

COLUMNS

Imparting new impetus to the luxury goods market

July 14, 2017



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Not long ago, chief marketing officers were told by some in media to keep their expectations on luxury market prospects low. Not so.

There are plenty of opportunities and possibilities for luxury brands and retailers to grow, and they have a lot to do with current technological evolutions and revolutions.

Of course, these technologies are available to all brands and retailers, not just those in luxury. However, should we not expect luxury with its better margins and smaller dependency on economic fluctuations to take the lead in adopting new technologies?

Take some artificial intelligence

One of these technologies is AI, or artificial intelligence. AI pioneer Sentient Technology, whose cofounder and chief scientist was the mastermind behind Apple's assistant Siri, is engaged in the effect that AI is having on Web shops, which have become ever more important in luxury.

According to Sentient chief marketing officer Jonathan Epstein, the ecommerce conversion rate is a lackluster 3 percent.

This is not least due to the fact that retail Web sites have not evolved significantly in the past decade. They are usually built with a hierarchical decision tree structure that requires the consumer to patiently stick to the structure to find the products wanted.

In contrast, AI applications query the shopper and quickly narrow the range of products offered, hence accelerating and personalizing this process.

Web sites using AI personalization, Mr. Epstein said, can reach 40 percent conversion rates.

add a dash of wearables

The second technology is wearables. Though not a novelty, per the most stringent standards your good old

wristwatch could rightfully be called a "wearable timekeeping device" wearables with a larger and more innovative scope of functions are part of "a macro trend where computing is diverging from smartphones and moving onto the body," as market intelligence firm Tractica wrote in 2016.

Driven by sensors, machine learning, Big Data analytics and the demand for innovative user interfaces, wearables, in general, have a bright future, and body wearables such as smart clothing, which Tractica considers "the ultimate wearables," are right on the doorstep.

Embedding near field communication (NFC) tags is the first step, using future "smart fabric" will be a another one.

and season with data

The third technology is Big Data. Generally considered "the new oil," data is expected to transform every industry.

As Intel CEO Brian Krzanich expressed in a keynote speech during the National Retail Federation's Retail's Big Show 2017 in January, it will affect retail in three specific ways: re-inventing the in-store experience, using the power of data analytics and then creating what Intel calls the "store of the future."

That store will be characterized by a personalized customer experience which is based on knowledge of customer preferences, behavioral patterns and interactions with products in stock.

Almost needless to say that embedding NFC tags into products promotes customer and product interaction, and provides data for the analytics process.

Drive for loyalty programs

Does customer loyalty matter to luxury brands? You bet. So why do most of them still miss opportunities to get their customers sign up for loyalty programs?

Instead of including easily lost, obscure forms in the product package requesting loyalty signups, brands can easily embed lightweight NFC tags directly into the product or the representative packaging, if the product does not allow embedding.

From there, customers would only need a tap of their phones to start the signup process via a microsite that as a reward for signing up provides exclusive relevant content later.

Best of all, those occasionally mentioned NFC tags are mature, easy to produce, and flexible enough to integrate into many existing luxury products, while the Big Data and Internet of Things solutions to match are also available.

Even Apple recently announced support for Core NFC tag reading technology in the upcoming iOS 11, removing an often-cited obstacle for NFC's mass-market success.

ALL THAT leads us back to the starting point.

Can it be that the time for luxury brands and retailers is promising if they invest in the appropriate technologies?

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