

LUXURY MEMO SPECIAL REPORTS

Mobile Luxury Memo special report

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Luxury brands must distinguish themselves on mobile through premium experiences. Image credit: Shiseido Group

By DANNY PARISI

Mobile is currently one of the most dominant forces of technology, having a massive impact on how the luxury business markets and sells its products.

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Since the rise of the smartphone around a decade ago, mobile has quickly surpassed all other digital channels, making it the primary method through which most people interact with the world. Along the way, mobile has disrupted and reinvigorated almost every industry, and luxury is no different.

"Luxury brands typically focused on long-form messaging when it comes to branding," said Jim Fosina, CEO of **Fosina Marketing Group**, Danbury, CT. "Mobile is short form focused on high-impact communication platforms.

"In this case, luxury brands truly need to make a picture worth 1,000 words of copy," he said. "There is a very short consideration set period of time for the consumer. Either make your impact quickly or the consumer scrolls onto the next message or photo."

Luxury mobile

The primary effect that mobile has had on luxury, along with most other industries, is that it connects every consumer to the digital world at all times.

Before mobile, digital ads were expected to only be seen at home, on a desktop computer. Because of that, most ads and tools were designed with the idea that they would inspire customers to leave their homes and go out to shop.

Few of these ads were interactive in any significant way and they did not take into account location, context and relevance or any other feature.

But with the rise of mobile technology, consumers now have access to the Internet and, by extension, digital ads, at any moment in time. This has cracked open a wide new world of potentials for digital advertisers who now have more access to customers and insight into their habits than ever before.



Swarovski's "Unique Valentine's Day" campaign on WeChat, a hugely popular social platform in China. Image credit: Swarovski

Customers now use mobile constantly and the touch points between customers and brands are more numerous than ever.

For example, a customer might see a post from a luxury brand on social media, then save that post to an interest board application for later, then go the brand's mobile site or app to check prices, before finally visiting the store and using her mobile device to either guide her to the product she is seeking or compare it to other similar products in the store before she buys.

This complicated new shopping process provides limitless opportunities for brands and retailers to reach customers, smooth out the process and direct them towards the products that they desire.

Challenges ahead

For luxury brands catering to customers who are used to a premium experience, one of the biggest challenges of mobile is determining how to make the small screen of a mobile device feel luxurious.

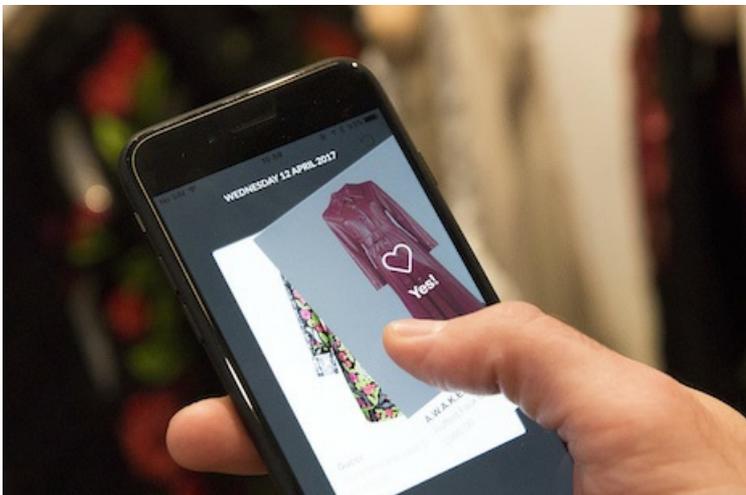
Luxury distinguishes itself from non-luxury brands through the high-quality of the products and services it provides.

When customers buy a shirt from a luxury brand, they are not just buying any shirt, but a shirt that is of the highest quality and crafted with the utmost care.

Similarly, the shopping experience should feel personal and high-quality. This is why luxury brands put so much effort into the atmosphere of their stores and why customer service is so paramount to their business model.

But in the world of mobile, how do brands and retailers make their luxury apps or mobile sites stand out from non-luxury ones?

This is one of the most difficult problems to navigate, as the relatively restricted format of mobile provides fewer opportunities for luxury brands to distinguish themselves from the competition.



Mobile shopping. Image credit: Farfetch

"Often, luxury brands are investing in mobile for one-off campaigns with the intention of attracting press rather than

focusing on user experience and really giving their consumers something that will really help their brand resonate for long periods of time," said Melody Adhami, president and chief operating officer of [Plastic Mobile](#), a Havas company. "It is extremely important to choose the right mobile medium for your projects.

"A mobile app built around a specific seasonal line cannot be justified if a user is only expected to open it once, especially when a similar solution built as a mobile Web experience would suffice," she said.

Negotiating a proper digital experience on mobile for luxury brands is especially fraught, as they run the risk of diluting the image of their brand with lackluster digital programs. This can translate to a loss of prestigious customers who feel reduced to having to interact with subpar digital tools.

"Digital and, by extension, mobile, is really an accelerator for the in-store luxury experience but the digital and store conversation must be connected," said Chris Paradysz, CEO of [PMX Agency](#), New York.

"Luxury brands' ability to shift to digital is perhaps more stifled than other industries, because there is a challenge to not lose what's special about the experience, and to not water down the brand or product perception," he said. "If you consider different formats, a luxury brand in a more transactional type of format will tend to wash out what's special."

Luxury apps

The primary means by which customers use mobile to interact with the digital world is through apps.

Apps for luxury brands and retailers can come in any number of forms. While the type of luxury apps available are numerous, shopping apps are by far the most popular.

Sales from mobile commerce were up 40 percent last year, making mobile the fastest-growing channel compared to ecommerce's 11 percent increase year-over-year, according to a report from Astound Commerce.

Per the report, mobile is by far the fastest-growing digital commerce channel. Of those sales, mobile apps make up the majority of mobile commerce transactions, coinciding with mobile app visits surpassing mobile Web visits ([see story](#)).

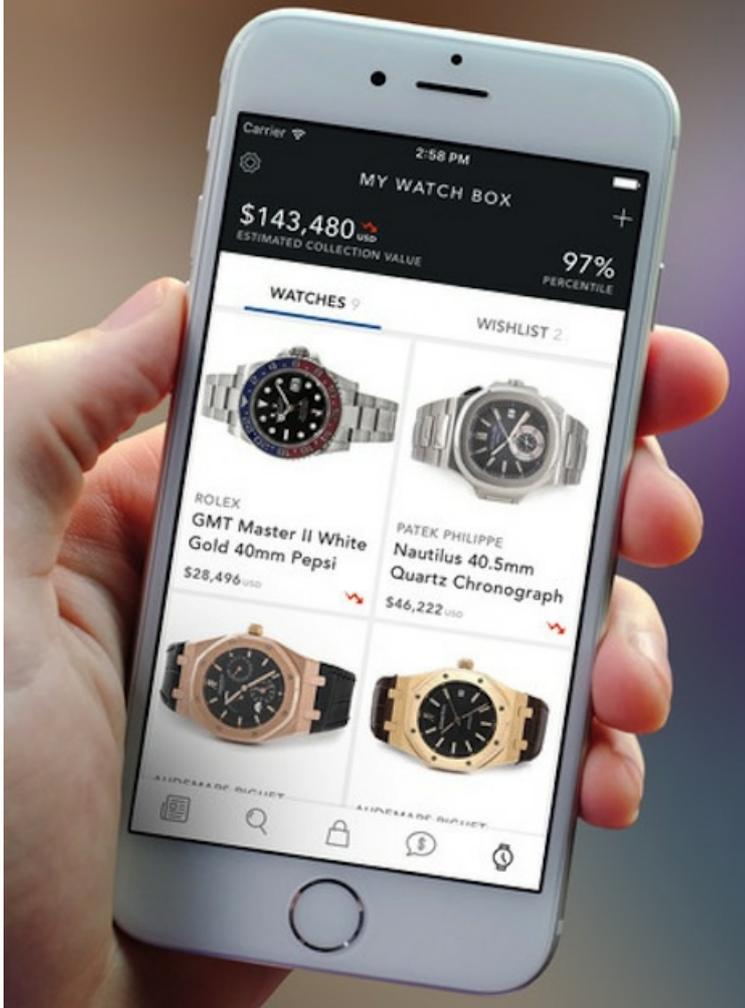
While the mobile Web still plays a role, mobile apps are clearly the superior force.

Many brands have taken notice of this, and most have had significant success from creating their own shopping apps.

For example, U.S.-based Govberg Jewelers is investing further into its mobile app with a rebranding and major updates after it helped the brand stay afloat as the watch industry undergoes tumult.

The watch industry has been plagued with a multitude of disruptors that have caused sector sales to weaken. However, Govberg saw a 50 percent year-over-year increase since launching its app, prompting the jeweler to make significant upgrades in hopes of staying up to date ([see story](#)).

Organize your watch collection



Govberg's updated mobile app. Image credit: Govberg Jewelers

Sotheby's is another name in the luxury world that has taken its business mobile with the launch of an app last year.

The homepage for Sotheby's app mirrors the Web site's landing page. It includes a series of recent articles or auction announcements on the top half of the screen, with links to full pages for upcoming auctions on the bottom half.

In addition to the homepage, the app includes tabs for "Stories", "Lots" and "Auctions." Stories is divided into articles, videos and slideshows; Lots is broken up into eras or types such as 20th century design, 19th century European paintings, Chinese works of art and more; Auctions lists the time, date, location and category, with a list of lots available on click through ([see story](#)).

Luxury brands and retailers should be aware of the ways to keep customers interested in shopping through their apps. This can be accomplished by including an overlooked but powerful tool: push notifications.

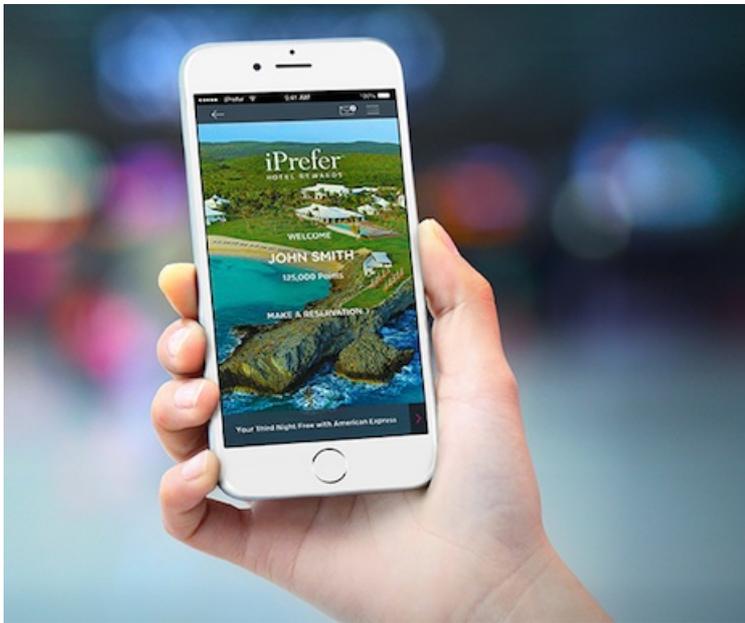
Push notifications, when used correctly, can be a valuable tool for retailers, driving almost 10 times more users to buy.

According to a report from Leanplum, push notifications can greatly increase customers' engagement with a retail app. The report found that in-app spend can be increased by up to 16 percent with appropriate use of push notifications ([see story](#)).

Push notifications also speak to the unique assets of mobile as a constant connection to customers. They can be reached at any time and anywhere through notifications.

Outside of retailers, hotel brands are one of the biggest proponents of mobile apps in the luxury world, as it helps their customers manage their bookings and trip in one central, portable location.

High satisfaction rates from guests who interact with hotel brands' mobile apps while on their trips reveal the potential of hospitality apps, according to L2.



The iPrefer app. Image credit: Preferred Hotels and Resorts

Guests who interact with hospitality apps during their hotel stays report higher satisfaction rates, but L2's findings show that 38 percent of guests do not use these apps during their stay. This demonstrates that hospitality brands have further to go in terms of integration and visibility with their mobile apps ([see story](#)).

Along these lines, Preferred Hotels and Resorts is one of many hotel chains that have released mobile apps to capitalize on this trend.

The app puts the company's digital loyalty program, iPrefer, into a simple mobile package. This development was a response to a growing desire among travelers to manage both their loyalty programs and travel information through their mobile devices ([see story](#)).

These mobile apps show the myriad ways in which luxury brands have used mobile apps to engage customers.

Messaging platforms

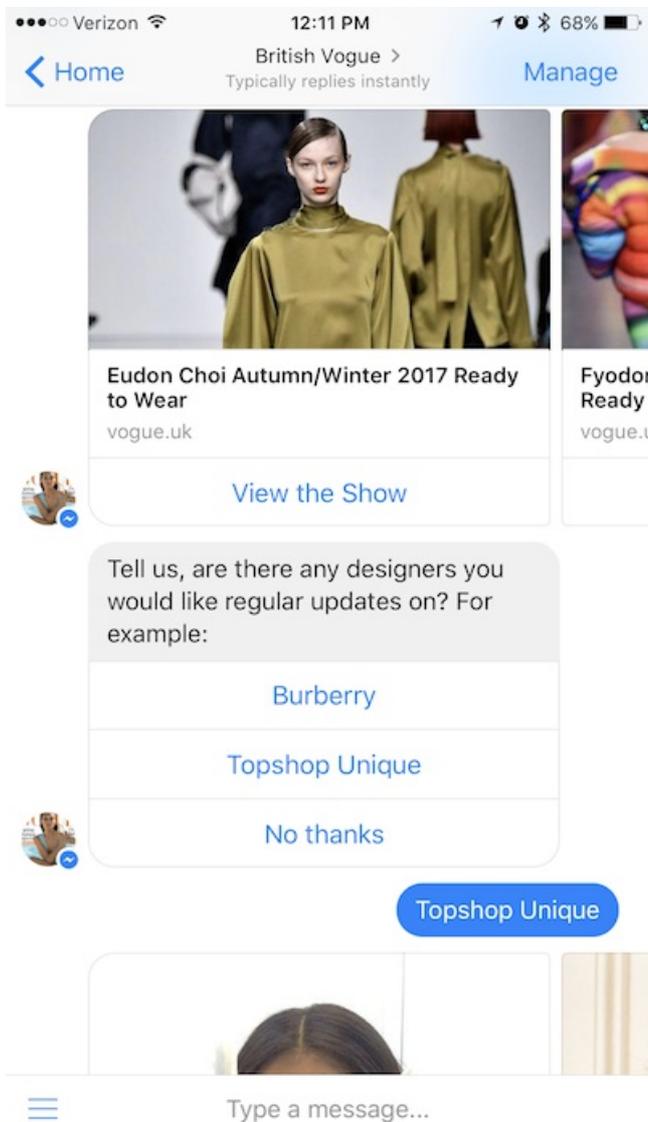
An emerging area of mobile engagement is the messaging space, where brands are tapping into the power of messaging apps such as Facebook Messenger and WeChat for branding and commercial purposes.

These messaging apps are incredibly popular among younger consumers and are increasingly moving from a simple communication channel to complex platforms with their own ecosystems and feature sets.

One of the most buzzed-about features of modern messaging services is the chatbot, an automated program that uses artificial intelligence to converse with customers in real time.

These chatbots can go a long way towards solving one of luxury mobile's main challenges: how to make a mobile experience feel more like luxury.

Luxury customers are used to being treated well and having their needs met quickly and personally when they shop. Chatbots can automate that same feeling in a similar way, giving customers personalized assistance as they shop for products.



British Vogue's chatbot. Image credit: British Vogue

For example, cosmetics brand Estée Lauder is launching a conversational chatbot through Facebook Messenger that will let customers virtually try on its products through augmented reality.

The chatbot will offer recommendations and answer questions as customers search for lipstick and other cosmetics. Additionally, technology from ModiFace will let customers project an augmented reality version of Estée Lauder products onto her face using a smartphone's camera ([see story](#)).

This chatbot acts as a mobile replacement for the in-store sales associate who would help customers try on new products.

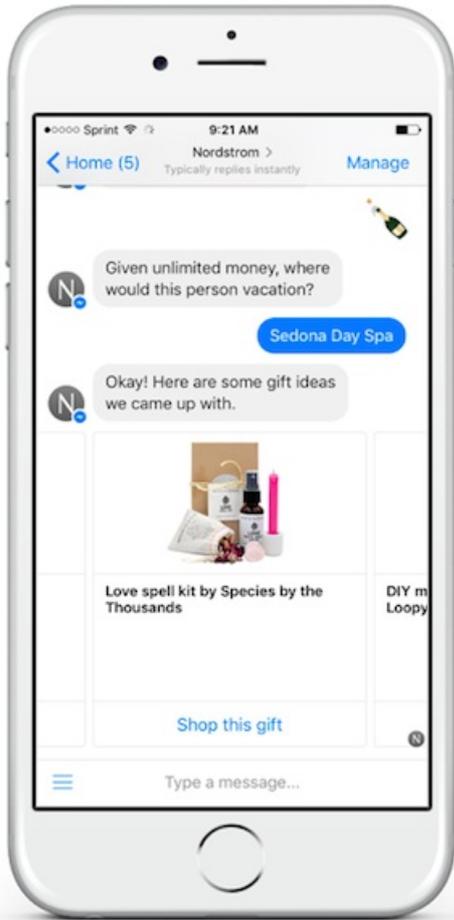
Similarly, mall owner and manager Simon is delivering personalized assistance to shoppers at its 208 North American locations at scale through a chatbot concierge.

Launched on Aug. 8, the mall chain's chatbot connects consumers with real-time information pertinent to their particular location through Facebook Messenger. Increasingly, malls are creating ways of bringing digital experiences to the bricks-and-mortar environment to ease consumers' searches ([see story](#)).

Simon's description of this bot as a concierge is notable, as that is exactly what mobile chatbots are trying to evoke with their emphasis on a personalized assistant while shopping.

Luxury publishers are also getting in on the action, with a prominent chatbot being released through British Vogue.

The magazine is exhibiting the pervasiveness of chatbots on Facebook Messenger, as it launches its Messenger bot to personalize fashion news for fans.



Nordstrom's chatbot. Image credit: Nordstrom

Through the British Vogue official Facebook and Facebook Messenger account, users can interact with the bot to receive up-to-date information regarding fashion. The new chatbot hopes to make a more impactful impression on readers, as publishing becomes excessively overcrowded and consumers' attention spans get shorter ([see story](#)).

Despite the popularity of chatbots, overall luxury is not as well-represented in messaging as other types of brands.

While the luxury sector is rooted heavily in concierge services, only 46 percent of luxury brands have promoted in-store services online, which causes a disconnect in customer service.

According to L2's "Omnichannel report on luxury shopping," most luxury brands are lacking the ability to translate concierge services into the digital age. Many are also missing a huge opportunity to connect to an active audience, as only 47 percent of brands posted in Snapchat last October ([see story](#)).

Luxury brands will have to emphasize chatbots and messaging more in the future to capture the growing desire for this segment.

Augmented reality

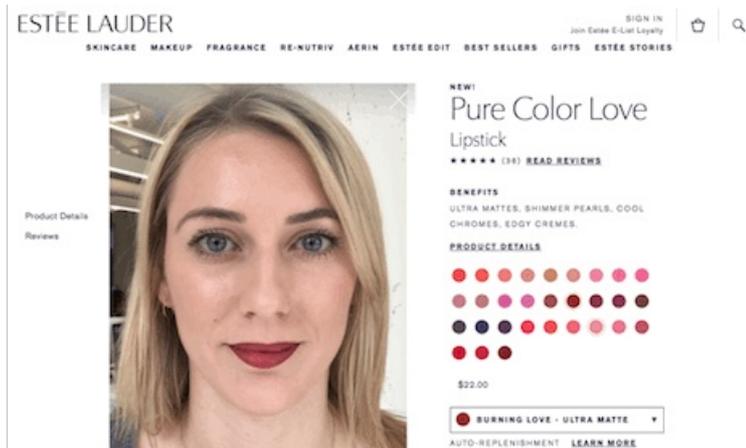
Augmented reality is a unique form of media that has emerged almost entirely thanks to the ubiquitous cameras built into every smartphone.

Augmented reality is the technology by which digital images are projected onto the real world. Most commonly, customers will aim their smartphones camera at something and see additional information or imagery projected over it.

While still young, this technology has been steadily gaining steam and many brands have already begun adopting it.

Unsurprisingly, beauty products are the most immediately amenable to using augmented reality. AR's unique capabilities make it possible to project beauty products onto a customer's face digitally, giving them the option to try on a product before they buy without going to the store.

In a reflection of augmented reality's growing role in beauty, LVMH's Sephora brought the technology to a wide audience via an application feature that enables users to virtually try on different lip shades.



Estee Lauder augmented reality try-on experience. Image credit: ModiFace

The latest app update launched the new Sephora Virtual Artist feature, specifically designed using facial recognition software to allow users to test lip products and purchase directly in the app. While there has been a slew of beauty brands and startups innovating in the augmented reality space, Sephora's recent integration may bring the strategy further into the mainstream makeup world ([see story](#)).

ModiFace, which creates augmented reality solutions including real-time virtual makeup application, has launched a software development kit for iOS and Android devices, enabling marketers to use the technology in their own apps. In the beauty world, face tracking has become a way to spur more confident purchase decisions away from the beauty counter, but ModiFace also sees the potential of face tracking to guide consumers along a relevant purchase path ([see story](#)).

Outside of beauty, AR has been used to create unique and memorable in-store experiences.

For example, French department store chain Galeries Lafayette leveraged its foot traffic and added attention around the last holiday season to promote an environmental cause.

The retailer's "Amazing Arctic Christmas" told the story of a family of polar bears who must venture away from the North Pole due to melting ice caps, with the bears finally finding respite in Galeries Lafayette's flagship store on Boulevard Haussmann in Paris. Bringing the story to life in front of shoppers' eyes, the retailer launched a mobile experience accessible in-store that used augmented reality to create an arctic environment indoors ([see story](#)).

Similarly, automotive brands such as Ferrari ([see story](#)), Land Rover ([see story](#)) and Porsche ([see story](#)) have all used augmented reality technology to showcase new additions to their vehicle lines, highlighting AR's versatility as a tool for marketing and commerce.

In-store mobile

One of mobile's strongest features is its ability to enhance the in-store retail experience.

With a mobile device, customers have more information at their fingertips than ever before. While this can be a huge benefit, it also presents a few challenges.

For one, more informed customers are a good thing, as they are more knowledgeable about a product from the get-go and can make more decisive purchases.

However, this also means that customers are constantly aware of a retailer's competitors, searching for similar products at other stores for cheaper prices on their phones even as they are holding a product in their hand in the store.

But retailers and brands should embrace these possibilities and make use of in-store mobile features to make shopping quicker and easier for everyone involved.

"We do see several brands closing the gap between runway, the store and digital and mobile by making product available straight from the runway, and giving consumers access to live experiences," PMX Agency's Mr. Paradysz said.

"Incrementally, what it's going to do is open up more of the digital natives and the millennials in the luxury income bracket, because that's the way they're accustomed to living their lives patching real-time Instagrams from the fashion show on their mobile devices, to seeing the product and engaging with social influencers, to ecommerce, and yet still having that very exclusive luxury experience in store to buy," he said.

For example, last year Germany's Montblanc unveiled a newly developed global retail concept that emphasizes the importance of a multi-sensory in-store experience.

Montblanc partnered with Mood Media to enhance its in-store customer experience through the integration of interactive mobile marketing, visual, auditory and sensory solutions. As consumer behavior and in-store expectations have evolved, brands have found it necessary to respond accordingly for fear of being seen as outdated and irrelevant in the modern marketplace ([see story](#)).



Montblanc boutique in South Korea. Image credit: Montblanc

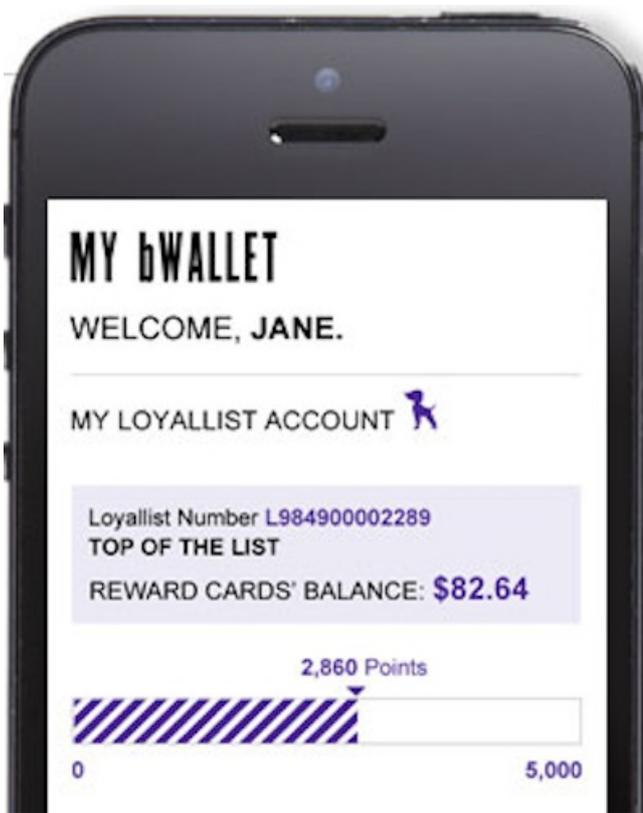
Similarly, Valentino and Yoox Net-A-Porter are setting up shared inventory capabilities. On the back end, Valentino will have a single view of all inventory held in its boutiques, eight international fulfillment centers and logistic centers.

With this integrated inventory, consumers will be able to view what is available in-store from the brand's ecommerce site, while bricks-and-mortar shoppers will be able to browse and buy via ecommerce through mobile touch points ([see story](#)).

Established retailers have been experimenting with in-store mobile for a few years now and the trend is growing in use with each passing month.

Department store chain Bloomingdale's opened its first fully mobile store in Palo Alto, CA, in 2014 to appeal to the "digitally sophisticated" tech community in Silicon Valley.

Featuring smart dressing rooms, mobile checkout, consumer-facing tablets and sales associates armed with mobile devices, the store in the Stanford Shopping Center heightens the omnichannel experience for shoppers. This neighborhood is a good testing ground for new retail technologies, which Bloomingdale's may want to carry over to other locations ([see story](#)).



Example of bWallet, Bloomingdale's mobile wallet app. Image credit: Bloomingdale's

Online retailer Farfetch is furthering efforts to humanize the retail experience by closing the loop between digital and in-store selling with its Store of the Future launch.

Unveiled April 12 at Farfetch's invite-only FarfetchOS conference in London, Store of the Future (SoF) is in beta, and will link together the online and offline worlds through data touch points that enhance and personalize the retail experience for consumers while presenting sales associates with chances to become in-store influencers. As luxury retail is reconfigured to respond to modern consumers' shifting behavior and expectations, technology has gone from a hindrance to an empowerment tool (see story).

Brands will continue to explore in-store mobile, coming up with unique new ways of combining the two, such as Amazon's recent experiments with the all-mobile bricks-and-mortar store Amazon Go.

Social connection

Mobile has also magnified the power of social media for marketing and commercial purposes.

With a mobile device, customers are more in-tune with their social networks and connected to the brands that use them at any given moment.

This provides a vast number of touch points for brands to reach customers through social media at relevant moments. It also makes it easier for customers to communicate with brands through their social channels, such as sending brands a message on Facebook or tweeting at them.

While the vast majority of brands have a Twitter presence, almost half ignore customer requests or inquiries through Twitter because they do not have the proper resources needed to manage the platform.

This statistic is emblematic of a larger problem with social media among fashion retailers and brands, who invest in social media but not enough to get the full use out of them, per Fashionbi's new report titled, "How Are Brands Using Social For Customer Support and Care" (see story).



According to McKinsey, companies that improve their customer experience on social from average to 'wow' can see a **30-50%** improvement in key measures such as likelihood to:

-  repeat purchase
-  upsell
-  recommend your product to others

Benefits of a strong social media presence. Image credit: Fashionbi

Brands that ignore their customers' inquiries are missing out on an opportunity to communicate with them at relevant moments of the shopping experience.

"Luxury is less price sensitive than mass market, but hits a much smaller and more fickle customer," said David Hewitt, group vice president and global mobility lead at [SapientRazorfish](#), New York. "So, by nature investment needs to be in places that amplify influence and consumer engagement and less on channels that are better suited for deal-of-the-day shopping.

"Finding experiences that drive a true customer value exchange are showing better over traditional digital display advertising, but are also more complex to create and manage," he said.

Cultivating a strong social network is especially important for beauty retailers, who rely heavily on word of mouth to drive up sales.

In a recent study from HRC Retail Advisory, findings showed that word of mouth is still the main avenue for consumers looking for recommendations on products. However, the channels in which these recommendations are delivered to consumers have shifted toward the digital world with YouTube tutorials and social media feedback, especially for the beauty industry ([see story](#)).

In this vein, Sephora is encouraging peer-to-peer communications through the launch of its new Beauty Insider Community.

Instead of spurring a dialogue between brand and consumers, as many marketers often work towards, Sephora is taking a different approach to generating conversation among its enthusiasts. The beauty industry relies heavily on peer recommendations, and consumers often put more stock into influencers and friends' opinions rather than brands themselves, making Sephora's Beauty Insider Community an accurate read of current trends ([see story](#)).

Mobile has also allowed brands to create elaborate, multi-part marketing campaigns that rely on the ubiquity and power of mobile devices to tell the story.

Italian fashion label Giorgio Armani's recent eyewear collection came with a unique interactive digital experience in the form of a love story told through audio, video, branching paths and interactive photos.

"Frames of Life," a multimedia campaign telling a romantic story about two strangers meeting through transient voice messages left on a mobile phone, takes an all-encompassing approach to marketing the new collection. Customers can interact with the story in a number of ways, learning more about the characters and linking to purchasable products from the photos on the dedicated Web site ([see story](#)).



Clicking "view" will let customers buy the look from Armani's mobile campaign. Image credit: Armani

Instagram is especially important for luxury brands, as it is highly popular for both customers and influencers in the worlds of fashion and beauty.

Instagram remains one of the most fertile grounds for brand engagement, but navigating algorithmic changes in its news feed is one of their primary challenges this year, according to a report from L2.

L2's fourth annual "Intelligence Report: Social Platforms 2017" accounts for the evolution of scope, strategy and monetization for major social media platforms, focusing on Facebook, Instagram, Snapchat, Twitter and YouTube,

and, to a lesser extent, Pinterest and Chinese messaging platform WeChat. The report essentially stands as a recap of brand efforts on multiple platforms over the past year, with clear winners emerging in H&M, American Eagle and Absolut Vodka ([see story](#)).

Finally, mobile can be an incredibly valuable asset for luxury brands chasing one of the most lucrative customer segments today: wealthy Chinese travelers.

These travelers are big luxury spenders and capturing their business should be a top priority for any luxury brand.

With 78 percent of affluent Chinese consumers purchasing high-end goods on mobile devices, luxury marketers must amplify their online efforts to further facilitate mobile conversions, according to a new report from Emerging Insider.

Emerging Insider's "The Purchasing Habits of China's Affluent Population" report found that as consumers' comfort with mobile commerce has grown, digital marketing has become influential in the path to purchase and is likely to gain momentum. Of the affluent Chinese surveyed, Emerging Insider found that 22 percent said seeing an advertisement led to making a purchase, while 36 percent saw an item of interest via a social media influencer ([see story](#)).

Mobile strategies

In the modern mobile era, luxury brands and retailers have a few things to keep in mind when designing mobile solutions: relevance, personalization, emerging use cases and distinguishing a luxury mobile experience from a non-luxury mobile experience.

Even though mobile has firmly integrated itself into consumers' daily lives over the past decade, brands are still navigating the tricky intricacies of properly using mobile for branding and commercial purposes.

Brands need to understand that mobile offers the option to give customers a digital experience that is personalized based on their mobile habits. Along with that, these experiences can be offered in more contextually-relevant circumstances, such as a push notification for a certain product when a customer enters the store.

Secondly, luxury needs to be aware of and continuously experimenting with emerging mobile technologies. While virtual reality is doable with the help of Google Cardboard and other cheap devices, augmented reality is a more realistic and immediately useful tool.

Finally, luxury brands need to continue the ideas that distinguish them from non-luxury into the mobile realm. This means that customers need more than just the bare-bones mobile experience. They need to feel like they are getting a premium service at every stop of the shopping process, with mobile serving as the central focus for delivering that experience.

"Unlike a flight, where you know exactly what you are getting, and have most likely experienced before, purchasing a luxury item online over mobile, without seeing it first, might cause apprehension for some consumers, especially when they are purchasing something of significant value," Plastic Mobile's Ms. Adhami said.

"Another key difference between luxury brands versus non-luxury brands is the in-store experience, everything from one-to-one customer service to perks like complimentary Champagne, comfortable seating, extraordinary wrapping," she said.

"This type of clientele is used to a more lavish shopping experience, and emulating that experience via mobile is not only a challenge, but yet to be emulated."

Best practice tips for creating a mobile strategy:

- Melody Adhami, president and chief operating officer, Plastic Mobile
 - "It is important to think of mobile as a long-term commitment, rather than a quick win. The solutions that are most successful are the ones that are able to adapt and grow as the landscape changes. For example, a luxury accessory company should not build a new app for each specific line release, but instead build a flagship app which can be updated, and modified to better represent their brand."
 - "You need to be medium agnostic when wanting to create a mobile solution. Just because apps are popular, that does not automatically mean that it will be right for your brand. Analyze all the data you have obtained from customers and then figure out which medium - mobile advertising, mobile Web, mobile

app, activation with another app - will be most impactful for your consumers-rather than the other way around."

- Jim Fosina, CEO, Fosina Marketing Group
 - "Luxury brands need to become known for impactful short-form videos via mobile. The consumer likes and engages with mobile for entertainment. Be entertaining in showcasing your products via mobile."
 - "Insert a link from mobile video messaging to a retail or ecommerce partner so that the marketer can convert the engagement in video content to purchase of the product."
- David Hewitt, group vice president and global mobility lead, SapientRazorfish
 - "Instagram continues to be a great space to position luxury, but it needs to be beyond treating social influencers as media-slot marketing."

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