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INTRODUCTION



It was somewhat appropriate that the first Luxury Directors Dinner hosted by Cegid and Adyen took place at Heston Blumenthal's 'Dinner' restaurant in Knightsbridge.

Luxury brands can learn a lot from Blumenthal. His path to success has pioneered themes that those in the sector are now using for their own benefit, from personalised storytelling to 'Sensploration'.

Both of these subjects were high on the list when guests from the world of luxury retail sat down at Dinner to discuss their hopes and fears for the future.

Take sensploration. For some brands it's a very powerful way of developing stronger relationships with customers, but then how do you translate that ambience online?

Then there's the rise of the global luxurian. For many luxury brands, digital has helped them reach new customers, whether they're based in London or Lahore.

But it means they now need to understand more cultural nuances. They need to ensure brand consistency across the globe. And they need to deliver a seamless brand experience.

Because that's what it still boils down to. Experiences. As demographics change, the need to provide the very best shopping experience still rings true.

Indeed that's what Cegid and Adyen are helping a number of the world's leading luxury brands achieve. Delivering the latest innovations in retail management solutions and payments to make the luxury shopping experience as effortless and elegant as possible.

Over the course of the next few pages we'll take look at the most poignant topics we covered at the Directors Dinner in more detail. Some issues you may have already conquered. Others may be challenges you know you're about to face. But all are revolutionising the state of luxury in ways that couldn't have been imagined even a couple of years ago. It's why it makes the sector one of the most challenging to be in. But it's why it's one of the most exciting too.





HESTON BLUMENTHAL'S 'DINNER' RESTAURANT IN KNIGHTSBRIDGE, LONDON

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SHAPING BRAND EXPERIENCE: A SENSPLOURATION

Imagine this. You're walking down a high street. The vibrant splash of colour in a window lures you through the door of a high-end clothing store. As you walk in, you're welcomed with the aroma of sweet perfume mixed with fine leather. The playful but calming music complements the soft touch of fabric on your hand.

It is a truly immersive experience – a sensploration. And it is something that brands are really getting excited about this year.

And what's not to get excited about? A journey that stimulates consumers through all senses - smell, sight, touch, sound and taste – and has a multi-sensory appeal makes for an interactive, entertaining experience, as well as creating a great attachment between consumer and brand.

Sensploration has particularly impacted the global alcoholic drinks market, having been used by a number of high-end cocktail bars. Hang on, what more could you possibly want from a cocktail? A lot more, actually – from the taste and presentation, to new sounds and smells.

Johnnie Walker and Bompas & Parr created an audio-visual simulation to change people's taste experience through six different flavours. They did this by manipulating the images and sounds people heard when consuming a drink. This changed consumers' taste perceptions, with images and sounds corresponding in a way scientifically proven to influence the senses.

The Glenlivet meanwhile used sensploration to help launch their rare whisky, Alpha. Those who tried the drink had to use their knowledge of whisky to decipher its flavour and provenance, pushing consumers beyond traditional tasting and into a sensory journey. By doing this, consumers were able to fully appreciate the taste of a rare whisky.

Oxford University also found that even the receptacle a drink is served in can influence its taste amongst drinkers. Brand experience is now about so much more than just a product; it's about a whole journey. And within that journey, just one thing out of place could influence a consumer's experience.

Physical stores are also running with the idea of sensploration – concepting bigger and better experiences to remind people that there are some things online shopping cannot bring to life. Bloomingdale's incorporated this by spraying a talcum powder scent in their baby department. It is proven that the smell of talcum powder makes you feel safe and secure, something that mums value when purchasing clothing and toys for their children. If that feeling of security is ignited, consumers are more likely to purchase a product.

Clever tech can also play a key part here. Le Petit Chef, a French restaurant, went the extra mile for its diners by projection mapping a 3D animation of a chef catching fresh fish onto its plates. Diners were captivated by the experience, knowing that what they were about to eat was something special and made from the freshest of ingredients. Watching the preparation, rather than simply tasting the finished product, elevates the experience and creates a lasting and memorable connection between brand and consumer. So now is the time to push the boundaries of the shopper experience and really explore sensploration.



HAVE YOU MET HENRY?

Do you know HENRY? He's the gatekeeper to the luxury market and the future of the ultra-affluent consumer.

Why? Well, HENRYs are defined as High-Earners-Not-Yet-Rich. They have household incomes of £100k-£250k and are predominantly males aged between 25-34.

Like the broader grouping of millennials, HENRYs live on their devices, crave unique experiences and define the target audience for desirable brands. And because of their higher incomes and desire for the very latest and greatest brands and experiences, HENRYs are fast becoming the much sought after by luxury brands.

The figures speak for themselves. Although HENRY males spend almost half as much on luxury purchases in comparison to ultra-affluents, the number of HENRY households is considerably higher (by approximately seven times), making the market around four times more valuable. Not to mention the fact that the number of HENRY households is steadily increasing. Brands really can't afford to ignore or underplay their importance.

The growth of the men's luxury goods market is a true testament to this, topping \$81 billion in 2014 and set to hit a whopping \$110 billion by 2019. In fact, men now make up 40 percent of the luxury goods market, according to Bain & Co.

Dior has recognised the growth by recently opening its first menswear flagship store in Paris. And British department store Harrods spent October 2015 celebrating menswear with in-store events, window displays and a magazine filled with engaging content.

What's really interesting though is that while HENRYs have the money, they're preferring to spend it on experiences and lifestyle enhancing products, in contrary to traditional spending habits such as investing in a property or saving for a wedding. Priorities have shifted. Monogamy is out; the latest Mulberry satchel is in. Step aside ladies, because it should perhaps come as no surprise that men are now purchasing one in every five luxury bags sold.

This disruption of the luxury market provides a fundamental new opportunity for brands. But it also requires them to reassess how they connect and communicate with such a changing audience. So what can you do?

- Create an omnichannel brand presence. The affluent HENRY male lives on all his devices, so brands need to be where he is. By centralising the management of data and payments across all channels, brands will be able to build a comprehensive picture of HENRY's purchase behaviour online, on mobile and in-store.
- Provide customer service that is genuinely helpful and on trend. HENRYs are looking for the next big thing, so brands need to be an authority in helping him find it.
- Capitalise on wearable tech that transforms everyday products. If the latest bag doubles as a phone charger, HENRYs will struggle to resist.
- Add value. It's not enough to simply sell a product. Content that shows HENRYs how to style their new jacket for Spring or the best European driving routes for their new Aston - will win the market.

Do that and you might just be setting yourself on a path that leads you to an exciting - and very prosperous - new audience.



WHY PERSONALISED STORYTELLING SHOULD BE DEFINING BRANDS



Remember 'Choose your own adventure', the children's books that let you choose your own storyline? One day, you were a detective fighting organised crime, the next you were solving a murder case – and there were hundreds of variations of plot within those stories. The result was a hyper-personalised story that keeps readers, irrespective of age, on their toes.

We all know that there's really nothing better than a story that you can control and is specifically tailored to your preferences and even your mood.

And that very human desire to ask 'well, how does that relate to me' is something that luxury brands are putting right at the heart of their communications.

THE EMOTIONAL DRIVE

Luxury customers are emotionally driven. They buy because they want something, not because they need it. Which makes luxury, above any other sector, intrinsically about experience.

Customer experience experts have extolled the virtues of a personalised experience for years and we're all well versed in the merits of delivering the right communications to the right person at the right time.

Victor, luxury private jet hire experts, put this at the centre of their proposition. By allowing consumers to pick their own jet, crew and flight schedule, the brand goes above and beyond in the personalisation stakes. Consumers can go to Victor and know that their every need will be catered to – without compromises.

Ateliers at Fashion Weeks across the globe have also tapped into the need to capitalise on a consumer's personal experience of watching a show. Burberry allowed consumers to order bespoke pieces, with a personalised engraving, direct from the catwalk. The pieces were also linked to the consumer's phone, so that unique content on the history of that precise garment could be unlocked.

AVOIDING INVASION

We know all too well that personalisation can lead brands into the dangerous territory of cyber-stalking. When the consumer browses an item online, that item can all too often follow them around in sidebars and mastheads. No one wants that.

But by driving deeper engagement, brands can offer the kind of personalisation that is genuinely useful. Data makes it possible to understand what customers really want and identify key markers beyond the obvious demographics – so we're talking about passions and priorities, rather than age and location.

If brands have an overview of their shoppers' purchases and payments across all channels, it becomes possible to design a service tailored to their convenience. For example, a shopper can browse on her phone, make a purchase from her laptop and then collect the item in-store. This provides brands with the opportunity to recognise customers across all touch-points, and reward loyalty in real-time.

With these insights in mind, brands can create non-invasive, but hyper-relevant personalisation. Communications and personalisations that people will actively seek out.

Strong UX online and customer service in store will be key to this. From websites that remember the last visited item to the in-store associate empowered with clienteling solutions that enable them to give personalised recommendations, personalisation is not only achievable, it's imperative.

TELLING THE RIGHT STORIES

But getting it right on a larger scale involves telling engaging stories. Consumers invest time in the kinds of stories that connect a brand to their everyday lives in meaningful ways.

To take this storytelling to an experiential level, Sephora's 'Innovation Labs' give customers personalised experiences with the products in both the real and the virtual world. Using augmented reality delivered directly to the customer's smartphone, the in-store experience is transformed into a different narrative landscape with videos from Sephora's founders explaining their inspirations and innovations.

It all goes to show that the art of storytelling allows luxury brands to remain relevant. So to hook the luxury audience for life, brands should concentrate on using data to dig into the personalised gems that the consumer can truly treasure.





GETTING OVER THE DIGITAL HUMPH

It is often assumed that all brands are online, but one sector is still a step behind. Luxury.

Surprisingly, 40% of high end brands still do not sell via the web, according to Bain & Company. Historically luxury brands have been hesitant to make the leap online, with fear that it signifies the contrary to a luxury retail experience – lacking intimacy, personal touches and above all, exclusivity.

But the next generation of luxury consumers are now here. They are younger, digital-savvy and have higher expectations of brands. Not only do they expect brands to be available online, but they also expect a seamless experience to go with it.

The success of luxury ventures such as Farfetch and Net-a-Porter demonstrates that not only are consumers eager to buy luxury products online, but they also have the desire to spend on a regular basis - Farfetch recently launched its same day delivery to fulfil last minute shopping needs.

The 'exclusivity factor' that has always been the traditional heartland of luxury brands is becoming less of an issue online now too. By fashioning online boutiques that showcase exclusives, rather than the full product range, consumers remain eager to buy. This 'fear of missing out' on a limited range intensifies traditional exclusivity to create a new kind of demand, so brands can retain their elite status. Hermes online boutique does not include their highest value pieces – the Birkin and Kelly bags. Instead, consumers are directed in store, where specifications can be discussed in person.

The concept of 'connected commerce' will always keep the store at the heart of CX. Indeed that's why in-store software innovations like mobile clienteling combine the best of the digital and physical world; by centralising customer data and recognising customers, stores can personalise their service to include special requirements, past purchases and tailored recom-

mendations, to ensure the customer is always engaged in a meaningful dialogue.

Further, in-store technology such as 'endless aisles' enhance the customer experience by allowing shoppers to browse collections online via tablets and in-store kiosks, with the help of trained sales associates.

Which takes us back online. The successful online experience will always replicate that very personal experience of being in a physical store. Brands can mitigate any perceived risk by ensuring that the virtual store functions just as the physical store does. Take the Glenfiddich, who created a virtual distillery tour on their website, to recreate the feeling of collectors buying a cask. Add into that the benefits of data, and the possibilities are endless.

Bentley, meanwhile, tapped into their aspirational value by allowing consumers to take virtual luxury trips around the globe in one of their flagship cars. Consumers select destinations from an interactive globe on the website, and, once driving, the car pulls out landmarks and points of interest along the route.

Embracing online content also proves a smart way to bestow stories upon a consumer base who want to buy more than just a product. Luxury consumers buy a lifestyle. Chanel therefore created a series of iconic short films, showcasing their creativity and originality, as well as their exemplary style. The star film, 'The one that I want', garnered 13 million views on YouTube.

It's clear that a fresh generation of consumers dawns a new era for luxury brands. Remembering their traditional heritage and marked exclusivity will be crucial, but brands should also not underestimate the opportunities for true creativity and iconic status if they embrace all that digital has to offer. Far from marking the death of authenticity and style, the online world can facilitate new evolutions. And in a sector that has always been praised for being at the top of the pack, this can be no bad thing.

RISING MARKETS

The Chinese luxury market is still a hugely dominant force. We're not telling you anything new there. Some of the world's biggest brands are still investing millions in the country, and Euromonitor International reports it'll grow a further 74 per cent by 2018. You ignore it at your peril.

But as Western brands look to emerging territories for growth, they'd be wise to cast their net far wider than The Red Dragon alone.

And indeed they won't have to look far to see more potential. Just across the border in India the luxury market is predicted to be worth around \$5.6 billion by 2018. And although that's still relatively small fry compared to the \$23 billion that China's luxury market is worth, it's growing at a rate that far outweighs many of its counterparts.

Why? It's partly due to a growing urban middle class, who are motivated by status and have become accustomed to spending money on more

luxury items. There's also a growing number of high-net-worth individuals in the country. India currently ranks sixth in the number of global billionaires, and could have as many as 900,000 millionaires by 2023 too.

This has seen the recent rise of some intriguing home-grown luxury brands, with three Indian companies – watch brand Titan and jewellers Gitanjali Gems and PC Jeweller making the 2015 Deloitte Top 100 Luxury Brands list.

But luxury Western brands are seeing success by diversifying their products and services for the Indian market too. They're going beyond providing the classics and tailoring for a unique culture. In fashion, Hermes, for instance, provides a bespoke Sari collection, whilst the likes of Gucci, Chanel and Jimmy Choo are grabbing a slice of India's burgeoning wedding market.

It's a similar story in South Korea. Only recently have international brands comprehended the



full influence of Korean culture, but they're now using it as a springboard to the Asian market.

It's made South Korea one of the fastest growing luxury goods markets in the world over the past five years, and a modern shopping culture and a clamour for well-priced, prestigious global brands suggests that momentum isn't going to fall away any time soon.

Moving continents and Nigeria is another market enjoying super-charged growth. The country has the world's fastest growing middle class, and is expected to see a 47% rise in its number of millionaires by 2018.

And with a government trying to make investing in Nigeria a more attractive proposition by offering an enticing five year tax holiday for foreign investors, luxury brands are already taking full advantage. Hugo Boss, Ermenegildo Zegna, Mercedes Benz, Porsche and Cartier are amongst those enjoying success in the sub Saharan watering hole.

So the future is bright for luxury brands looking east as well as west. Indeed recent reports estimate that global millionaires will rise from 35 million to 53 million by 2019, and that new world regions, such as Africa and Asia, will account for nearly 70 per cent of this growth.

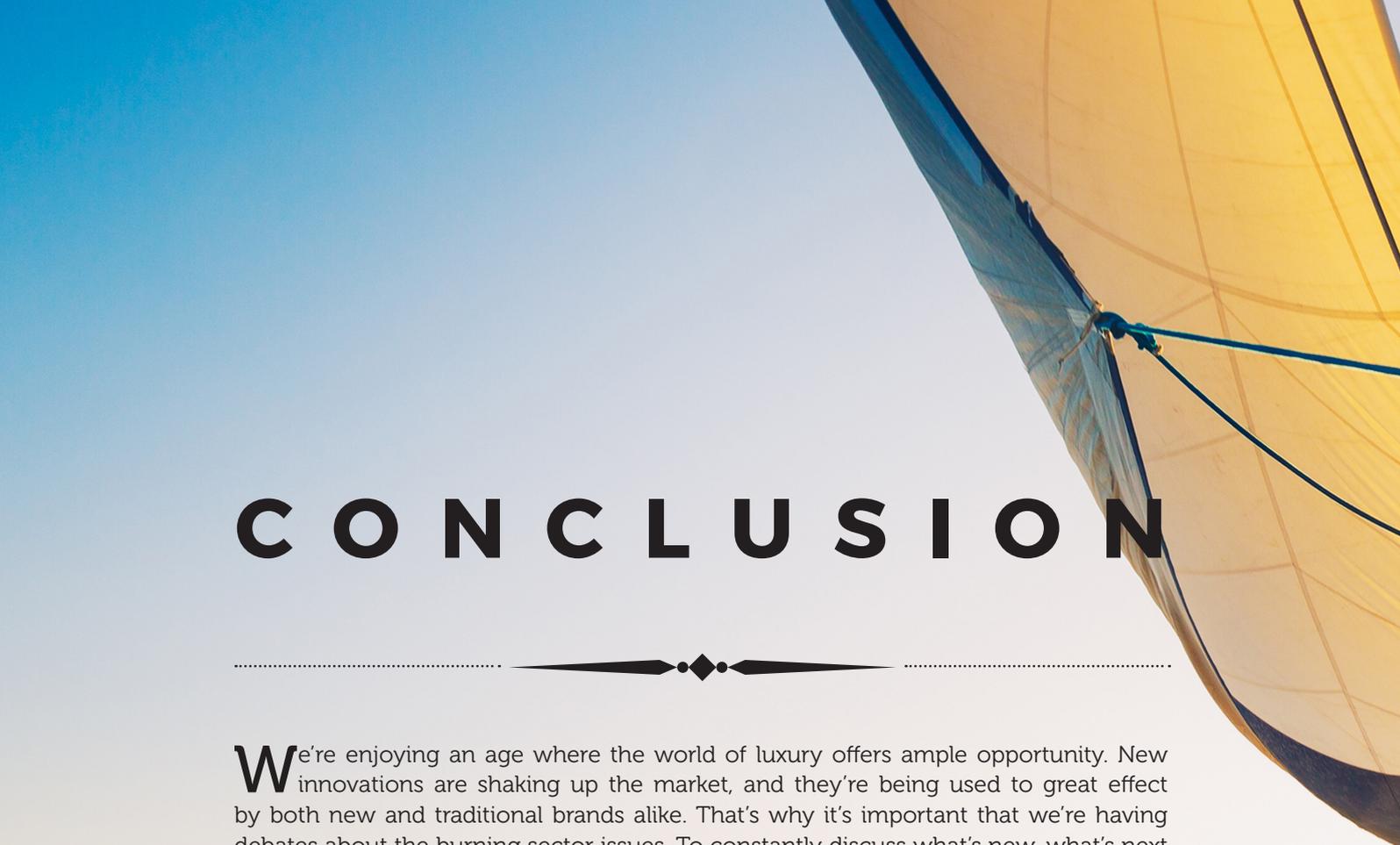
But a few quick points of consideration when entering markets growing so rapidly. Western brands with eastern ambitions must be careful when fully integrating a new store into their existing portfolio. There's so much to consider. It's why Cegid and Adyen put emphasis on offering fully localised retail management solutions, and relevant local payment methods, so that brands can adhere to local regulations and preferences, and ensure a unified brand experience across the globe.

Other issues, like the fact that the speed of change means counterfeiting is still rife, and sites for bricks-and-mortar stores – not to mention staff knowledge – is still underdeveloped for luxury brands are pitfalls that must be solved. Seeking out local knowledge and consultancy can be helpful in navigating unfamiliar waters.

Arguably, these are just the pains that any emerging market must go through.

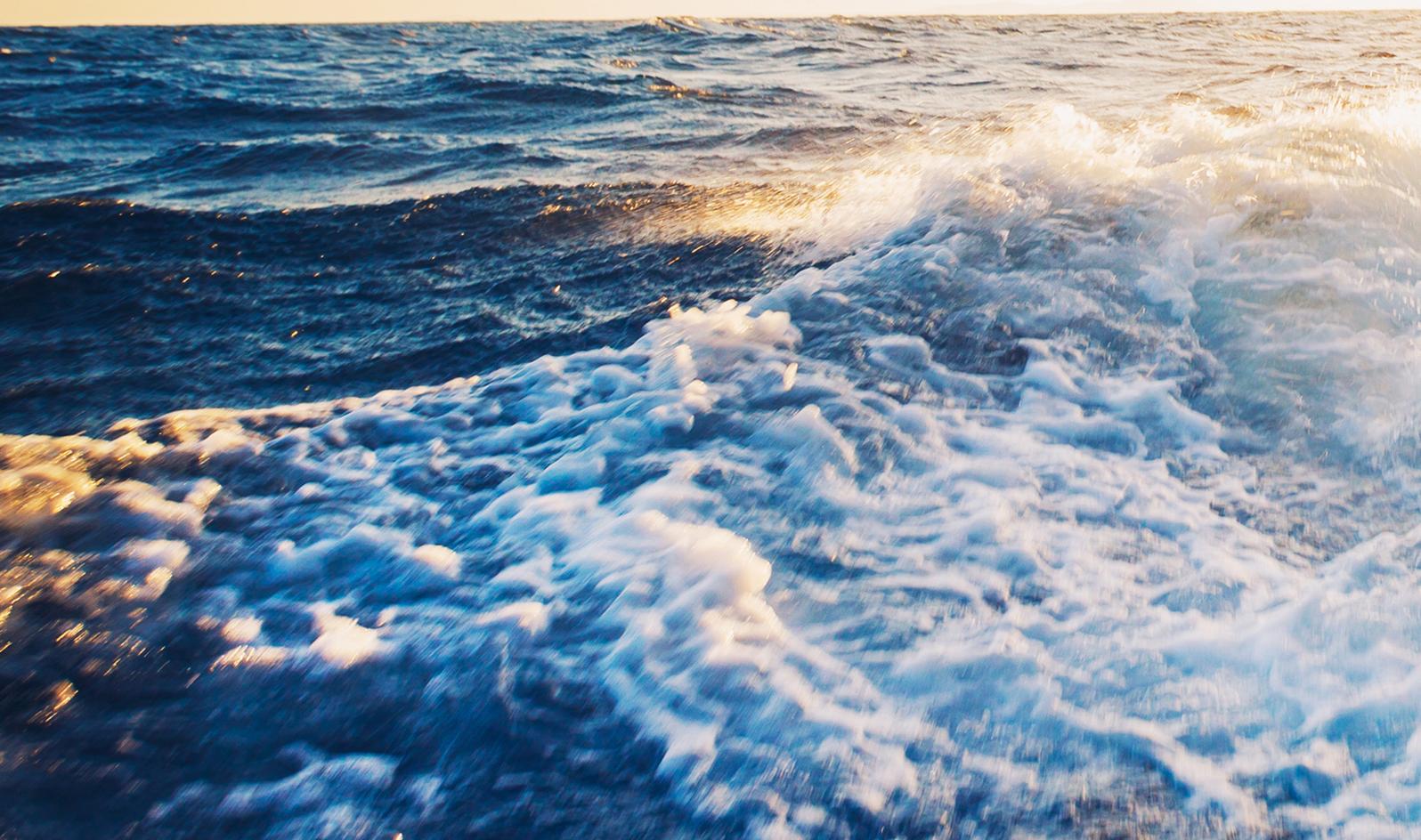
But if brands can navigate these hurdles and start to build foundations of their own, then the pay offs could be huge.





C O N C L U S I O N

We're enjoying an age where the world of luxury offers ample opportunity. New innovations are shaking up the market, and they're being used to great effect by both new and traditional brands alike. That's why it's important that we're having debates about the burning sector issues. To constantly discuss what's new, what's next and what we can do about it. That's what we're passionate about at Cegid and Adyen too. We aim to make it easier than ever before to provide exceptional shopping experiences that keep customers coming back for more. And as we hope you can see from the trends discussed, it's absolutely vital to ensure that right now you're giving your customers the incentives to do just that.





A B O U T C E G I D



Cegid is a global enterprise management and vertical software solutions provider with 15 offices worldwide. Our omnichannel retail management solution, Yourcegid Retail, is used by 1,000 retailers and 30,000 stores across 75 countries.

Our luxury expertise and insight comes from our years of experience in luxury retail, including working with three of the world's largest luxury goods groups.

For more information, visit: www.cegid.com/uk



A B O U T A D Y E N



Adyen is a technology company that provides businesses with a single solution to accept payments anywhere in the world. The only provider of a modern end-to-end infrastructure connecting directly to Visa, MasterCard, and 250 other payment methods, Adyen enables frictionless payments online, on mobile, and in-store.

The company has extensive experience working with luxury retailers, helping them deliver premium payments experiences consistent with their brands. Headquartered in Amsterdam and San Francisco, with offices across North America, South America, Europe, Asia and Australia, Adyen serves more than 4,500 businesses worldwide.

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