

MARKETING

Why digital reinvention is luxury's next big game changer

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A real luxury experience is when the customer feels something exceptional. That's why brands must provide true luxury through their digital touch points. Image credit: Burberry

By [Daniel Langer](#)

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Luxury is the perception of **extreme value** through a brand's products and services. Therefore, to receive a true luxury experience, a customer must feel something exceptional.

That is why the best brands in the world offer extremely personalized services to their best clients in special sections of their stores, the privacy of their homes, and at curated events far away from regular customers. And, as importantly, they are always given utmost personalization of all aspects of the experience. In other words, true luxury is never transactional but needs a high degree of personalization and sophistication.

And yet, most luxury brands do not offer the same personalized services in their digital shopping experiences as they do at their highest level human-to-human experiences. Instead, practically all ecommerce approaches developed today are transactional approaches, not individualized experiences on a digital platform. That, in my opinion, is a huge mistake.

Many luxury brands remained distant to digital sales, only feverishly trying to catch up over the past five years, accelerated even more by the pandemic. Yet, practically no brand developed the same personalized approach across their digital platforms as they provide with the physical experiences.

In fact, most online "luxury" experiences closely resemble each other. In a recent digital audit, I found that the digital experience of 20 of the leading luxury brands across categories was practically identical from Web site design to merchandise display and descriptions of the checkout process.

Then, their products get shipped via third-party shipping companies often a slower and less convenient process than mass-retailer shipping from companies such as Amazon, for example.

Following the purchase, customers often get spammed with email marketing campaigns in an attempt to lure them into their next purchase. The entire experience is transactional and without any brand differentiation other than product or image designs.

Smaller brands, in particular, lose an important chance for differentiation by relying on templated ecommerce providers, which make almost all e-stores look and feel similar. What gets lost without personalized experiences is the brand magic. That matters because ecommerce is on the rise.

In China, the world's leading ecommerce market, almost 45 percent of all purchases were made online in 2020, according to Statista.

While the United Kingdom (27.5 percent ecommerce share), United States (14.5 percent) and Germany (11.2 percent) are still lagging, ecommerce will account for more than half of luxury purchases by the end of this decade. And this means luxury brands that lose their edge with consumers due to their transactional **digital approaches** will be significantly vulnerable.

A new digital platform called **Acuity** is one of the first that is radically rethinking the personalized online approach. When I spoke to the CEO of this Hong-Kong based startup, Anastasios Papadopoulos, he boldly stated that "hyper-personalization is the future of digital luxury."

Mr. Papadopoulos continued by explaining that his platform "is designed to allow brands, large or small, to put the individual customer experience at the center and break down past limitations of transactional ecommerce approaches. Powerful **AI technologies** allow for extremely personalized shopping experiences at scale. Consumers get exclusive content relevant to them, and the content changes dynamically depending on customer behaviors and preferences."

Since the launch of his service, brands from all over the world have lined up with the hopes of offering their customers a completely different and more luxurious digital experience.

"There is definitely a lot of interest as brands start to understand that the current way of executing digital marketing and e-commerce strategies has major shortcomings," Mr. Papadopoulos shared.

Amid their day-to-day pressures, many brands forget that all that matters is how a brand creates desirability and differentiation across all customer touch points.

So far, for many brands, digital was more a necessity than a source of competitive advantage. But this mindset needs to change. Instead of playing to play, luxury brands must strategize how their digital journey can provide much broader sources of customer delight, value, and inspiration through a distinct, customer-centric journey.

In the end, a luxury brand can only build up individual brand equity and loyalty if it creates lasting, positive memories. Those are never created by cookie-cutter approaches but rather a radical customer-centricity. And with Generation Z, a new customer group is rapidly emerging that values memories and experiences more than any previous generation.

The vast majority (up to 95 percent, according to *McKinsey Research*) of luxury purchases are influenced by the **digital customer journey**, whether this is through digital marketing, social media, key opinion leaders, livestreaming or other digital channels and tools. This number is independent of the category, working similarly for luxury cars, fashion, jewelry, beauty or hospitality, to name a few.

Therefore, the digital customer journey and the personalization of ecommerce experiences are no longer arbitrary they are decisive for the rise or fall of brands. And with new hyper-personalized marketing and ecommerce platforms, the stack of luxury brand cards will soon get reshuffled. As such, nimble, front-running brands will have the opportunity to scale rapidly by digitally reinterpreting customer-centricity.

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