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How brands can use data to make digital experiences more human

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Alex Levin

By Alex Levin

Brands are collecting an unprecedented volume of data about their customers their purchase history, their interactions with the company's digital properties, their interactions on social media, their movements online and in the physical world.

Pioneering companies are using millions of data points, from their keystrokes to how they physically interact with their smartphones, to build "behavioral biometrics" profiles of their customers.

Even as countries pass increasingly strict regulations, and even as consumers become increasingly wary of what brands are doing with their data, 88 percent of marketers said collecting and storing customer data is a high or their highest priority.

But what do consumers actually get in return for all of this data?

Sometimes the value of sharing our data is obvious when consumers grant Uber access to their geographical data, they know it will be used to route a nearby driver to their location.

More often, brands use consumers' data to follow them around the Internet with ads. And recent studies suggest that most of the data that brands collect about consumers go unused.

Luxury brands have a chance to set themselves apart by the sophisticated way in which they analyze customer data and apply its insights to make digital interactions with their customers not only more pleasant but more human.

In doing so, they have an opportunity to stoke the emotional connections that essential for building brand affinity and driving lasting profitable relationships with consumers.

Sophisticated personalization creates emotional connections

Emotions are the most important factor for building brand affinity and lasting, profitable relationships with consumers.

As a recent Rutgers publication points out, emotions play an especially important role "for consumers who are new entrants to luxury, and expect more for the dollars they are spending. Aspirational shoppers, who are just starting to play in the luxury segment and likely still need to justify the price, need to derive value not solely from the product, but also from the feelings created throughout the entire purchasing experience."

Traditionally, luxury brands have historically poured tremendous time and resources into creating transcendent shopping experiences that draw consumers in.

But luxury buyers are beginning to skew younger millennials will represent 50 percent of the global market for luxury goods by 2025, with Generation Z overtaking the market a short time later. Research has shown that more of these younger consumers prefer to shop for luxury goods online.

Luxury brands can use the data they collect to create sophisticated digital experiences that not only recommend products but immerse guests in the brand their craftsmanship, their artistry, their histories, and their mythologies.

Experiences that do not focus on telling these consumers what to buy, but asking them about what they want and need, helping them craft a story about who they are.

High-net worth buyers, on the other hand, have an entirely different set of needs.

For these customers, access to their personal information comes with an expectation a survey of affluent consumers showed that 24 percent expect brands "to provide truly personalized experiences based on personal data they have collected."

In-store, these buyers would be attended by trained salespeople who know not only their birthdays and anniversaries but their size, color and style preferences, purchase history, down to whether or not they would prefer coffee or a glass of Champagne while they shop.

While this level of personalization is often lost online, it does not have to be. Just as a skilled salesperson keeps information about their high-value customers on hand, luxury brands can leverage customer data to serve high-value customers a custom high-touch experience online.

More exciting is the opportunity this data presents for luxury conglomerates.

As companies such as LVMH, Este Lauder Cos., Richemont and Kering expand their portfolios, they have an opportunity to share their customers' data across brands.

A customer who purchases an anniversary gift at Tiffany could find a congratulatory bottle of Met and a handwritten note on their doorstep a few days later.

At the center of each of these examples, and what separates them from the manner in which most brands use customer data to bludgeon them with sales messages, is consideration of the emotional needs of the customer.

BY OFFERING customers an experience tailored specifically to them, luxury brands can fulfill what Maslow classified as Esteem Needs the desire for status, reputation, or respect or what psychologists have referred to as "the emotional luxury of feeling known."

Yes, the future of luxury is undoubtedly digital. But it can also be more human.

Alex Levin is cofounder of L+R and executive director of Liquid Crystal, New York.

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