

RETAIL

Brands must bridge the digital-physical divide

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By [Scott Clarke](#)

Luxury is rooted in exclusivity. As luxury goods become more ubiquitous and easier to access, consumers are turning towards unique, irreproducible experiences to fulfill a desire for the exclusive.

For luxury brands seeking to gain an advantage in an increasingly competitive marketplace, it will be important to look beyond what has historically characterized these brands as "luxury" products made of the finest materials and priced at the top of the market, boasting superior craftsmanship and a rich heritage to create superlative human experiences that extend beyond the products themselves and connect with consumers in new and innovative ways.

These experiences will need to conform to the traditional features of luxury brands in creating an intense and emotional connection to the consumer, a sense of scarcity, the suggestion of apparent status, and elegant artisanry.

But equally they will need to deliver on consumers' evolving expectations for luxury experiences: immersive and memorable encounters that leverage new or augmented reality to enhance everyday life and surprise and delight the consumer in ways that feel exclusive, distinctive and deeply personal.

Enhancing the online experience

Luxury brands on the vanguard of this new paradigm have found opportunities to navigate the paradox of attempting to be both exclusive and available, timeless and innovative.

These marketers have looked to transcend the physical and digital worlds to create data-driven experiences that engage the consumer's emotive desires seamlessly across offline and online channels, while preserving that sense of elegance and scarcity synonymous with being a luxury brand.

Also, they have invested in premium, multichannel content that promotes uniqueness and has a sense of insider sheen that will resonate with high-end consumers.

We have seen this from British fashion label Burberry, which has installed state-of-the-art interactive technology in many of its stores to create highly individualized and curated shopping journeys.

Swiss watchmaker Tag Heuer has elevated its Web site experience through clever interactive watch visualizations, and dunhill has pioneered the gentleman's club-style "brand home" with its private dining room, cinema, barber and spa.

As consumers shifted towards ecommerce during the pandemic, it became more important than ever for brands to prioritize the enhancement of their digital offerings.

Yet, despite this shift to digital, a recent Norstat study shows that 90 percent of consumers feel that luxury brands fall behind their more mainstream counterparts for online experience, while almost three-quarters (72 percent) believe that online experiences provided by luxury retailers is inferior to the "prestige" of their physical stores.

As we look to 2022 and beyond, expect to see more luxury brands investing in digital technologies such as augmented and virtual reality, artificial intelligence, computer vision (face, gesture or emotional recognition software), gaming, cryptocurrencies and the Internet of Things (IoT) to deliver exceptional and immersive consumer experiences that not only evoke deeper connections to the brand narrative but also provide consumers with a great sense of exclusivity.

By crossing the physical-digital divide and finding the right balance of online and offline content and experience, these brands will be able to differentiate, engage new audiences including digitally savvy millennials, and deliver even more personalized and impeccable customer service.

But attempting to create luxury experiences that transcend our physical and digital worlds is not without its challenges and risks.

Raising the standards

Luxury brands are all too aware of the extremely high standards that target consumers are accustomed to and expect from its physical stores.

For luxury brands to successfully cross over into digital they must consistently design and deliver personalized digital experiences that match those levels of quality.

Moreover, as the function of the physical store expands into a center of experience, logistics and personalized services, luxury brands must be prepared to incorporate new technologies into these stores in a way that delivers a fully integrated, fluid and seamless omnichannel environment.

Consider luxury ecommerce platform Farfetch, which earlier this year opened Browns Brook Street, a flagship Mayfair boutique in the heart of London's luxury fashion epicenter.

Used in conjunction with the Browns' app, interactive, augmented reality mirrors in the shop's dressing rooms can offer styling guidance and suggest complementary products to the ones being tried on.

By combining New Age technology with exceptional service, Farfetch has given customers a compelling reason to visit its physical store and immerse themselves in the brand experience.

To succeed in the future, luxury brands must strive for a deeper and more empathic understanding of their target audience including their needs, habits, desires, aspirations and values.

Expect to see luxury goods brands increase their investment in ethnography and other human science methodologies to better understand the context in which consumers engage with their brand, enjoy their products and experience life.

Also expect to see an increasing investment in sophisticated data analysis and machine learning tools that mimic human behavior or build spectacular settings.

THIS SORT OF information and underlying capability, if used cleverly, can allow luxury brands to determine, adapt and curate the precise combination of products and experiences that their target consumers are most likely to purchase and engage with, and deliver personalized content and experiences that connect with consumers throughout the buying journey at just the right moment before, during, and after the purchase, both online and offline.

Of course, with more consumers now placing greater emphasis on brand purpose and corporate social responsibility, even going as far as to abandon the brands that do not align to their core values, luxury labels must strive to deliver these exceptional experiences while also advocating and showing an unwavering commitment to doing what is right for society and the planet.

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