

SOFTWARE AND TECHNOLOGY

75pc of luxury consumers value enhanced technological integration: Bain

October 4, 2023



The findings show that technology can improve customer experiences within bricks-and-mortar locations. Image credit: Bain & Company

By ZACH JAMES

A majority of luxury clientele wants the industry to improve its in-store experiences, with emerging technology viewed as the clear next step, according to new findings from global consulting firm Bain & Company.

In the "[Luxury and Technology: Toward the Boutique of the Future](#)" report, the sector is said to be in the midst of an accelerated period of adoption of newfangled technologies, from non-fungible tokens (NFTs) to artificial intelligence (AI). Typically playing to classical sensibilities, such as in-person shopping experiences and uber-exclusive availability, maisons are continually choosing to take advantage of electronic innovations to improve customer experiences, something 75 percent of luxury consumers are said to "display a strong appetite for."

"Luxury maisons have no choice but to accelerate in tech adoption," said Mathilde Haemmerl, author of the report and partner at [Bain & Company](#), Paris.

"For carbon footprint & efficiency purposes, anticipation of production volumes, better sourcing and predictive allocation of stocks across regions, countries [and] boutiques are a must now," Ms. Haemmerl said. "Empowering the sales associate with sophisticated tools to become omniscient is also key to meet basic customer needs: personalization of ceremony and recommendations, as well as visibility on inventories."

For the report, co-authored by Bain & Company and French luxury trade association Comit Colbert, a survey was sent out to French, American and Chinese consumers that questioned their reasoning behind visiting boutiques and their attitudes about new technologies. The team also drew upon interviews with customers from the same nations and several leaders of prestige companies, comparing responses to its internal experience and knowledge of the market.

Improving the model

Deepening the relationship between luxury clientele and labels is seen as the driving force behind this period of experimentation and technological adoption.

While the industry has played around with electronic concepts for years, the report states that the COVID-19 pandemic forced it to consider a digital direction.

While technology took hold during global lockdowns, as point of sales switched to being mostly online, in the time since restrictions have been lifted, boutiques have regained their dominance as the real-world faces of maisons. Spending projections are increasing as a result for the rest of 2023 (see story) and next year (see story).

#LuxuryGoods houses are exploring new ways of using the latest #tech in their boutiques, integrating it into the high-end human interaction and expertise that is at the heart of their brands. Find out more in our study, in partnership with Comit Colbert: <https://t.co/8gPpV0QRI3> pic.twitter.com/RuUHQI4Itu

Bain & Company (@BainandCompany) September 28, 2023

With this renewed and embiggened relevance, bricks-and-mortar locations are looking to technological innovations, such as AI and augmented reality to engage and retain new and returning customers.

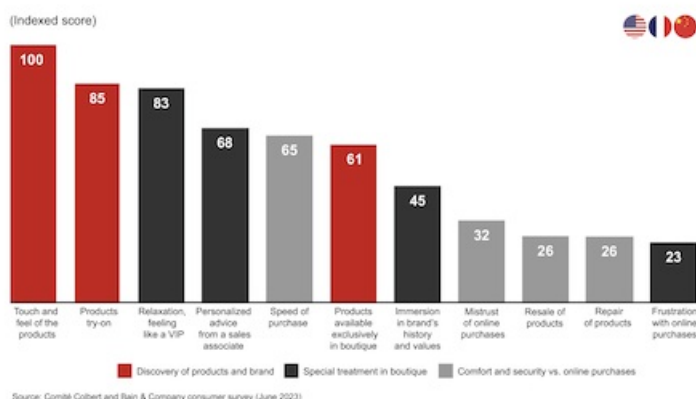
"The first 20 seconds in a store are crucial for either reassuring or creating a sense of frustration," said Christophe Bertin, international retail director at Cartier, in a statement.

"This is where technological tools can play a role to transform this moment in an immersive way."

Comfort and ease of product consumption, like speeding up checkout and customer service, are where electronic tools come into play.

The adoption of modern payment options, such as Apple Pay, is just one of the ways that boutiques are modernizing.

Figure 1: Why luxury customers choose to shop in a physical boutique



Reasonings for visiting a boutique are mostly shared among the industry's clientele. Image credit: Bain & Company

According to the report, 83 percent of luxury buyers choose to shop in-store due to the feeling of being a VIP, something enhanced with the use of modern touches.

Controllable mirrors, for example, create runway looks on-screen based on the items brought into the changing room. Sales associates can also suggest other product recommendations using the capability.

Alongside chasing the VIP treatment, the majority of consumers also yearn for both in-depth conversations with the boutique's staff and speedier sales. Bain & Company's findings, in this regard, are seconded by another report from Horizon Media (see story).



Consumers are clamoring for more technological integrations. Image credit: ThisisEngineering RAEng

"Luxury customers sent a very clear message regarding their key frustrations in the boutique," said Ms. Haemmerl.

"Most luxury maisons still need to raise the bar in journey fluidity and real-time visibility on stocks," she said. "With this, appetites for tech-enabled use cases are not a matter of generation the level of promotion of tested use cases (virtual try-on, body scanning for virtual sizing, digital tags, product personalization, online wishlist, etc.) is above 75% on average, across generations."

Among the integrations customers do not want to see is self-service, as the factor of human touch is deemed invaluable by all of those surveyed.

"The purpose of luxury is to create emotions and exceptional experiences in-store," said Grgory Boutt, chief client and digital officer at Kering, in a statement.

"The digital strategy that has concentrated a significant portion of our investments in recent years is to build an even stronger and personalized relationship between the customer and their sales associate."

Engaging emerging tech

The hottest topic in the world of tech for the past year has been AI.

The programs are seemingly poised for primetime play, as more and more maisons are turning to them for creative and consumer-facing purposes, such as use within stores to streamline customer interactions and processes behind the scenes.

While AI is seen as a way to further simplify in-store purchasing, it comes with multiple drawbacks inherent to developing programs.

Mainly, the issue lies in the push for AI-bolstered systems' public availability without enough testing to determine short and long-term effectiveness. Additionally, this potentially removes the human element from retail spaces, which is something those surveyed resent.

<https://t.co/Ya6hoZVGEH> pic.twitter.com/VE10tbDUFy

Mastercard News (@MastercardNews) August 7, 2023

While the global AI market is poised to hit a \$422 billion valuation by 2028 ([see story](#)), this projection is hampered by nearly half of consumers lacking trust in generative AI, such as Chat GPT ([see story](#)).

Due to the general dislike for the programs, it seems luxury has been slow to adopt the technology, with few companies and labels fully embracing the software outside of art installations ([see story](#)) or other less intrinsic use cases ([see story](#)).

Meanwhile, maisons have been tapping into the gaming market with more physical activations, potentially paving the way for the activity to become a more common marketing avenue ([see story](#)).