LUXURY MEMO SPECIAL REPORTS

Augmented reality in luxury – Luxury Memo special report

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Sephora works with ModiFace for augmented reality pushes for personalization. Image credit: Sephora

By BRIELLE JAEKEL

Only a decade ago, widespread use of augmented and virtual reality seemed clunky or out of reach. But brands and developers have focused on innovative activations of this technology and have allowed it to flourish, especially in luxury.

Luxury brands' use of augmented reality is growing at a steep rate in modern retail, as consumers seek out greater awe-inspiring moments with these high-end marketers and retailers. Developments within social media platforms that have grown facial recognition and AR have allowed consumers to become more comfortable with this type of technology and even come to expect it, allowing brands and retailers to swoop in to make lasting moments.

"There are a lot people and industries that are cautious of using newer technology until it's tried and proven effective," said Jennifer Richey, chief strategy officer at Gravity Jack. "However, as more and more companies are using AR for various needs, including marketing, training and events, we are seeing an uptick in its use.

"This is especially true in the luxury marketing and retail sector," she said. "When people are purchasing luxury goods or going to a luxury store or event, they are expecting to be wowed, which is causing companies to find new ways to do just that.

"Would you prefer to go to an event and be handed a pamphlet or to download an interactive application that has 10 times the amount of information, in a user-friendly and fun way? Exactly."

Top 5 trends in alternative materials

- Social media lenses

    Social media has paved the way for augmented reality to become commonplace.

- Virtual try-ons

    Brands let consumers test out products at home though AR, enabling more confident purchase decisions.

- In-store use

  Retailers are bringing AR in stores to bridge the gap between physical and digital.

- Design

  Luxury teams use technology including AR to design custom products and fill consumers in on the creation process.

- Team learning

  Companies help their team members learn and accomplish tasks through AR.

Augmented versus virtual reality

Virtual reality was the "new shiny object" in marketing's recent history, leading the phrase to become a buzzword for both brands and consumers.

Google Cardboard, the Oculus and other forms of virtual reality goggles became more accessible, allowing brands to fully connect with consumers in addition to other forms of VR, such as 360-degree video.

But since then, brands have set their sights on something more interactive: augmented and mixed realities.

There are a wide range of experiences in the AR world, and the technology's use in retail is only continuing to grow.

As AR's sophistication increases, consumers have become more comfortable with using it. Social media platforms such as Instagram and Snapchat launched facial recognition and augmented reality filters and lenses in the past few years, and their ease of use helped AR to flourish.

Paris' Snapchat filters targeted young tourists during Fashion Week. Image credit: IRM

These features and filters allow users to alter or add to their faces and surroundings for fun. Before long, social platforms began to monetize these features, partnering with brands for sponsored filters.

For example, Kering-owned fashion house Gucci shared an out-of-home effort in New York and Milan with an Art Wall dedicated to its Bloom fragrance.

Colossal Media created the Gucci Bloom murals executed in New York, while a Snapchat lens was available nationally during the wall art's reveal. The lens used AR through Snapchat to bring the walls to life (see story).

Behind-the-scenes to prepare for the Gucci Bloom Art Wall. Image credit: Gucci and Coty

U.S. fashion label Michael Kors' sponsored Snapchat lens for National Sunglasses Day in 2016 garnered more than 104 million total views, according to the brand.

In August 2016, Michael Kors allowed consumers to try on its Kendall II sunglasses via a one-day-only Snapchat filter lens. Using Snapchat as a virtual mirror, consumers were able to try on three colors of the Kendall II style, with each pair creating a different experience (see story).

After the popularity of sponsored lenses rose, Snapchat unveiled a Lens Studio in 2017, an interactive tool that lets brands and consumers alike create their own custom lenses using both 2D and 3D animation.

Snapchat's Lens Studio was officially announced that December, but was in the works for a while. With Lens Studio, brands and publishers have more freedom and tools than ever before to create custom, native content using augmented reality tools (see story).

In 2018, Snapchat then worked to open up its platform to be more accessible to outside brands and apps thanks to a new development kit. The social media platform now allows outside developers to use its AR camera in certain applications (see story).

View this post on Instagram

Blue skies ahead! Check out Snapchat today to celebrate #NationalSunglassesDay with our special Michael Kors lens (US only). : @ari_fararooy

A post shared by Michael Kors (@michaelkors) on Jun 27, 2016 at 1:29pm PDT

Instagram post from Michael Kors

The beauty of AR

Beauty is one of the sectors that quickly took to AR, tapping it to allow users to try on products virtually.

Mobile apps Modiface and Perfect365 are two of many standalone platforms that operate in a similar manner to Snapchat and Instagram filters, but which deal specifically with beauty and makeup. Users are able to experiment with various makeup looks in a virtual environment, without having to buy the products or actually apply them.

The AR experience allows shoppers to see exactly what products will look like on their faces.

In a similar manner to social media efforts, brands often partner with these apps for sponsored filters, allowing users to browse actual products in a virtual world.

Once AR became commonplace on social media and these beauty apps, allowing both brands and consumers to be comfortable interacting in this manner, it became more popular to see brands adopting it for themselves.

Lancme and Sephora are among the many brands who have taken to Modiface to showcase their products, while Este Lauder and others leveraged PerfectCorp.'s YouCam app in a similar manner.
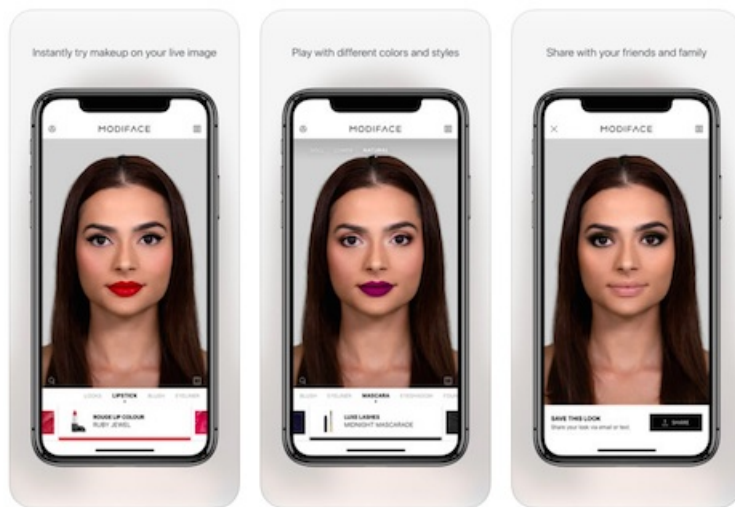
Screenshot of Modiface's current Makeup app. Image credit: Modiface

Eventually, many of these brands tapped Modiface and PerfectCorp. for brand-owned AR experiences on their own platforms.

LVMH's Sephora brought the technology to a wide audience through its own app feature that enables users to virtually try on different lip color shades.

An app update launched the 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 have been a slew of beauty brands and startups innovating in the augmented reality space, Sephora's recent integration brought the strategy further into the mainstream makeup world (see story).

Taking things further, personal care conglomerate L'Oreal shook things up in the beauty sector with its acquisition of ModiFace (see story).

More recently, L'Oreal-owned Italian fashion label Giorgio Armani catered to the growing online market for beauty in China by becoming the first luxury brand to incorporate 3D augmented reality makeup try-ons into its WeChat mini program.
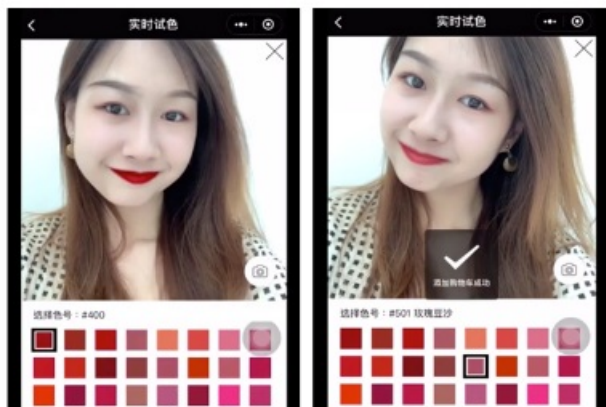
Giorgio Armani is introducing AR makeup try-ons on its WeChat mini program. Image credit: ModiFace

ModiFace supports Armani Beauty's virtual makeup app on WeChat, one of the leading social media platforms in China. More than a quarter of beauty buys in China are made online, underscoring the importance of prestige cosmetics brands investing in ecommerce tools (see story).

Ecommerce giant Amazon is also working with L'Oreal's Modiface for augmented reality, allowing customers to test cosmetics in a virtual environment.

As Amazon looks to corner every sector of retail, the ecommerce platform is now contending with other beauty platforms such as Sephora and Este Lauder with its own virtual try-on feature. Consumers will be able to use their front facing camera to see a live video or photograph of themselves wearing virtual lipstick (see story).

"The usage of ModiFace's Virtual Try-On is being embraced by brands, Web sites and consumers," said Parham Aarabi, the CEO of ModiFace. "We will soon reach a point where it will be a consumer expectation to be able to try different products virtually before buying.

"The level of engagement driven by the ModiFace AR tools have enabled brands to significantly increase the average time spent by the user on Web sites as well as improve conversion to purchase," he said.

Beauty is also helping to bring AR to new devices beyond mobile or desktop, with some applications even reaching bricks-and-mortar stores.

A project from beauty group Coty in the form of an AR-powered mirror that interacts with physical products highlights how beauty has embraced augmented reality's potential to a large degree (see story).
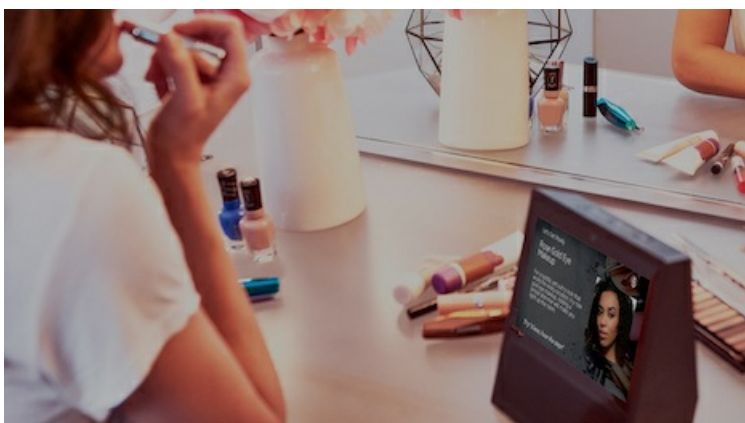
Coty's AR mirror is a perfect example of blending digital and physical retail. Image credit: Coty

Cosmetics shoppers have gained a new way of looking at themselves thanks to a solutions partnership that will grant access to an AR-infused smart mirror technology.

The collaboration between ModiFace and Memomi, similar to Coty's endeavor, brings ModiFace's AR makeup technology to Memomi's smart mirror displays, letting customers shop for cosmetics in-store in a more in-depth way. As retailers, especially cosmetics retailers, struggle to get more customers to use technology in-store, this partnership offers an innovative new way of doing so (see story).

In-store applications also extend to categories besides beauty.

Department store chain Neiman Marcus changed the apparel shopping experience for consumers with the launch of

a digital mirror that remembers users.

The Memory Mirror takes a 360-degree video of a client modeling a particular outfit, allowing them to see clothing on themselves from all angles as well as save and share the visual. This interactive digital touchpoint alters the in-store experience for Neiman Marcus' consumers and further empower sales associates to provide customer service (see story).

From there, Neiman Marcus enhanced the customer experience at its beauty counters through Memory Mirror placements in various locations.

Amenities such as makeovers can keep consumers loyal to a retailer. Image credit: Neiman Marcus

Neiman Marcus and in-store technology solutions partner MemoMi selected beauty brand Le Mtier de Beaut to debut the digitally enhanced counter experience. Neiman Marcus has worked to integrate digital technologies into its in-store offerings to meet consumer expectations and further its omnichannel retail goals (see story).

Beyond beauty
While beauty is certainly a frontrunner in the realm of augmented reality, it is not the only sector that has taken to the technology.

British fashion brand Burberry worked with Apple's AR tool kit to create an app designed to cater to tech-savvy fashion lovers.

When Apple unveiled the new line of iPhones in 2017, the company also spent a significant amount of time talking about the new models' emphasis on augmented reality as well as the ARKit to help developers create AR apps. Burberry was the first major luxury brand to make use of this new feature with a new app and incited many others to do so as well (see story).

Similarly to beauty, fashion brands have flocked to AR to allow users to try on their products.

Gucci took a technology-forward step with the introduction of a "try on" feature for its Ace sneakers on its own app.

Gucci allows users to try on sneakers via mobile. Image credit: Gucci

In addition to Gucci, luxury labels such as Balmain and others have used AR to engage with tech-savvy consumers in a variety of ways. However, Gucci's is one of the first apps that allows users to virtually try on luxury apparel and footwear, expanding the use of the technology (see story).

Despite a long history of sticking with traditional marketing tactics, jewelry and watch brands have also been leaning more into augmented reality, with some even making a case for using this technology in the design process.

Swiss watch and luxury timepiece brands were previously slow to adopt digital marketing, ecommerce and social media, but more recently this has changed. The use of AR is becoming more prominent with these brands, allowing them to make a deeper connection with consumers by immersing them in the making of their timepieces (see story).

Home furnishings is another prominent area for AR, through which users are able to get a better sense of how a piece will fit into their home.

For instance, precision-cut crystal maker Swarovski worked with Mastercard for a virtual reality shopping app for home dcor. The app allows customers to view crystal accessories for their homes in three dimensions, all through their smartphones (see story).

Gucci also helps consumers decorate their spaces with items from its newest homeware collection.

With the Gucci mobile app, users can use another AR feature to virtually personalize their space with pieces from the new Gucci Dcor collection (see story).

Gucci's AR experience. Image courtesy of Gucci

Gucci also tapped this technology in honor of Salone del Mobile, inviting consumers to explore Milan in a branded fashion.

By using the brand's mobile app on Apple devices during the event, consumers were able to point their phones at

certain landmarks to view an augmented reality experience, in which a Gucci dcor item would appear on their screen as a sculpture. Consumers picked up a guide to the 16 sights at Gucci's stores in Milan (see story).

Dcor ecommerce platform Artemest similarly brought its artisan wares to a new channel with the debut of its first mobile app last October.

Helping consumers visualize artisan goods inside their own homes, Artemest premiered an augmented reality experience within the app. Consumers can use it to visualize a piece in a room with an AR feature, which includes the ability to view dcor in 360 degrees (see story).

Denmark's Bang & Olufsen also helps consumers envision the placement of its audio and visual products through its room configurator app.

Exclusive to Apple iPad, Bang & Olufsen's BeoHome Design app takes the guesswork out of audio visual set-up by letting consumers explore product options and determine how the brand's equipment will meld with existing decor and room structure. Users place Bang & Olufsen products as they deem fit throughout the room.

Once it is designed, the user selects "walk mode," which uses AR to insert them in the space for a more realistic interpretation (see story).

Bang & Olufsen's BeHome Design

Luxury real estate brands have piggybacked off home dcor's use of AR to help sell homes.

Real estate broker Sotheby's International Realty leverages AR to give consumers the ability to visualize what a property would look like with various dcor styles.

Curate by Sotheby's lets users view a potential home through the lens of their phone and project desired furnishings, wall art and more within the space to see how it would look (see story).

In another home marketing effort, Hong Kong-based luxury goods marketplace Luxify is looking to capitalize on the growing demand from Chinese consumers in the real estate market on the West Coast of the United States through AR.

To make offers more immersive, it tapped Aerial Look, which combines aerial footage with 3D scanning technology to provide consumers with a full, intimate view of properties (see story).

Augmenting automotive
Automakers are also taking to AR in innovative ways.

German automaker BMW unveiled a recent vehicle design in its Art Car series, which was designed by Chinese multimedia artist Cao Fei.

Ms. Fei is a young artist who works with virtual and augmented reality to address the future of mobility and digitized driving. To emphasize the increasingly blurred distinction between the physical and the digital, Ms. Fei's work is comprised of three pieces: a video focusing on time travel, an augmented reality mobile app and the car itself, a BMW M6 GT3 in plain carbon black (see story).

A still from Cao Fei's accompanying short film. Image credits: BMW

Ferrari Australasia changed its consumers' showroom visits with an app that allows immediate customization and an in-depth look at the vehicles.

Consumers were able to see the car in a specific color, with certain rims and more options that complete the new showroom walkaround through AR. Integrating digital into a showroom allows frontline salespeople from Ferrari to provide more detailed information and connect with consumers through more mediums (see story).

German automaker Audi teamed up with Metaio to create an AR platform that can recognize and expound upon over 300 elements of the A3 model to allow for a deeper and accessible understanding of the vehicle.

The A3 eKurzinfo app identifies facets of the A3 vehicle, from the windshield wiper's insignia to engine components, and gives how-to information or virtual maintenance tutorials. Providing consumers with an in-depth and responsive app is likely to promote positive, brand experience (see story).

Another German automaker, Porsche, has equipped dealers with an AR iPad app for the Porsche Panamera that immerses interested consumers in the vehicle's capabilities.

When hovering the iPad over a vehicle, the app synchronizes with markers that lead to stills, text, video and animation to give consumers a full sense of what the vehicle offers. The app coincided with the release of the Panamera in the Middle East, aiming to increase exposure in eight countries (see story).
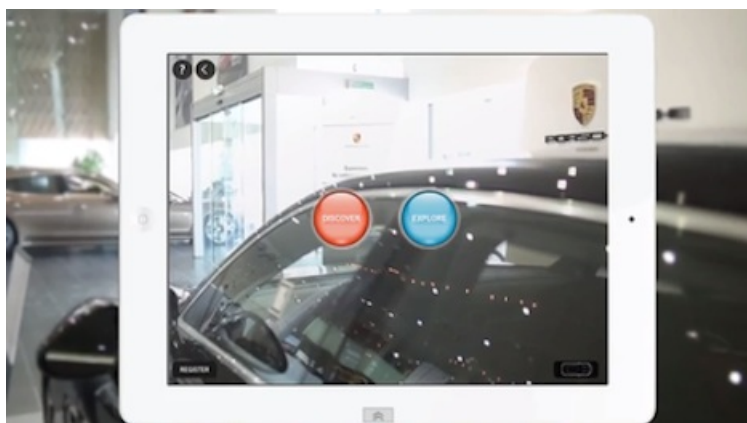
Porsche Panamera augmented reality app

British automaker Jaguar Land Rover unveiled a new way to launch an upcoming vehicle through AR tech that allows consumers to experience the model prior to its release date.

This initiative was featured in 117 Land Rover retailers in the U.K. and allowed consumers to see the car prior to its release. The technology required consumers to wear a headset that created a three-dimensional view of the New Discovery Sport, which allowed consumers to have an insight to the new product and also built up anticipation for Land Rover (see story).

The story is around you
While many of these brands are leveraging AR to showcase their products, others including publishers tap the technology to create unique storytelling experiences to connect with consumers in an immersive manner.

W magazine demonstrated the potential AR has for the print industry with a previous cover that spoke to the reader.

W magazine's September 2017 edition, featuring singer Katy Perry, was brought to life through an AR effort that enhanced the reader's experience via interactive features (see story).

Inside W's augmented reality September 2017 issue

U.S. fashion label Ralph Lauren gave consumers an up-close look at the prowess of Olympic athletes through a sponsored AR publishing experience.

Produced by *New York Times* journalists, the interactive content allowed readers to walk around the figures of skaters and a snowboarder, highlighting their form. Marking the first time the media company had leveraged AR, this editorial effort aimed to provide a more immersive storytelling experience (see story).

Beyond publishers, beverage brands have also developed storytelling and marketing techniques through this tech, bringing their bottles to life or branding consumers' own worlds.

For instance, French cognac brand Rmy Martin expanded its mobile offerings for customers with the launch of an application focused on art and AR.

The app is called ARt by Rmy Martin and allows customers to use AR to overlay imagery and art onto their surroundings. The app was designed in partnership with visual artist Matt W. Moore, who helped Rmy Martin create the imagery and aesthetics (see story).

*ARt by Rmy Martin. Image credit: Rmy Martin*

Scottish distiller The Macallan developed an immersive app to educate consumers on the differences between two distinct whiskies.

By using The Macallan AR app, consumers can learn what differentiates the distiller's Sherry Oak 12 Years Old and the Double Cask 12 Years Old, an experience enjoyed by both experienced and novice Scotch enthusiasts (see story).

Taking storytelling one-step further, brands and retailers have also harnessed AR for in-store narratives and unique designs.

British department store chain Selfridges looked to bring the future of fashion to shoppers by working with digital artists on a new multichannel initiative.

Artist Jon Emmony was the creative force behind the first film and worked with photographer Chris Sutton for Selfridges' swimwear campaign. The team used digital elements, such as augmented reality, to create a colorful, surreal backdrop for the models posing in swimwear from brands including Agent Provocateur and Calvin Klein (see story).
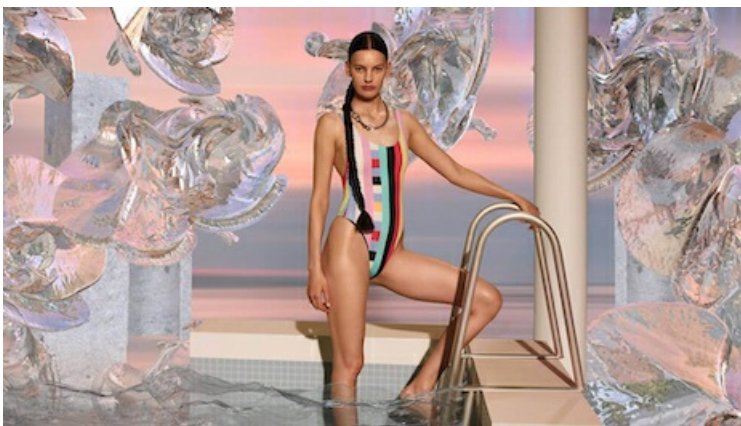
Selfridges collaborated with digital artist Jon Emmony for its swimwear campaign. Image credit: Selfridges

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

The retailer's "Amazing Arctic Christmas" told the story of a family of polar bears who had to 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).

Other retailers have learned to capture AR for a more futuristic purchasing process in stores.

Department store chain Saks Fifth Avenue helped to usher in a payment solution using AR.

Mastercard worked with Osterhout Design Group and Qualcomm Technologies to develop an AR payment program debuting with Saks. The solution allows shoppers to gain greater insight on products and recommendation but will

also authorize payments through eyeball scanning (see story).
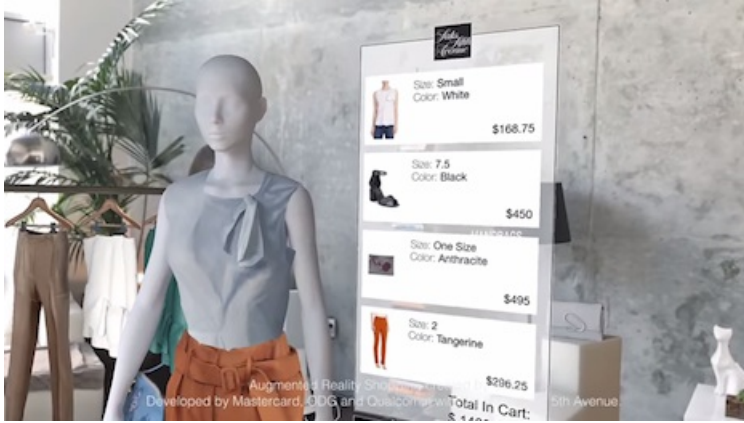
Mastercard and Saks bring AR to shopping, as retail becomes more integrated with tech

Uniquely, Este Lauder expanded its use of AR technology to its retail operations.

After launching a series of consumer-facing activations using Perfect Corp.'s YouCam app, the company created an Augmented Reality Training (ART) program for its Beauty Advisors. Virtual experiences are being used more often by brands to streamline aspects of business, from training to technical work (see story).

Employee training could be a prime market for AR use. Companies are also finding other internal applications, using AR to help with processes.

German automaker Porsche's U.S. importer is using augmented reality to aid remote assistance for its service technicians.

Porsche Cars North America's "Tech Live Look" employs smart glasses with a built-in camera and LED light, allowing workers to take and share images and video from their perspective. While AR has been incorporated into consumer-facing experiences, the technology is also finding a place behind-the-scenes (see story).

As AR capabilities continue to accelerate, luxury brands will find new ways to use the technology for consumer-facing endeavors and beyond.

Best practices for augmented reality

- Alexandre Meerson, founder of Meerson Watches

  - "Today, AR is mostly in the realm of marketeers to animate a pop-up or a retail space see the X-Ray animation by Ulysse Nardin. But this is only one aspect of it, and perhaps not the most interesting. AR is currently used to examine the watch, its inside, or to look at different color options. But this is only scratching the surface of the opportunity, and brands such as Tissot already explored this many years ago."

- Jennifer Richey, chief strategy officer of Gravity Jack

  - "What's good is not cheap, what's cheap is not good. Do your research on what company you choose to develop your AR application, you won't regret it. Also, don't be afraid to reach out to companies with your ideas. While you may think they are unachievable, might actually be more simple than you think. Overall, have fun. AR is truly exciting."

- Parham Aarabi, CEO of ModiFace

  - "Makeup and hair color are two clear areas where the ModiFace Virtual Try-On experience can make an immediate impact and this category is where we see the first movers. The AR experience is engaging and it works well in a brick-to-mortar setting too. A few retailers in the U.S. and some in Asia Pacific are now using AR tools in-store to help consumers interact with the makeup category."

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