

RETAIL

Technology has place in retail, but brands must not forfeit instinct and humanity

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Millennial is a mindset. Photo courtesy of Farfetch

By JEN KING

MUSCAT, Oman Luxury currently stands at an inflection point where the sector's definition is being rewritten, but technological retail advances will provide brands and consumers with time, the most coveted of commodities.

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Panelists during Cond Nast International's "Mindful Luxury" conference April 6 discussed the paradoxes between luxury and technology, agreeing that while change is inevitable, innovations such as online platforms will streamline the industry's reconfiguration. Futurist Sophie Hackford led the panel, kicking off the discussion by asking delegates from Farfetch, Facebook-owned Instagram and Style.com if luxury and technology, or heritage and technology, are able to meld.

"It is not technology versus fashion," said Jose Neves, founder/CEO of **Farfetch**. "It is about the right technology and the right way to use technology to track the specific requirements of the luxury industry, and there are specific requirements.

"This is not an industry like any other," he said. "[Luxury] is all about scarcity, experience and beauty.

"Technology is a tool. How you use that tool is what counts."

A road of its own

Moderator Ms. Hackford directed the first question of "Online: A road of its own" to Morin Oluwole, head of luxury at Instagram. Ms. Oluwole explained that on average, users spend more than 50 minutes on the platform per day, thus creating an intimate space for brand storytelling.

For the luxury consumer, users turn to Instagram approximately 20 times per day. In her role of combining the worlds of luxury and technology, Ms. Oluwole works to help luxury brands curate content, telling stories of heritage and creativity adapted for a mobile experience.

While these paradoxes are often discussed, Farfetch's Mr. Neves stressed that technology is unavoidable for today's consumers, saying that there is no luxury client who does not use technology, or have an Instagram handle for that matter.

Ninety percent of buying decisions are digitally influenced. The high penetration of digital has restructured its role in selling, with Facebook Inc. investing in artificial intelligence, such as chatbots and virtual reality, to enhance the overall consumer experience.

Luxury brands now have the opportunity to reach a massive, receptive audience through more convenient experiences with Instagram's latest updates to its shopping feature.



Instagram shopping feature

In March Instagram rolled out a full version of its shopping feature, in which brands and retailers allow users to purchase multiple items featured in an image through product tags. Luxury brands and retailers can now reach a substantial audience made of affluent and everyday consumers ([see story](#)).

Despite ecommerce's forecasted growth, the panelists agreed that physical retail will maintain its importance into the future. Currently, 92 percent of transactions occur in stores.

The future retail setting will not act as it does today, and implemented technology will no longer be gimmicky. Instead, the experience will read as more human.

"Time is the ultimate luxury good," Farfetch's Mr. Neves said. "You can mine for more diamonds, but you cannot make more time."

For example, seamless technology will reallocate sales associates' responsibilities. By simplifying internal systems via technology, the sales associate will become a real-time influencer with more spare time dedicated to talking about the brand while consumers will have more opportunities to engage with the brand narrative.

Ms. Hackford mused that technological innovations will enable a more human experience in the retail setting.

Instagram's Ms. Oluwole agreed, saying, "Physical experience cannot be reproduced online, but it can be recreated and made to feel authentic, crisp and clear."

Innovative payment solutions have run alongside technological advancements in retail.

The evolution of payment has made strides of progress, and luxury brands must respond through in-store placement. As currency and payment options are expanded on digital points of sales, physical storefronts will be expected to offer the same diversity in methods.



Image courtesy of Printemps

For example, last November French department store Printemps brought mobile payment into the luxury retail sector by introducing Alipay in stores. Printemps' strategy is meant to entice Chinese consumers to shop its bricks-and-mortar locations by embracing local payment solutions ([see story](#)).

Millennial now

A conversation about digital technology and social platforms cannot be had without mentioning millennials.

Besides being heavily engaged with social media, namely Instagram, the millennial demographic is not just an age group, but instead, it should be seen as a mindset. The millennial generation is the first to have an influential impact on the prior generation.

At Instagram, the visual platform provides luxury brands with point of view reports of each user age group. For the millennial bracket, Instagram found that luxury content has facilitated brand loyalty, and for those without the means to purchase, a space for exploration and access.

While many brands obsessed about speaking to the millennial age group, who are estimated to make up 45 percent of luxury purchasers in just a few years, discerning and affluent shoppers, regardless of generational affiliation, want to know what is new, what is now and what is next.

"At Style.com, of course we're aware of millennials. We know how to speak to them, we're tuned into them," said Yasmin, Sewell, fashion director at Conde Nast's [Style.com](#). "But, we don't really think in age groups, we think in a mindset.

"It's kind of an obvious thing to say, but I feel like, I'm not a millennial, but I still think and want to purchase like a millennial," she said. "I have the same hunger for fashion and newness and experience like a millennial. I think so can a 65-year-old woman or a 74-year-old man.

"I think we're targeting that person, not necessarily an age group."