

MARKETING

## Why luxury brands must get personal

June 10, 2021



Luxury brands already provide a range of personalization services. But they need to get more personal with their customers both online and off. Image credit: Gucci

By A LUXURY DAILY COLUMNIST

By [Glyn Atwal](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

There is a compelling business case for personalizing the physical and digital customer purchasing journey, according to a [McKinsey & Co. report](#) stating that omnichannel personalization can reduce acquisition costs by as much as 50 percent and increase revenues by 5 to 15 percent.

Yet this figure is likely to be higher for luxury brands. The accelerating digital transformation of the luxury ecosystem, combined with a new desire for individual brand experiences, means that luxury consumers now expect personalization as a standard of service.

Not coincidentally, luxury brands do provide a range of nice-to-have personalization services.

For example, Gucci DIY enables customers to add a customized finish to select items. Yet when it comes to creating a seamless experience, luxury brands are still struggling to catch up.

A report by PwC found that luxury brands lag in delivering omnichannel services at the level of performance of mass-market brands.

China's advanced stage of technological adoption has placed additional pressures on luxury brands to deliver an omnichannel personalization strategy.

In many ways, luxury brands in China are still experimenting or at least "learning by doing" regarding how best to navigate the omnichannel minefield.

Here, we outline best practices based on integrating the three Ds put forward in a *Harvard Business Review* article arguing that scalable personalization is central to a consumer-centric strategy.

### Data discovery

The ability to source behavioral data is essential for uncovering fresh consumer insights.

Luxury brands need to integrate data across all online and offline interactions and monitor trends in real-time. In

other words, they must implement the power of Big Data and **Artificial Intelligence (AI)**.

For example, customers follow a WeChat login procedure when entering the M A C Cosmetics Experience Center in Shanghai. Customers are, in essence, providing permission for M A C Cosmetics to collect personal data so it can forge personal relationships.

The power of Big Data and AI is less about simple demographics and more about combining two new technologies to gauge emotional needs. This is now essential for precision target marketing.

#### Decision making

Analytic modeling provides the ever-improving intelligence to predict consumer preferences and behaviors.

Tiered **loyalty programs** can effectively ensure that specific content can nudge the desired customer behavior.

For example, a Sephora & Ipsos China study reported that 25 percent of offline-only "Gold" members search or browse online for the exact product information up to 30 days before a transaction.

#### Content distribution

Luxury brands need to create and deliver personalized content throughout all stages of the **customer journey**.

Customized recommendations are just one piece of the jigsaw puzzle.

Burberry, for example, developed a custom WeChat Mini Program for its first **social retail store in Shenzhen** that provides personalized experiences for customers visiting the store physically or virtually. But it also allows customer service associates to access customer information in real-time.

The reality is that there is no longer a clear-cut boundary between online and offline.

Only 6 percent of Chinese luxury purchases take place in stores, with no digital touch points.

However, a study by Gartner found that brands risk losing a large share of their existing customer base due to poor personalization efforts.

The takeaway? Omnichannel personalization matters.

It is not just about deepening customer-brand relationships. It is also about delivering a holistic experience. So, are luxury brands ready to get truly personal with potential clients?

*Glyn Atwal is an associate professor at the Burgundy School of Business (France). He is co-author of "Luxury Brands in China and India" (Palgrave Macmillan).*

*Published with permission from **Jing Daily**. Adapted for clarity and style.*