

Tech is driving luxury brand engagement

Article

Technologies like digital clienteling tools and NFTs have created avenues for online engagement that can appeal to luxury consumers while maintaining a sense of exclusivity distinct from the typical public-facing website.

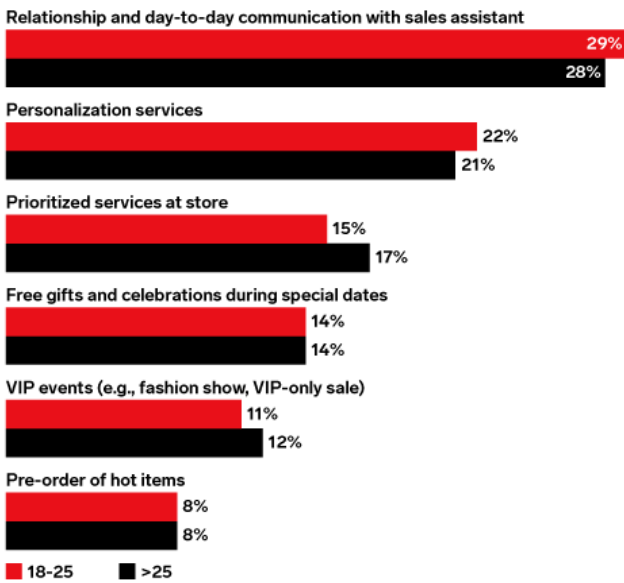
The brands that came out ahead during the luxury rebound of 2021 and 2022 are those that experimented. Investments in digital mediums ranged from revamped websites/apps, to the use of VR, NFTs, and cryptocurrencies, to reimagined runway shows like Balenciaga's Afterworld game in which characters were clad in the brand's designs.

Clienteling apps can also bridge the physical and digital realms, allowing customers to book in-store styling appointments or access concierge services like at-home try-ons and returns pickup.

- Alibaba’s Tmall Luxury Pavilion has added online access to features typically offered in physical stores, such as consultations with sales associates, bespoke engraving, and after-sales service.
- Last year, Neiman Marcus Group announced plans to spend \$500 million on technology investments to enhance the customer experience with features such as AI styling recommendations. These investments also built on the success of its in-house NM Connect clienteling platform. According to the company, NM Connect drove over \$60 million worth of sales and 1.5 million customer engagements in a three-month period after its launch in March 2020.

Types of Exclusive Benefits Luxury Buyers in China Desire the Most, by Age, Oct 2021

% of respondents in each group



Note: n=3,000
 Source: Oliver Wyman, "The New Faces of Chinese Luxury Shoppers," Nov 10, 2021
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Despite the fuzziness of the metaverse as a concept, luxury brands have been first movers when it comes to participating in the digital frontiers of fashion. And luxury consumers indicate a range of interests in a variety of new features.

Potential US Adult Metaverse Users Who Expressed Interest in Select Metaverse Functions, Feb 2022

% of respondents

As an experience (Alo Yoga 'Alo Sanctuary' immersive wellness space for yoga and meditation on Roblox; Louis Vuitton game with NFTs)

72.3%

To drive engagement (Discord channels for Gucci, Kenzo, Adidas, Stock X)

70.2%

As advertising and marketing (Nike 'Nikeland,' Wendy's virtual food fight)

67.4%

As a club or community to drive loyalty (Vans' virtual skatepark in Roblox)

64.5%

As a sales channel for physical products (Selfridges Electric/City)

59.7%

As an authentication tool (Ariane using tokenization for brands)

42.3%

As a sales channel for virtual products (Gucci rare virtual items on Roblox, Balenciaga fashions in Fortnite)

26.5%

Source: Colliers, "Spring 2022 US Retail Report: The Global Outlook of Luxury Retail," April 21, 2022

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Partnerships with gaming platforms give luxury brands access to large and engaged young user bases. Gucci, Ralph Lauren, and Givenchy have set up permanent spaces on Roblox, for example. Balenciaga and Louis Vuitton have launched collections of digital apparel for avatars, which correspond with real-world versions, in collaboration with Fortnite and League of Legends, respectively.

Balenciaga and Italian luxury group OTB have established departments that develop metaverse-related fashion projects. And these investments have the potential to pay off: A recent analysis of revenues generated by NFT projects from major brands listed luxury names Dolce & Gabbana, Tiffany & Co., and Gucci in three of the top four spots, according to a case study published on Dune's platform. Nike's first-place ranking was fueled by its late 2021 acquisition of high-end virtual fashion startup RTFKT.

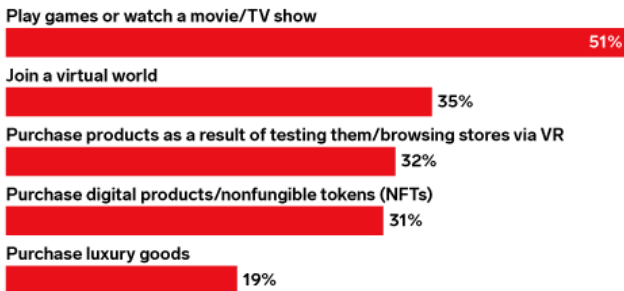
Some luxury consumers are interested in using AR and VR tools for shopping. Although usage of and interest in virtual goods was relatively low among the US luxury consumers we surveyed, other innovations have the potential to engage those who haven't used them. Just over 32% of respondents expressed interest in using VR and AR tools for luxury shopping, and nearly 27% were interested in exploring virtual or metaverse stores.

Nearly a fifth of consumers worldwide who use VR reported engaging with the tech to purchase luxury goods in the past six months, per PwC's June 2022 Global Consumer Insights

Pulse Survey.

How Digital Shoppers Worldwide Have Engaged With VR, June 2022

% of respondents



Note: n=2,878 who have used VR in the past 6 months

Source: PwC, "June 2022 Global Consumer Insights Pulse Survey," June 14, 2022

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Digital IDs—“product passports” that store information in the form of codes or tags—represent another route for luxury brands to make use of Web3 technology. In 2021, LVMH, Prada Group, and Richemont-owned Cartier launched the Aura Blockchain Consortium to develop a range of blockchain-based features for luxury brands. These include certificates of authenticity, supply chain traceability, and NFT uses such as digital twins of physical luxury goods.

[Read the full report.](#)

Report by Sky Canaves Sep 14, 2022

Luxury Goods 2022



