikTok, Instagram, Snapchat, etc.)
- Influencers or celebrities
- Friends and peers
- Online ads or sponsored posts
- Visiting physical stores or malls
- Brand emails or newsletters
- Online fashion magazines or blogs
- YouTube or podcasts
- Events, pop-ups, or campus fairs
- Others (please specify)

9. If yes, where does your child usually want to purchase these products?

- Brand website (e.g., Miumiu.com)
- Physical brand stores (e.g., Apple Stores, Sephora)
- Online multi-brand platforms (e.g., ASOS, Zalando, Farfetch, MyTheresa)
- Department stores (e.g., El Corte Inglés, Selfridges, Harrods)
- Resale or second-hand platforms (e.g., Vinted, Depop, Vestiaire Collective)
- Pop-up stores or street markets
- Supermarkets or general retailers (e.g., Tesco, Boots, Primark)
- Other (please specify)

10. How important are the following factors when your child chooses to buy or asks you to

buy fashion/luxury products? (If your child has never purchased a luxury item, consider what would be important to them in a future purchase)

(Scale: 1=Not important, 5=Very important)

- Price or promotion
- The brand itself
- Trendiness/what's popular on social media
- Quality and durability
- Brand reputation
- Sustainability or ethical production
- Convenience and delivery speed
- Unique or limited-edition products
- Personal expression/individuality
- Shopping experience (store layout, vibe)
- Alignment with personal values
- Digital and immersive brand experiences (virtual try-ons, in-store immersive events)

Section 4: Engagement & Experiences

11. Which of the following experiences would most increase your child's interest in physically going to a luxury retailer? (Select up to 3)

- Personalized styling or recommendations
- In-store immersive experiences (events, exhibitions, pop-ups)
- Virtual or AR try-on
- Collaborations with influencers or designers
- Membership community/club

- Human connection with sales associates
- Access to resale, repair, or customization services
- Other (please specify)

12. How likely would your child be to shop more with a department store that offers the following? (Scale: 1=Not likely, 5=Very likely)

- Seamless online-offline experience
- Integration with social media/content
- AI-based personalization
- Flexible payment options
- Access to second-hand/resale options
- Enhanced after-sales or repair services

Section 5: Sustainability

13. How important is sustainability to your child when purchasing/asking you to purchase fashion/luxury products?

- Very important
- Somewhat important
- Neutral
- Not very important
- Not important at all

14. Which sustainability areas do you think your child cares most about? (Select all that apply)

- Materials (eco-friendly, innovative)
- Fair wages and ethical labor
- Carbon footprint/ environmental impact
- Circularity (recycling, resale, repair)
- Transparency and traceability
- Other
- None of the above

15. What sustainable behaviors does your child personally engage in? (Select all that apply)

- Buying second-hand or vintage
- Renting or borrowing
- Repairing items
- Avoiding fast fashion
- Reselling unwanted items

Section 6: Sephora

16. When your child shows interest in cosmetics or other types of products and wants to try them, what do you think is the primary driving factor?

- Fun (finding it interesting or interactive)
- Social factors (friends recommending or sharing)
- Self-expression (using products to express personal style and ideas)
- Other (please specify)

17. Has your child ever used Sephora's digital experiences? (Virtual makeup trials,

omnichannel shopping, etc.)

- Yes (to question 17)
- No (to question 18)

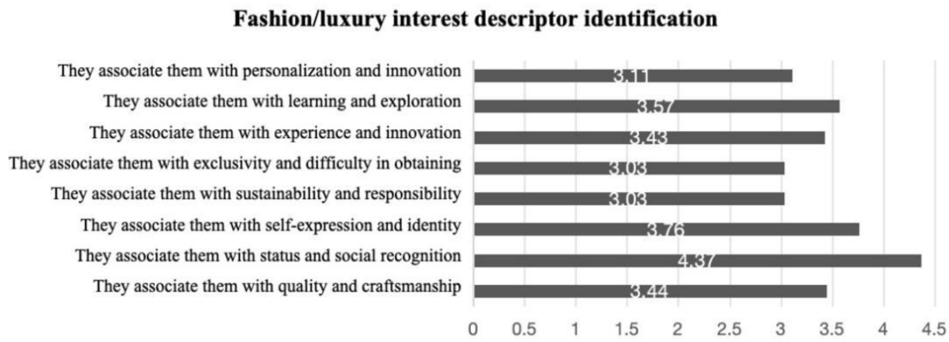
18. To what extent do these experiences make your child more interested in Sephora products or more willing to buy them?

- Not at all
- Slightly
- Neutral
- Somewhat
- Very much

19. To what extent do you agree that Sephora's digital content and in-store experiences make your child feel an emotional connection or positive feeling toward the brand, even without making a purchase?

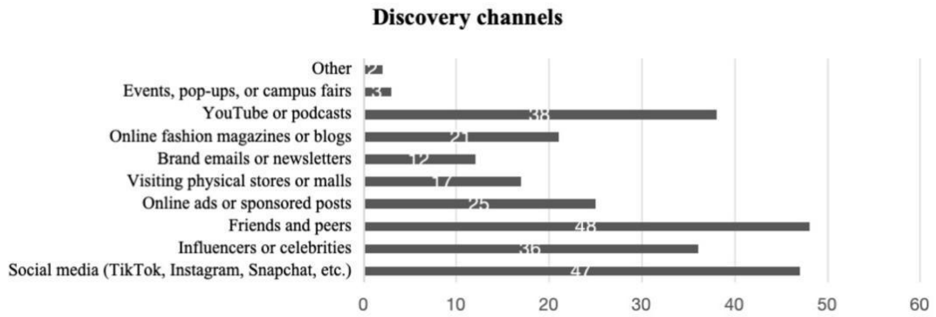
- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Appendix 27) Descriptions for Generation Alpha's fashion/luxury interest



Source: Questionnaire Q6, n=70

Appendix 28) Generation Alpha’s new products discovery channels

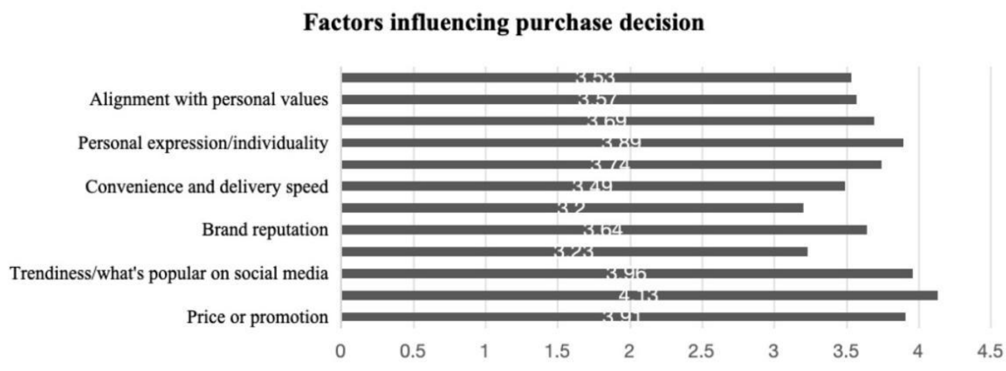


Source: Questionnaire Q8, n=70

Appendix 29) Generation Alpha’s new products purchase channels

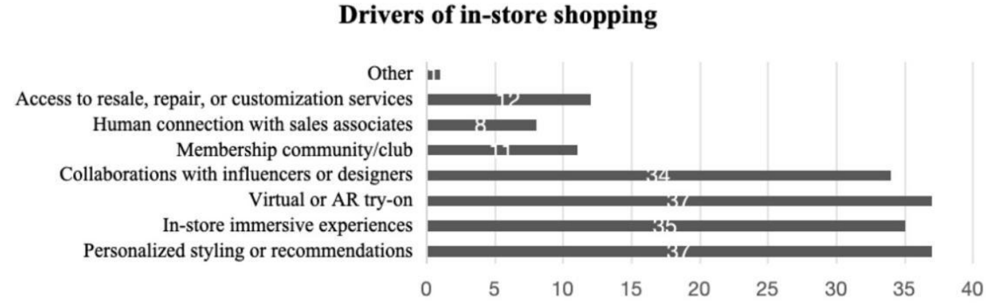
Source: Questionnaire Q9, n=70

Appendix 30) Factors influencing Generation Alpha’s purchase decision



Source: Questionnaire Q10, n=70

Appendix 31) Drivers for Generation Alpha shopping in physical stores



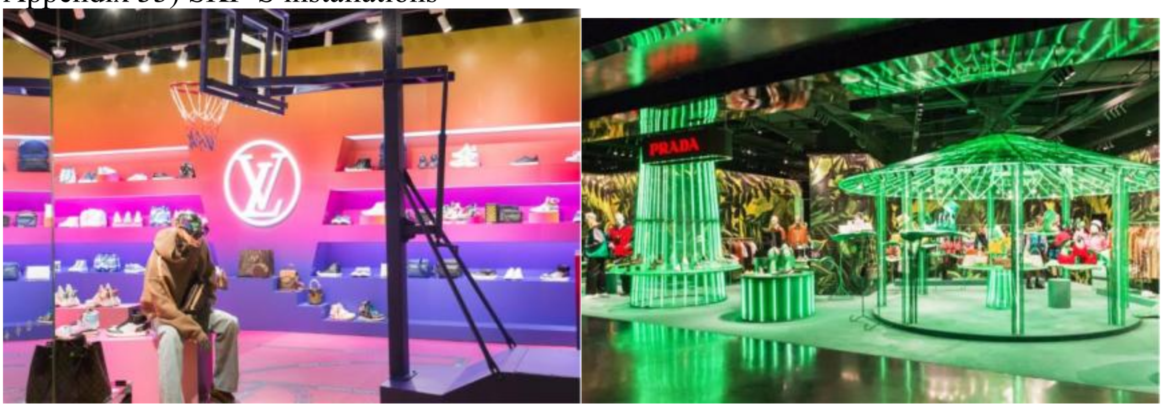
Source: Questionnaire Q11, n=70

Appendix 32) Sephora virtual try-on

Source:Global Cosmetics News,2017

Source:Retail Dive,2024

Appendix 33) SKP-S installations



Source:SKP-S,2025

Source: superfuture,2020

Appendix 34) EmSphere department store

Source: Luxury Society Asia,2025

Appendix 35) Docks Bruxsel solar roof

Source: Docks Bruxsel,2025

Appendix 36) Hemaxiansheng new retail model

Source: Hemaxiansheng,2025