The News and Intelligence You Need on Luxury

What luxury brands need to know to succeed in the new metaverse

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By Daniel Langer

When Facebook, the world’s largest social network, rebranded its parent company as Meta Platforms, it was a clear signal to the market: We are moving from the "flat" Internet era, where consumers interact with each other in front of two-dimensional screens to a new, more immersive and virtual dimension.

Today, consumers worldwide already spend most of their time in front of screens. The CDC estimates that American Gen Zers spend 7-9 hours a day in front of digital devices and that is outside of work. It is safe to say that, on many days, some people already spend more time in the virtual world than in the real one.

The metaverse is all of this screentime but on steroids. It is the next iteration of our reality, where the virtual and physical merge into one.

The lines of what is virtual and what is "real" are blurring. The metaverse, while often put narrowly in a virtual reality/augmented reality (VR/AR) context, should instead be seen as the fusion of digital and physical. And this fusion is leading, in its essence, to a new type of luxury.

The rapidly rising importance of consumer digital experiences, from ecommerce to online brand interactions, has completely disrupted the luxury retail industry.

In 2022, up to 95 percent of purchase decisions get made along the digital journey, according to research insights generated by quit.

Even though many people still buy products in stores, their "moment of truth" moved from the shelf to the Internet. This new "luxury metaverse" allows the customer not the brand to choose how and when to interact with that brand.

But few brands know how to play this new game correctly. Most still treat digital like an ancillary means, not as part of a holistic way that transforms customer experiences.

So what is the way to win this new game? Is it, as Balenciaga recently announced, creating an entire metaverse department? Or do brands need to think differently?

Creating departments or taskforces to build virtual luxury items such as handbags, sunglasses or belts for your
avatars in a virtual meeting may create some short-term PR and even some revenue. But there is a much bigger game they might miss.

Instead, brands need to reinvent themselves fundamentally from top to bottom to be ready for the metaverse, taking a customer-centric approach.

In a metaverse reality, customers choose how they interact with a brand each time they face a screen. Therefore, everyone in the company must think in a way that consistently connects the digital with the physical.

Many still see luxury as a predominantly craftsmanship-focused industry, in which consumers pay significant premiums for creativity, artistry, fine materials and service at a physical store.

While omnichannel has been a buzzword for at least half a decade, most luxury managers still think primarily in terms of store experience with a lesser digital extension.

Many corporations still see digital as an advertising channel that connects customers, key opinion leaders and celebrities. But that view focuses mainly on brands while omitting today’s real decision-maker: the customer. Brands must flip this course of action around. But that will require new mindsets, methods and tools.

With the accelerated speed of change today, brands must take immediate action or risk losing out.

Unfortunately, most luxury brands do not understand the magnitude of these digital changes. This neglect gets compounded by their massive deficits in brand storytelling, customer journey strategies and digital competitive advantages.

The luxury metaverse requires a different approach one that is more agile, culturally open, tech-savvy and plays to win instead of playing it safe.

I propose a radically different, customer-centric approach.

Each customer decides what luxury is for them, the categories and brands they desire, and what they value most.

In this definition, extreme value creation is personal, and the customer accesses the brands they want through the channels physical or digital they prefer to use.

Today, most customers form preferences and make decisions while on their digital journeys, whether from a blog, social media, a search engine, an influencer, or a celebrity. Once we reach the point where we want to purchase, we either do it online or in a physical store environment and this has become a fluid connection between the virtual and physical.

However, many luxury customers do not experience these fluid brand interactions across physical and digital touch points. During a recent experience audit for a luxury fashion brand in its U.S. and Paris stores, that point came across dramatically.

In one instance, the sales staff was extremely arrogant; in another, they were friendly and helpful; and in a third, they were disinterested and distant. None asked if the customer shopped the brand before or even about basic things like if the customer had a brand profile. None offered any connection to the brand’s digital journey.

To lead the change brought about by the metaverse, luxury brands must apply a completely different approach a customer-centric, humanized, data-driven approach. If the customer does not feel a luxury experience at every touch point, their journey ceases to be luxury.

Brands must think about luxury in a fundamentally new way. It is about building desirability for exceptional products and services through the digital journey and translating that into long-term customer relationships fueled by physical and digital interactions. And, eventually, every transaction should happen in both a virtually and physically connected way.

The luxury metaverse is an entirely new game. Combine this with new, younger customers who have different views and expectations and are digitally native, and you have the largest disruption the luxury industry has ever seen. And brands must lead this change or become irrelevant.

This is an op-ed article and reflects the views of the author and does not necessarily represent the views of Jing Daily.

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