



OMNI- PERSONAL LUXURY

How to Transform
your Luxury Business
for the Digital Age

Rebecca Schmitt
Arnaud Rossi
Albert Bensoussan

Omni-personal Luxury

“As one of the leaders in hard luxury retail, Bucherer has been working on its digital transformation and new ways of engaging with the customers which has been further accelerated with the COVID-19 situation. Omni-personal luxury is perfectly timed, providing essential insights on how to unlock the untapped value of exclusive personalized experience at scale as part of omni-channel scenarios. If you are involved in luxury business, this book is a must read!”

—Guido Zumbühl, CEO of *Bucherer*

“Covid has accelerated the preexisting structural shifts that were emerging, therefore this would be a first post-COVID view to give an outlook on how to manage the ongoing disruption in luxury. Personalisation has become a buzzword and the book acts as thought-leadership, addressing a broad audience of universities, associations, and professionals.”

—François Delage, Former CEO of *DeBeers Jewellery, Paris, France*

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Business for the Digital Age

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Preface

Dear Reader,

Written by passionate authors for an industry of passion, this book is an educated reflection based on our experiences in top management roles and consulting the leading companies in the luxury industry, combining our shared views on the upcoming challenges and opportunities.

Broadening Your Views

‘Omni-personal luxury’ is purposely not an academic or a scientific exercise. We diligently scouted the market for the latest global challenges and trends. More precisely, we gathered knowledge as part of our respective professional life and openly exchanged it with a number of c-level executives, IT and digital experts, as well as with a number of technology companies, to compile a broad view of the luxury industry’s market trends. We think success is based on collaboration and knowledge, which is why we decided to share our insights, examples and references to open the eyes of the curious while centralising useful information for the knowledgeable.

The Ripples of Change

In the past 20 years, the world has contemplated the impact of digitalisation that is happening at various speeds in all industries and accelerated by new players attacking the market globally and/or locally. The rise of these new

business models through ‘online’ whether it is about ordering, delivering or crowdsourcing/funding, or about converting ‘buy’ into ‘rent’, ‘lease’ or ‘subscription’, has been disruptive for the historical players. The codes behind what makes a business successful or the way companies should address their customers have been changing like never. The lines between traditional and technological companies are blurring (aren’t all companies digital nowadays?), and the result is that yesterday’s leaders and pillars of our economies are not today’s and for sure will not be tomorrow’s. Why would it be different for the luxury industry?

2020, the Year We Fast-Forwarded into a New Reality

Alongside the massive digital transformation happening across industries and markets, the luxury vessel has been keeping its course, leveraging century-old emotional and know-how codes entrenched in the success of the generated business. In the past ten years, we have experienced a number of online initiatives, but selling ‘online’, whether it was B2B or B2C, was not the prime strategy, and most companies invested in expanding the reach of professional fairs for their B2B business or in developing their proprietary retail network and footprint for those convinced that owning the relationship with the customer was the best way to generate growth—and it worked!

Although the luxury leaders had started their digital transformation, COVID-19 has created a ‘digital necessity’ and has ‘put the church back in the centre of the village’, as we say in French. Online presence and online customer engagement were the lifesavers in keeping the relationship with customers and compensating sales (with online sales) while stores were closed or while people could not travel. If you take a step back, this is just an acceleration of an unavoidable evolution given the changes we have seen in other industries, the expectations of the Asian customers (strategic area for growth) and, finally, the expectations of the new generations.

This ‘new reality’ growth and success will be based on a variety of ingredients, including relevant personal engagement across channels (online and offline), continuous customer lifecycle management, interacting with the new generations where they spend their time (i.e., gaming, virtual reality, social

networks) and building cross-channel or industry experiences while committing and acting on sustainability. The biggest opportunity will be to orchestrate these channels and build the most relevant experiences for each individual customer. This is what we call 'Omni-personal luxury'.

We hope you enjoy this ride with us.

Geneva, Switzerland

Arnaud Rossi

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About This Book

Dear brand manager, IT and digital officer, innovation and experience expert, agency and curious reader, we welcome you! This book is made for you.

The omni-personal extends beyond the omni-channel. While the omni-channel is about the consistent and seamless experience across channels, the omni-personal is about relevant and individual experiences. It is about at-scale relationship building between a brand and its customers. ‘Omni-personal luxury’ targets an audience that is interested in the future of luxury. It provides deep insights for industry experts and those who would like to gain a better understanding of the required steps towards an omni-personal customer relationship, which is enabled by customer centricity, innovation, new business models and customer experience design.

Following a clear structure, seven chapters will answer your essential questions about who, why, how, what and when the omni-personal matters most in luxury. You will find the fundamental key aspects at the beginning of each chapter, including the leading practices and deep dives. We have written this book with luxury and premium brands in mind. For illustration, we will focus mostly but not only on use cases and examples from the jewellery and watch segment, which is also referred to as hard luxury.

At the beginning of this book, in **Chap. 1**, we investigate the macro trends and market dynamics. This will give us an understanding of how changing customer expectations are accelerating the omni-personal transformation towards the future of luxury.

Chapter 2 describes how luxury has followed its own rules throughout its history. Luxury has a special role to play in culture and society. Luxury today has many faces: from kings’ heirs and status-driven logo collectors to

magnificent bling-bling and even minimalist and timeless understatement. Luxury is a dynamic concept, but you can manage it, even in a world of continuous innovation and progress. Recently, we have started to devalue hardware and adore software in the same way that we devalue the material and adore experiences. This includes not only in-store but also online experiences: experiences everywhere, actually.

Chapter 3 explains that many luxury brands have approached the digital world carefully to protect cultural heritage and brand equity. Brand websites, shopping clubs and second-hand platforms have become a starting point to overcome an ambivalent relationship with the Internet. Meanwhile, social media platforms make omni-personal relationship building obligatory, giving customers their own voice.

In **Chap. 4**, we think customer-centrally and bring the omni-personal to prospective customer segments. On the one hand, this implies identifying the needs of millennials and the geographical contexts of the Asian growth markets, specifically China. On the other hand, these needs cause the rise of new consumption behaviours.

In **Chap. 5**, we derive a new omni-personal model to examine the transformation during the customer's journey. Here, you will also find omni-personal use cases and insights gained through experience and interviews with industry leaders.

In **Chap. 6**, we describe how to embed the omni-personal strategy into the business unit strategy, along with its technical, structural and organisational implications. We outline three approaches to kick off the omni-personal transformation: vertical integration, modular marketplaces and e-retail platforms and the full-stack ecosystem. To complete the picture, a matrix provides an overview of the brand reach and control linked to each approach.

Finally, do not jump to conclusions without asking about the next steps! In **Chap. 7**, we highlight that the omni-personal transformation starts with the assessment of an organisation's omni-personal maturity through the different channels and touchpoints within the customer journey. This involves five steps from the definition of the as-is and the target customer journey to the creation of an omni-personal transformation roadmap. Digital maturity has become a critical factor for luxury brands and conglomerates. This is the case today, and it will be especially important in the omni-personal world of tomorrow.

Luxury in general and jewellery and watches in particular are currently facing a period of disruption: quartz watches yesterday, smartwatches today and sustainable precious metals and stones tomorrow. Today, mobile phones show time and status to the world. Consequently, customers' wishes have rapidly

evolved into needs, which reach far beyond the physical product. Will luxury as we know it today still be the luxury of tomorrow? How can we attract future target groups? Do we need a step change to prevent the luxury market from experiencing a Kodak moment? We are in fact conquering not the mountain but ourselves. In that sense, we are pleased to take you on this exciting journey towards the future of luxury. Be inspired, and be challenged! Enjoy reading, and start acting!

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Abbreviations

AR	Augmented Reality
ASMR	Autonomous Sensory Meridian Response
B2B	Business-to-Business
B2C	Business-to-Customer
C2C	Customer-to-Customer
CDJ	Customer Decision Journey Model
CDP	Customer Data Platform
CGI	Computer-Generated Images
CIO	Chief Information Officer
CNC	Computerised Numerical Control
CPQ	Configure, Price, Quote
CRM	Customer Relationship Management
CRO	Chief Relationship Officer
CSS	Cascading Style Sheet
D2C	Direct-to-Customer
DAM	Digital Asset Management
DMLS	Direct Metal Laser Sintering
DMP	Data Management Platform
ERP	Enterprise Resource Planning
FDM	Fused Deposition Modelling
FHH	Fondazione de la Haute Horlogerie
Fondazione Altagamma	The Italian Luxury Goods Manufacturers' Industry Foundation
GDPR	General Data Privacy Regulation
Gen Y	Generation Y
Gen Z	Generation Z
GIA	Gemological Institute of America
GPS	Global Positioning System

xx Abbreviations

HENRY	High Earners Not Rich Yet
HTML	Hyper-Text Markup Language
KOL	Key Opinion Leader
KPI	Key Performance Indicator
LOHAS	Lifestyle of Health and Sustainability
M&A	Mergers and Acquisitions
MDM	Master Data Management
MR	Mixed Reality
MVP	Minimal Valuable Product
NFC	Near-Field Communication
NIR	Near Infrared
NLP	Natural Language Processing
NPS	Net Promoter Score
OMS	Order Management System
PaaS	Platform as a Service
PIM	Product Information Management
POS	Point of Sale
QR	Quick Response
RFID	Radio-Frequency Identification
ROI	Return on Investment
SaaS	Software as a Service
SLA	Stereolithography
STISS	Swiss Technology inside Smart Sapphire
UTM	Urchin Tracking Module
VIP	Very Important Person
VR	Virtual Reality
YNAP	Yoox Net-a-Porter

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1

Introduction: The Future of Luxury

Key Aspects

- The personal relationship is at the centre of the luxury strategy.
- Business transformation is addressing new customer needs.
- Customers expect whatever goods and services they want wherever and whenever they want them.
- The COVID-19 crisis provides a glimpse into the crystal ball to predict the future.
- Luxury needs to exploit the potential of new retail in a brand-consistent and customer-relevant way.
- Future market growth in luxury is predicted to be driven by China and e-commerce.

The personal luxury market (i.e., watches, jewellery, leather goods, clothing, fragrance and skincare) increased from €77 billion in 1995 to €281 billion in 2019.¹ However, following the outbreak of COVID-19, the market shrank by 20 to 35 per cent in 2020 but is predicted to bounce back to €330 to €370 billion by 2025.² This estimate already takes the correction due to the COVID-19 crisis into account. Traditionally, the growth potential in luxury has mainly been a result of geographic expansion and brand or line extension. In contrast, the predicted growth until 2025 will be mainly driven by the Chinese market, the growing relevance of the online distribution channel and the readiness of brands to transform themselves in favour of their customers.