

INTERNET

What digital goods mean for luxury

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Louis Vuitton skin for the League of Legends game. Image credit: Riot Games

By SARAH RAMIREZ

From cryptocurrency and NFT to gaming, digital ownership may be the next frontier for luxury.

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In a conversation between Vogue Business senior innovation editor Maghan McDowell and Ian Rogers, consultant and former chief digital officer of LVMH, at the Vogue Business and TikTok Technology Forum on March 18, the pair discussed how luxury has evolved in recent years. While luxury businesses are rarely early adopters to technology, Mr. Rogers argues that is actually beneficial to the industry with the right approach.

"With growing numbers of people with access to unlimited choice, and growing numbers of middle class and upper-middle class consumers, I think luxury does incredibly well on the Internet," Mr. Rogers said.

Digital representations of culture

When Mr. Rogers joined LVMH as chief digital officer in 2015, he brought decades of experience in digital music, particularly at Apple. His priority was to elevate digital technology as a strategic driver of business at the French luxury conglomerate.

With the COVID-19 pandemic accelerating changes in digital and ecommerce tools, Mr. Rogers believes "true digital products" are not that far away from becoming reality.

He cites Louis Vuitton's multichannel partnership with League of Legends ([see story](#)) as an example where the brand took something from the physical world of sporting events creating a limited-edition trophy case and applying it to an esports tournament.



Louis Vuitton created a bespoke trophy trunk for the League of Legends World Championship. Image credit: Riot Games

Mr. Rogers believes that digital representations of luxury goods, such as receiving a digital token of a handbag after purchasing a physical handbag, is the next step in progression.

"The notion of digital ownership is very real and just because something is digital doesn't mean it means any less to us as humans," Mr. Rogers said, noting the popularity of physical books and vinyl records despite the same content being available digitally. "Luxury is the business of building identity you don't buy a luxury handbag of its incredible utility; you buy it because the brand has built culture.

"That culture is something that you want to be a part of, it's a tribe that you want to belong to," he said. "There have always been digital representations of culture."

Mr. Rogers and Ms. McDowell also discussed the rapidly growing interest, as well as confusion, around NFT, or a non-fungible token. It is a unit of a data on blockchain, which can represent a unique digital item and is not interchangeable.

Earlier this month, auction house Christie's has sold its first purely digital artwork, created by the digital artist Beeple, for \$69.3 million ([see story](#)).

Through blockchain, NFT are also closely related to digital currencies. Mr. Rogers is currently chief experience officer at the cryptocurrency startup Ledger, while he continues to work with LVMH as a consultant.

Both Mr. Rogers and Ms. McDowell believe many are getting caught up on trying to understand NFT, and similar to how the majority of people do not know how the Internet works, it is best to focus on the value the technology brings.



Valentino made looks from its pre-fall 2020 collection available on Animal Crossing. Image credit: Valentino

"Human beings change their behavior, then you have to change your behavior at selling," Mr. Rogers said. "Luxury brands don't need to be early adopters of technology, but luxury brands know they are early adopters of culture."

While NFT may not be worth the eye-popping price tags people are currently paying, Mr. Rogers believes the true value is about status and exclusivity a meaningful luxury application for a technology that is difficult to grasp.

Ecommerce evolution

Mr. Rogers also shared his predictions and recommendations for brands' ecommerce strategies.

While few luxury brands have chosen to retail through Amazon's Luxury Stores, the ecommerce giant still remains influential in the industry.

"Amazon adds a lot less value in luxury transaction than it does on a lot of other things," Mr. Rogers said.

With a new chief executive taking the helm at ecommerce giant Amazon later this year, future changes at the company are likely to have ripple effects across the luxury and retail industries. Amazon will have to continue to invest in Luxury Stores if it wants to continue attracting luxury brands during the incoming CEO's tenure ([see story](#)).

"If I want something that truly represents who I am, Amazon is not where I turn," Mr. Rogers said. "It's just not their place in society."

Mr. Rogers also discussed the advent of luxury resale. He discouraged brands from working with multibrand resale sites, comparing the experience to that of a "used car lot."

The secondhand fashion sector is forecast to be worth more than \$60 billion by 2025. The growth is being accelerated by younger consumers who keep sustainability top of mind, as well as more interest in online communities and social shopping.

French luxury conglomerate and LVMH rival Kering sees the opportunity in secondhand luxury and now has a 5 percent stake in resale platform Vestiaire Collective ([see story](#)).

"If you think about it, the brand can do [authentication] better [than resale sites], and it actually doesn't even really need to make much margin on it, if they're keeping the customer and their ecosystem, if they're selling back their product and buy something new," Mr. Rogers said. "I think at the end of the day, resale will be done by brands."

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