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## Article

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## How Digital Transformation Impacts Customer Experience in the Hard Luxury Industry: Consensus on Omnichannel Strategy

By Marine Bertrand<sup>±</sup> & Ekaterina Glebova\*

*Despite the impact of digitalization in the luxury industry since the health crisis, few researches have been done on the hard luxury industry. Therefore, the aim of this study is to provide insight on how digitalization has been transforming the customer experience in this niche market. The study delivered additional insights to the existing literature, especially on the change in the digital strategy of hard luxury brands which tend to focus on an omnichannel approach. Through the analysis of interview data and a qualitative survey with some Kering experts on client service, the study deepens the new vision of digital customer experience and their perception of the client-centric approach in the luxury industry. The qualitative research highlights concrete actions that can be done by hard luxury brands in order to enhance the customer experience. Despite the challenges these brands face in preserving the values of this industry, such as craftsmanship and scarcity, the digital transformation has its share of opportunities. The results show a tendency to opt for omnichannel strategy, and the use and optimization of data and digital innovations to leverage the customer experience. In this study, a gap in the literature is addressed by focusing on the hard luxury segment and how digitalization has been transforming it.*

**Keywords:** *hard luxury, digitalization, digital transformation, data, omnichannel, customer experience*

### Introduction

In November 2022, the renowned Italian jewelry Maison Bulgari took part on the largest metaverse platform Zepeto by creating a virtual pop-up store inspired by its store located in Jeju, South Korea. The users of Zepeto can dress their avatars with Bulgari high-end jewels and allow them to live an exclusive online experience. A few years ago, luxury brands could never have conceived such an experience.

Traditionally, the luxury industry is known as tech-laggards. But this reluctance to be part of the digital journey can be explained by a fundamental dichotomy in their core values. Firstly, **luxury goods** are defined as objects of desire that provide a certain pleasure rather than meeting basic needs (Pietrzak 2019). Besides, they are defined by their scarcity as the limited availability of luxury items drives up their prestige, while digital technologies are characterized by their widespread availability.

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Secondly, luxury items are steeped in the notion of heritage and craftsmanship, whereas **digitalization** is challenging the timelessness of these products. Digitalization or digital transformation is usually defined as the use of digital technologies such as social media, analytics, mobile devices to elevate businesses (Kraus et al. 2021).

Thirdly, luxury clients care about data security but digitalization introduces concerns regarding data. Overall, bridging the gap between these two oppositions is a difficult balance to strike.

However, the COVID-19 was the catalyst of this transformation. Indeed, the health crisis accelerated the adoption of digital strategies while stores were being closed. In order to keep selling their items, luxury brands, including hard luxury ones, had to reevaluate their distribution channels and overall their business model. Plus, digital innovations such as social media, artificial intelligence, and websites, are perceived as an opportunity for such brands in order to share their heritage and culture to digital consumers.

Therefore, the luxury industry has started to integrate digitalization to its long-term strategy in order to enhance customer experience. The **customer experience** is defined by the overall interactions with the brand all along the customer journey, from initial awareness to post-purchase phase and it is crucial in the luxury industry as it helps to build brand loyalty and it is a way to differentiate from competition. However, the customer experience in the luxury industry is taken to the ultimate level. Compared to the mass market, luxury brands differentiate themselves through premium prices, craftsmanship and exquisite and personalized experience. But, nowadays, the customer experience is no longer about focusing on third-party retailers but rather about a seamless omnichannel experience.

While luxury fashion brands, like Balenciaga, are trying to catch up with the digitalization of the customer journey, it is more difficult for hard luxury brands like Cartier, Bulgari or Boucheron to do the same. In fact, **hard luxury** represents high-end watches and jewels whose price exceeds thousands of euros. Clients in this segment have even higher expectations compared to fashion as they buy the most exquisite and elaborate products in the world.

Digitalization allows clients to live an in-store experience while staying at home thanks to augmented reality and platforms that client service uses to create a similar and qualitative experience but online. Yet, for the luxury brands, this digital transformation brings new and disruptive processes to the forefront. They have to conciliate with the shift into WEB 3.0 and focus on a customer-centric vision to fulfill clients' expectations.

Besides, even hard luxury brands use a range of metrics, such as Net Promoter Score or the end chat survey, that allow them to collect data on their clients in order to customize their experience and provide them with the best assistance.

However, this change of business model is not without its hurdles. These brands face challenges at various levels (process, deployment, omnichannelity, etc.) and sometimes struggle to catch up.

Digital transformation impacted every industry. Because of the gap in the literature review on the hard luxury industry, it is relevant to focus on this domain. Therefore, it is essential to understand what impacts this phenomenon holds on

this industry and how hard luxury brands face them, through a multi-disciplinary approach. The issue at the heart of this work is **how digitalization impacts the customer experience in the hard luxury industry?** In order to identify and understand the several factors driving this transformation, it is important to highlight the challenges and opportunities of it. Also, it is crucial to understand how data plays a key role in this transformation.

This study focused on gathering insights into the challenges and opportunities faced by hard luxury brands, arising from digital transformation. It also emphasized actions and concrete levers that enable hard luxury brands to enhance the customer experience.

A literature review and a qualitative research will be used to obtain in-depth insights of experts and managers working on a daily-basis on this digital transformation and in the hard luxury industry.

Consequently, the study is divided into several parts. After this introduction, there is a literature review that presents the theoretical background of the research. In this theoretical part, the context of the digital transformation of the whole luxury industry and its impacts will be explained. Then, the practical part, also called methodology, will complete the findings of the theoretical part. This part is based on qualitative studies and is divided into 2. On one hand, one will focus on the analysis of interview results and on the other hand on survey results. Finally, the conclusion will give an answer to the issue explained previously, and some recommendations and limits will follow from it.

## **Literature Review and Theoretical Background**

### *Key Factors of the Digitalization of the Luxury Industry*

The covid-19 crisis has been the triggering event for the digitalization of the luxury industry. Before this event, luxury brands were skeptical about changing their distribution channel based on retailers. For instance, the luxury watchmaker Patek Philippe allowed its retailers to sell Philippe Patek watches online for the first time. These brands suffered from retail closures and they were reluctant to change their strategy for several reasons. On one hand, they wanted to keep full control on their identity based on scarcity and craftsmanship. On the other hand, there was a real lack of capability to sell online so it required a huge change and investment (Faccioli and Sheehan 2021).

Besides, from a client's point of view, when they invest in a luxury item, they are not only acquiring a product, but also an experience, a piece of art that elevates their social status. A luxury branding strategy, defined as a strategy to establish a clear and distinctive identity of a product or service, hinges on rendering the acquisition process deliberately difficult, which can result in limited production, long waiting in the delivery (waiting list), etc. But this strategy doesn't match the global digital strategy that involves easy and worldwide accessibility (Romo et al. 2017).

*A Change in Business Model*

Digital transformation has implied a change in business model, defined as the way an organization or network collaborates at the strategic and operational levels to provide and leverage products and services (Bouwman et al. 2019). Today, hard luxury brands are making the transition from brick and mortar business model that relies on selling in physical stores, to a more digitally-oriented one. In order to survive the COVID-19, a business model innovation was crucial to seize opportunities and enhance the value proposition (Dai et al. 2022).

Nowadays, luxury brands, even hard luxury brands, operate through the e-commerce channel and it is expected that online sales of luxury watches will reach \$6 billion by 2025 (Amed et al. 2021). If we dig into the high-end watch industry, the share of high-end watches purchased through digital channels will increase to 30% by 2030 (Szegeedi et al. 2022). Indeed, hard luxury brands understood that e-commerce is an exponential market and there is a real focus on it as Antonio Carrero, Chief Digital & Technology Officer at Breitling, affirmed that hard luxury brands plan to triple their online sales (Salesforce et al. 2021).

However, they are facing a real challenge as digitalization requires a change in processes, culture and vision. Luxury was used to few classical touchpoints such as traditional media, stores, department stores etc., where it was quite easy to have full control on them. Today, there is a proliferation of touchpoints, especially digital ones like social media (Instagram, WeChat...) and e-commerce websites, thus it is hard to provide clients with a high quality and smooth experience on each one (Remy et al. 2015).

Moreover, there is a difference between “passion shoppers” who are the traditional consumers of luxury goods who have a certain habit and affection for a particular Maison, and “logic shoppers” who are new to this kind of shopping experience. The last ones are more attracted to well-known and modern luxury brands. Digital transformation allows to capture these “logic shoppers”, thus, the importance of switching from a traditional brick and mortar business model to a more digitalized one (Pietrzak 2019).

However, global consumers view online transactions as riskier compared to traditional marketplaces, primarily due to uncertainties regarding the outcomes of online purchases. Customers place significant reliance on the perceived trustworthiness of the website, especially when buying products that are not physically available at the time of the transaction and when entrusting businesses with their sensitive information. Additionally, online customers are unable to physically engage with products, resulting in a sense of vulnerability regarding the use of their data by brands, which in turn leads to reservations about making online purchases (Swaminathan et al. 2018).

Combined with the challenges specific to luxury brands, they have a real interest in developing their omnichannel strategy in order to offer reassurance and a premium experience to online customers.

*A Focus on Omnichannel Strategy*

Apart from the health crisis, other key factors have influenced the choice to adopt an omnichannel strategy. In fact, digital natives, including millennials and the generation Z, represent a huge part of their end-customers and they demanded the presence of luxury brands in e-commerce. Then, as China became a new great opportunity for luxury brands and Chinese people consumed a lot through digital channels, they could not escape from this change. The last key factor is the possibility to build new powerful partnerships with major players in digital such as WeChat, luxury marketplaces like Farfetch, etc. (Faccioli and Sheehan 2021). All these factors have accelerated the change towards an **omnichannel strategy** which is a strategy where “clients consider all the retailer's sales and marketing channels as one entity, and the shopping experience is seamless regardless of which channels the customer uses” (Herhausen and Herrmann 2015). Two main omnichannel strategies were identified. The first one corresponds to online retailers which decided to include physical stores to their existing channels. The second strategy is adding digital channels to existing physical channels and this is the strategy followed by luxury brands. At the end, both strategies aim at mixing all the sales channels (Aiolfi and Sabbadin 2017).

However, the hard luxury industry needs to step up its game by differentiating even more the online customer journey through online brand content, the use of Artificial Intelligence via a chatbot, Augmented Reality such as virtual try-on, etc. Overall, the luxury industry is far from being mature regarding this strategy. There are “five critical services” that should be mastered to be considered as having a real omnichannel strategy, which are:

- Real time product and stock availability for both online and in-store channels;
- Home delivery and click and collect option;
- Return in store;
- Integrated loyalty;
- Real-time customer service.

However, the more premium a brand is and the harder the brand struggles to offer these 5 key services. High-jewelry brands are among these premium brands, which makes the task difficult (Barbat et al. 2018). Therefore, to develop e-commerce and digital channels is part of top 3 priorities in 2023 (Szegedi et al. 2022). For instance, Breitling has invested 70% of their media marketing budget in digital in order to catch up (Amed et al. 2021).

Omnichannel strategy is a tactical decision for hard luxury brands. The strategy is slightly different from “soft luxury” defined by clothing and leather goods. Indeed, this tactical decision for hard luxury brands relies on delivering a customized and exclusive experience and increasing the drive-to-store traffic (Barbat et al. 2018).

Regarding this omnichannel strategy, the challenge is about providing a seamless online customer experience where luxury brands have to be available

anytime, providing clients with accurate information, through an easy, personalized and engaging customer journey that clients could experience in store (Klaus and Tynan 2022).

However, they need to be careful to 7 deadly sins of a failed online luxury experience identified by IFOP (Amed et al. 2021):

- A digital experience that is too slow: clients must not encounter any obstacles. A seamless online experience is a must for luxury brands.
- A website that doesn't represent the brand DNA: clients should be inspired and should be able to easily identify the brand's characteristics.
- Lack of experience: a luxury brand website is not only about selling products but providing clients with a personalized experience.
- Lack of consideration: a balance should be found between high quality relationship, customization without being intrusive.
- Lack of creativity: a luxury brand should express itself as it does through its collections.
- A website that is not convenient: if it takes too much time to find the right information or the right product, the client will be disappointed, which is not possible for a luxury brand.
- An online product offer that is too small: clients should be able to find the same products as they could see in store. Product availability is a real stake for luxury brands.

The luxury auctioneer Maison Sotheby's can be a real inspiration for hard luxury brands. In fact, because of the health crisis it was impossible to maintain traditional and physical sales, so Maison Sotheby's decided to adopt a digital strategy by creating a digital gallery, selling via livestream videos, 360° high quality video on its website presenting luxury jewel pieces for instance. That kind of online event resulted in a \$12.3 million dollar sale of a pear-shape diamond (Briones 2022). Therefore, hard luxury brands have many opportunities to develop their omnichannel strategy, including NFTs and metaverses.

Besides, hard luxury brands can benefit from two main outcomes which are growth in sales and profits, and omnichannel loyalty. The first outcome is explained by the fact that the multiplication of touch points enables brands to reach a broader audience, especially online. Plus, the second outcome is explained by the fact that it is easier to understand online clients thanks to data. For instance, when clients log in their online account on a brand's website, it is easy to track the previous online activities, what clients are looking for thanks to the wishlist feature, how frequently they visit the website etc. Plus, they can monitor all clients' purchases through CRM (Customer Relationship Management) tools (Aiolfi and Sabbadin 2017).

### *Social Media and Storytelling*

Regarding interesting digital channels for hard luxury brands, social media should be considered. As luxury brands have a deep story and heritage, social media

represents a major channel to enhance customer experience and develop brand loyalty. This medium allows luxury brands to connect with their audience on a more personal level through edited content such as fashion show videos and evoke certain emotions. It is also an opportunity to reveal their heritage as a part of luxury consumers barely know about a luxury brand story and purchase their product only for self-esteem and recognition. That narrative transportation results in driving a strong emotional response which has a direct impact on client loyalty. Besides, a strong presence online allows to reach a global audience that could be interested in luxury brands (Park 2020).

### *From Web 1.0 to Web 3.0*

In 30 years, we went from Web 1.0 based on the share of content, to Web 2.0 based on collaboration through blogs and social media, and finally, Web 3.0 that could count 1 billion users by 2030 (Vitry et al. 2022). Web 3.0 relates to a new era based on decentralization, blockchain, Artificial Intelligence and immersiveness (Gilbert 2022). Within Web 3.0, metaverses could play a big part as an online universe. In fact, metaverses are virtual environments seamlessly integrated with the tangible world thanks to AI and Augmented Reality.

In fact, jewelry brands are proactive in order to amplify their online presence through the integration of augmented reality try-on and virtual appointment. Indeed, this market has always relied on offline interaction to generate sales. However, because of external factors such as digitalization and COVID-19, it has accelerated the urgency for such brands to go digital. For instance, the creation of a 3D virtual representation. This technological advancement enables the virtual testing of jewelry, even during its intangible phase. Such capabilities are made feasible through Virtual Prototyping and Augmented Reality, empowering users to engage directly with digital products as if they were physically present (Cappellieri et al. 2022).

Metaverse is the next step in the digital customer experience and it allows to reinvent e-commerce, amplify physical stores and gamify the customer experience (Vitry et al. 2022).

The other major important component of Web 3.0 is the Non-Fungible Tokens also known as NFTs which grants ownership on a unique and exclusive digital item (Gilbert 2022).

Besides, the NFTs market is estimated to be worth \$1.2 billion (Alnuaimi et al. 2022). NFTs offer two opportunities for luxury brands: strengthen their CRM (Customer Relationship Management) tool as they allow to build a community, and guarantee product authenticity. Currently, in this industry it exists three types of NFTS (Vitry et al. 2022):

- NFT generated when a client buys a tangible product
- NFT obtained through socializing with the brand such as attending an event or being part of its community



- NFT was purchased as a digital creation. For instance, in 2021, the hard luxury brand Louis Erard launched the first NFT in this industry, a limited-edition Louis Erard with Alain Silberstein (Szegegi et al. 2022).

Finally, In October 2022, Audemars Piguet and Wristcheck, a pre-owned watch trading platform, launched a crowdsourced project allowing watch- enthusiasts to send their design to co-create on a new Royal Oak watch with Audemars Piguet. This idea is disrupting the high-end watch industry as it has been a very skeptical industry regarding digital strategy (Szegegi et al. 2022).

Despite these opportunities, luxury brands have to face several challenges regarding NFTs. In fact, it is still a blurred topic and many clients are not convinced yet as they are not tangible products. It is important to build first a community ready to accept these new digital products and evolve through a test and learn method (Briones 2022).

### *The Importance of Data to Personalize the Customer Experience*

Finally, it's not only a race for digital transformation, defined as the use of new digital technologies, such as social media, analytics, or embedded devices, to achieve significant business improvements, but a race for collecting insight thanks to data (Dai et al. 2022). Clienteling entails establishing and cultivating brand-customer connections based on their preferences, habits and behaviors. When coupled with data, it becomes a potent tool for luxury brands for updating customer information in real-time. Data empowers a luxury brand to adopt a customer-centric approach by understanding online behavior, preferences, buying patterns, and consumption habits. Furthermore, the customer journey does not end at the purchase step but it continues afterwards so Houses keep collecting data by soliciting reviews or extending personalized event invitations, which foster loyalty. Moreover, employing a CRM tool allows for strategic timing in customer outreach, enabling effective follow-up and potential sales generation. Providing supplementary information post-purchase, through emails for instance, adds substantial value and bolsters customer allegiance (Brione 2022). Data brings another dimension to luxury clienteling. Indeed, it helps to learn deeply about a client's wants and expectations which is important to build a personalized experience. For instance, brands can learn about which product was abandoned in an online basket, which size the client is used to buy, which store the client is used to book appointments, etc. In fine, the relationship becomes hyper-premium too which has an impact on customer loyalty. Indeed, 80% of luxury consumers ask for personalization. For instance, it could be to choose the watch dial color if we apply personalization to the hard luxury industry (Amed et al. 2021).

In an omnichannel approach, adept data analysis serves as the base for hyper-personalizing the luxury customer experience. Nevertheless, brands must be cautious in balancing this with appropriate storytelling to preserve their brand image and heritage. Evaluating the effectiveness of implemented strategies can be challenging, underscoring the significance of choosing the right Key Performance Indicators (KPIs). Additionally, amidst the big amount of digital data, there is a

risk of becoming overwhelmed by customer feedback. Yet, achieving a profound understanding of customers remains imperative, especially in the luxury industry.

Plus, the proliferation of touch points, especially online, results in an explosion of big data all along the customer journey. This data is collected through the customers' behavior when they browse websites, log in their account, or answer a post-purchase survey to evaluate their shopping experience. All this information is challenging Customer Relationship Management. However, new digital touch points such as social media are an opportunity (Zaki and Neely 2018). Besides, customers are aware of how data can enhance their experience as 45% of luxury customers know that collecting their personal data is key to improve their experience (Salesforce et al. 2021).

Because of external factors such as COVID-19, luxury brands were forced to switch their business model and accept to be part of the digital transformation, even though it implies several challenges. In fact, the digital transformation has raised a number of issues such as:

- How to preserve craftsmanship and the core values of luxury while creating digital touch points which are accessible by anyone?
- How to preserve a premium experience for clients?
- How is it possible to ensure a seamless omnichannel strategy to provide clients with the best experience possible?

Besides, digital is growing fast and nowadays, with the advent of Web 3.0, luxury brands, especially hard luxury ones, struggle to preserve what they used to represent.

Nevertheless, digitalization should be perceived as an opportunity for hard luxury brands. In fact, thanks to data, it is possible to provide clients with a premium experience both offline and online. Besides, hard luxury brands can offer a hyper personalized experience and improve customer loyalty. The customer experience in the luxury industry, including in the hard luxury industry, has to become seamless because clients should be able to choose different touchpoints and buy from both in store or online easily.

Besides, touchpoints like social media allow the luxury brands to communicate and share their unique storytelling while targeting a wide audience. Plus, thanks to AI, clients can live an exquisite experience through high-quality videos without leaving their house and feel attached to the brand.

In other words, this literature review allows us to understand the context of the digital transformation and how it affects the hard luxury industry. Indeed, the main challenges and opportunities were identified. Nevertheless, the current literature focuses mainly on fashion luxury. The hard luxury is niche and the experience is slightly different from the fashion one which requires a specific analysis.

## Methodology

### *Research Method*

As previously stated, the luxury industry, particularly the hard luxury industry, has undergone a radical transformation. Houses have to integrate digitalization into their traditional business models based on brick and mortar retailing. However, these changes result in new challenges and opportunities. This research delves into the projects, features and strategies that are implemented to address these new challenges in order to enhance the digital customer experience.

The convergence of physical and digital realms has prompted hard luxury brands to reevaluate their strategies, fulfilling new customer expectations of a digitally empowered consumer base while maintaining the essence of exclusivity and craftsmanship that defines the industry. To fill the gap with current studies and the lack of insights on how hard luxury brands are addressing the challenges and leveraging the opportunities posed by digitalization, a methodological approach rooted in qualitative inquiry was adopted.

Qualitative research offers concrete and in-depth responses on what can be done in the hard luxury industry to enhance the digital customer experience and at the same time protect the core values of the industry. This study is based on a mixed-methods design, incorporating 3 face-to-face interviews and an open-ended survey as primary data collection tools.

By utilizing face-to-face interviews (N=3), this research aimed to engage directly with key stakeholders within luxury brands, including Sarah Halily, Product Owner of Powerfront and NPS at Kering, Veronica Poli, e-commerce project coordinator at Pomellato and DoDo, and Claire Nicolas, e-business project manager at Boucheron. These interviews provided a better and comprehensive understanding of the strategies and adaptations undertaken to enhance customer experience.

Complementing the interview part, an open-ended survey was deployed to 5 stakeholders of the luxury client service, enabling a more expansive exploration of consumer perceptions and experiences. The open-question format of the survey facilitated the collection of rich qualitative data, enabling respondents to express freely their thoughts on the topic.

By combining the findings from both the face-to-face interviews and the open-ended survey, this research endeavors to ensure that the voices of hard luxury brand representatives and consumers alike are given ample space, to give a comprehensive understanding of the diverse strategies, challenges, and solutions in addressing the evolving customer experience.

The research findings will be presented and analyzed, shedding light on the insights gleaned from this qualitative study to provide hard luxury brands with potential paths to find equilibrium between tradition and innovation in an increasingly digital world.

## *Data Collection*

### Sample: The Choice of Respondents

Regarding the choice of respondents of the face to face interviews, it was important to talk to people who are experts on the digital field in the luxury industry, but also on the luxury client service field. In order to gather different points of views, I chose 3 people working for different Houses.

The first respondent was Sarah Halily, a Product Owner working on a corporate level for the French luxury group Kering. She is a young woman who did a Business School and specialized in innovation. She started to work for a mass retailing brand and learnt a lot about the use of data, e-commerce projects and how to facilitate the brand entry's into a new market through digital innovation. With her mass market background, it was very interesting to compare the digital initiatives and transformation between mass market and luxury industries.

The second respondent was Veronica Polli, an E-commerce Project Coordinator at Pomellato and DoDo, two premium jewelry brands which belong to Kering. She is working on front-end projects on a daily basis. As there is a lack of insights on the hard luxury industry, it was important to collect data from a person who works on the digital transformation of hard luxury brands.

Finally, the last respondent was Claire Nicolas, an E-commerce project Manager at Boucheron, a high-end jewelry Maison which belongs to Kering too. She is working on front-end projects as well, with the missions of conveying the brand's DNA and ensuring an optimal customer experience on the website.

### Interview Guidelines

On one side there are face to face and in-depth interviews of expert digital project management such as Sarah Halily, Product Owner of Powerfront and NPS at Kering, Veronica Poli, e-commerce project coordinator at Pomellato and DoDo, and Claire Nicolas, e-business project manager at Boucheron. These three interviews follow a semi-structured interview approach in order to guide the experts but also provide them with enough freedom to answer open questions (appendix 1, 2, 3). Overall, the questions were similar and were as follows:

1. When did you notice an acceleration of the digital movement in the luxury industry?
2. What are the main challenges? What are the main opportunities?
3. What strategy does the brand/group follow in order to enhance the online customer experience?
4. Do you follow a test and learn/agile approach? Why or why not?
5. How do you measure the success or failure of your digital initiatives to enhance the digital customer experience?
6. What trend did you identify regarding the online customer behavior?
7. In your opinion, do the hard luxury consumer expectations are higher than in the fashion industry?
8. What is your opinion on metaverse to enhance the online customer experience in the hard luxury industry?

## The Survey

### The Choice of Respondents

In terms of selecting survey participants, it was crucial to have complementary data to the face-to-face interviews. Therefore, the five participants' profiles are more diverse, including E-commerce Client Service Project Manager, Salesforce Service Cloud and Data Privacy Manager, Product Manager Aftersales, Global Trainer Lead, and Privacy Data Subject Requests Lead. These individuals all work at the Kering group either on a corporate level or Client Service Hub Level (Kering Signature).

### The Survey Guide

The six following questions have been sent to 5 experts in client service in a luxury environment (Appendix 4 and 5):

1. In your opinion, what is the main impact of digitalization on the luxury customer experience?
2. How a luxury group, as Kering, is working to enhance the online customer experience?
3. What are the main pain points concerning the omnichannel strategy in the luxury industry?
4. Regarding high-end jewelry, what is the main challenge that comes with digitalization?
5. What major benefit can digitalization provide the hard luxury segment with?
6. What is your opinion on the use of metaverse and blockchain in the luxury industry?

## **Results**

### *Results of the Face to Face Interviews*

By analyzing the primary data, through a thematic approach, several categories emerged from these three interviews. As we can see on the following figures, several words were used by the three respondents while emphasizing the themes that will be presented shortly.

Digital transformation as an opportunity:

All interviewees agreed that covid-19 has been the trigger for accelerating digitalization. As outlined in the literature review, the closure of physical boutiques resulted in a shift in business models, with a clear integration of digital channels.

Besides, participants emphasized the importance of transcribing the unique identity of the luxury house from physical stores to the online platform. This involves a meticulous translation of brand elements, including decor, atmosphere, and overall experience, into the digital realm. In doing so, digitalization offers many opportunities to enhance the customer experience.

Firstly, there is one advantage of being tech laggards. In fact, as Sarah Halily said, hard luxury brands have the occasion to analyze what has already been done.

Now, they can choose and test what is best for their website and the customer experience.

Claire Nicolas identified another opportunity thanks to digital transformation which is accessibility. Concerning Boucheron, there are not a lot of stores in France and abroad which can be frustrating from a client's point of view. Having an e-commerce website allows clients to buy from their home without traveling to the boutique located Place Vendôme for instance. Plus, many clients are scared to enter into a boutique because it is quite impressive. Shopping online allows these clients to make them feel at ease when they look at the products and make the purchase, while benefiting from assistance thanks to customer service and live chat. Online assistance is crucial as it is part of a great customer experience. Moreover, Claire Nicolas emphasized on "the tone of voice" which is a part of clienteling. It reflects the sophistication, the expertise and the premium experience. Through emails, social media, or the live chat on the e-commerce website, the tone of voice needs to perfectly represent the reality, as there is no Sales Associate next to the client to assist them, and be consistent through all the channels.

Interviewees highlighted the unique challenges faced by luxury brands in preserving the exclusivity and sophistication associated with their products in the digital space. For instance, Claire Nicolas explained that Boucheron has taken the code of its famous boutique located Place Vendôme in Paris, such as the green marble, and redesigned the website so that customers can directly identify the brand's DNA. It helps give the client the confidence to go ahead with the purchase. Being able to represent the atmosphere of iconic boutiques reassures and confirms customers' choice. Indeed, online, it's very easy for a customer to switch from one brand to another. This refers to the "logic shoppers", mentioned in the literature review by Pietrzak (2019), who are clients who are mostly looking for well-known brands but they don't have a habit of buying from a specific one. For instance, it does not matter for these shoppers who are looking for a premium necklace if it is a necklace from Van Cleef and Arpels or from Cartier.

Overall, the transition requires careful consideration of design elements, user experience, and content presentation to maintain brand integrity. Nevertheless, the change is "mandatory" according to Veronica Polli.

In order to improve the customer experience, some indicators are useful. Sarah Halily worked on the NPS (Net Promoter Score) projects for several brands. She explained it is a great clienteling tool as it allows clients to assess the experience and loyalty whether in store or online. The NPS is a metric that consists in sending the following question to clients after their experience: "on a scale of 0 to 10, how likely are you to recommend the brand to your friends and family?" Depending on the number, clients are categorized as promoters (9-10), passives (7-8) or detractors (below 6). Plus, clients can add their feedback. Therefore, if the NPS is quite low and many feedbacks explain that clients are not able to proceed to payment easily it allows brands to work on it and improve the customer experience. However, Sarah explained that this metric should be completed with others such as the Customer Effort Score (CES) which can be described with the following question: "how easy was it for you to...?"

Such efforts are crucial for ensuring that the online experience resonates with the brand's established identity. This part of the results completes the literature review by providing concrete actions to master digital transformation and enhance the customer experience in the hard luxury industry. Plus, it helps us to understand why hard luxury brands chose to implement an omnichannel strategy.

#### Consensus on Omnichannel Strategy

All interviewees acknowledge the significance of an omnichannel approach in the hard luxury industry, which is viewed as essential for maintaining customer engagement and loyalty. They emphasize the need for a seamless integration of physical and digital touchpoints to provide customers with a consistent brand experience across all channels. In order to achieve this omnichannel strategy, several levers can be deployed.

Veronica Poli talks about Integrated Marketing Communication in order to share a consistent message through all the channels and enhance the customer experience.

Sarah Halily focuses on being “isolate” which means there is no difference between the experience and conditions in store and online. For example, the return policy has to be the same and explicit so clients don't feel confused when they purchase an item either online or in-store. Plus, a client should be able to return an item purchased online to a store to ensure a seamless customer experience.

At Boucheron, Claire Nicolas explains how difficult it is to follow an omnichannel strategy because it is B2B2C. In fact, Boucheron sells their jewels to partners which sells to end-customers. In order to achieve this strategy, Boucheron implements features such as find in store, book an appointment, so clients do not struggle to find what they are looking for.

By comparison to the literature review, hard luxury brands opt for the strategy to include digital channels to their existing scope of physical channels just like Aiolfi and Sabbadin (2017) explained. While the literature review provides us with precautions and context, the results of these interviews give us concrete tools and approaches in order to achieve a seamless omnichannel strategy.

#### Critical Features for Hard Luxury Brands

The research identified specific features that are considered paramount for success in the hard luxury industry. In order to support an omnichannel strategy, as explained previously, hard luxury brands need to implement features that blend human with digital.

Firstly, interviewees agree on the need for certain features, including “booking an appointment” on the e-commerce website. For instance, when clients browse the Pomellato website, they can find on the customer service page a tab where they can book an appointment either in Pomellato boutiques or virtually. In both cases, it allows clients to live a personalized experience as a Sales Associate will take time to answer all questions, and assist them to choose the item that answers their desires. Plus clients benefit from the Sales Associate's expertise on the quality, materials and aftercare. From a hard luxury brand's view, it is also a way to do cross-selling, which is selling related items, and upselling, which is selling a similar product but

with a higher price. Indeed, the Sales Associate has the time to understand clients and propose them with the best. Overall, it elevates customer experience.

Secondly, the findings through these interviews also focus on a 3D product viewer to provide an interactive and immersive product experience. In fact, this feature is a way to face the challenge of reproducing the experience in physical stores. Thanks to the implementation of 3D product viewer on product pages on websites, clients can interact with items, rotate and zoom on them which results in a higher level of authenticity and realism to build confidence in the purchasing decision. In fact, it is a tool to showcase items.

Thirdly, there is the virtual try-on feature to allow clients to visualize products before purchase. From their own place, clients are able to try on a necklace, a ring or a watch and see how it suits them, thanks to augmented reality (AR). This digital technology creates an immersive and personalized experience. Allowing clients to try an item from their place is a way to boost conversion. In fact, it instills confidence and reassures clients before taking a purchasing decision. By trying an item, they know that it will fit their aesthetic, their desires. Besides, it is a game-changer as the experience through this feature can be totally personalized by selecting the gem, the material, the shape, etc.

Finally, Veronica Poli explains that a personalized newsletter is sent to clients to communicate on special events and treatments in Pomellato stores. Newsletter is a great tool to engage and create awareness about new collections, events and important information on hard luxury items. Moreover, Pomellato contacts its Very Important Clients, also known as VIC, through video calls to invite them to their showroom which creates a hyper-personalized experience, using both online and offline channels.

These features are essential for bridging the gap between the physical and digital realms. They seamlessly mix digital innovation with personalization, through an immersive experience and they empower clients to make a purchase decision in order to leverage customer experience in the hard luxury industry. This part completes the literature review by explaining how each feature is an added value for clients.

#### Data at the Core of the Strategy

One of the main shared topics between the literature review and the analysis is data. It is crystal clear that data is crucial to leverage customer experience in the hard luxury industry.

Firstly, it is essential to hyper-personalize the customer experience. In fact, by collecting and sorting data, hard luxury brands are able to understand the client's behavior, purchasing habits and desires. Even better than understanding, data allows hard luxury brands to anticipate clients needs and desires. Therefore, brands can proactively recommend items from the latest collections that will match previous purchases through newsletter, video calls, etc.

Besides, qualitative data, such as verbatims collected through reviews, are a rich source of insights to improve customer experience. In fact, verbatims are the words expressed by clients to share their feelings, and experience. This data allows



brands to optimize the customer journey, reduce frictions at some touchpoints, specifically on the checkout page, and increase performances.

Nevertheless, hard luxury brands must be careful with data privacy stakes. It is even more important in this industry because clients may be important people, celebrities, and also because the amount spent is higher compared to other industries. Plus, there are regulations around the world regarding data privacy. The personalization of the customer experience must not cross the line of invasion.

#### Testing Environment

Digitalization resulted in new processes and methods in order to enhance customer experience. Veronica Poli and Claire Nicolas both talk about A/B testing which is a method used to compare two versions of an application or website's page for example, and determine which one is the best. Thanks to this method, hard luxury brands are able to optimize their strategy and improve the user-friendliness of their channels. As it is already explained, the omnichannel strategy needs to be seamless which means there is no friction while switching from a channel to another. This method allows to reduce the risk of frictions. As Sarah Halily says, it is important to be data-driven and the use of such methods allows brands to have proof of the efficiency of a decision rather than assumptions. In the end, clients benefit from such methods.

#### Higher Expectations compared to Fashion Luxury

Thanks to digital innovation, data and the omnichannel strategy, hard luxury brands have the keys to fulfill client's desires and expectations. Veronica Poli and Claire Nicolas, who are both working for famous premium jewelry brands, agree that expectations are higher in this industry compared to others. In fact, the attention to details is paramount and these consumers clearly want a very special treatment compared to the luxury fashion industry.

For example, the purchase of a watch is perceived as an investment and potentially as an heirloom. Furthermore, the price depends on the level of detail, quality and reputation. Buying a watch from Patek Philippe, the famous Geneva watch manufacturer, is a unique experience, not least because it is an emblematic brand in this sector, and editions are very limited. Therefore, hard luxury brands have an extra pressure to satisfy customer's expectations.

In the literature review, there are very few elements of the slight difference in expectations between the soft and hard luxury industries. The research helps us to understand the urge for hard luxury brands to accelerate their digital transformation.

The findings of this part of research highlight the key role of digitalization in the hard luxury industry, a transformation triggered by the global impact of Covid-19. As physical boutiques faced closures, brands swiftly integrated digital channels, emphasizing the need to translate the unique identity of luxury houses seamlessly from physical to online platforms. This meticulous translation includes elements such as decor, atmosphere, and overall experience, with the aim of enhancing the customer experience.

Moreover, the research emphasizes that being tech laggards can offer an advantage, allowing hard luxury brands to analyze and select the best practices for their online presence. Accessibility emerged as a significant benefit, offering clients

the convenience of shopping from their homes, bypassing the need to visit boutique locations. Additionally, online platforms provide a comfortable environment for clients who may find entering a physical boutique intimidating.

Preserving exclusivity and sophistication in the digital space proved to be a notable challenge for luxury brands. Strategies like replicating the atmosphere of iconic boutiques on websites, as exemplified by Boucheron's approach, play a crucial role in instilling confidence in clients' purchasing decisions. This is particularly relevant given the tendency of "logic shoppers" to gravitate towards well-known brands without specific brand loyalty. This transition, as highlighted by Veronica Polli, is not merely an option, but a mandatory step in adapting to the evolving landscape.

The adoption of an omnichannel strategy emerged as a consensus among all interviewees, underlining its important role in maintaining customer engagement and loyalty. Integrated Marketing Communication, seamless experiences across online and in-store environments, and implementing features like "find in store" and "booking an appointment", "3D product viewers", "virtual try-on" features, and hyper-personalized newsletters, all aimed at bridging the gap between physical and digital experiences. These insights complement existing literature by providing practical tools and approaches to achieve a seamless omnichannel strategy.

Data emerged as a cornerstone of the strategy, enabling hyper-personalization of customer experiences. Understanding client behavior, preferences, and purchasing habits through data analysis empowers brands to proactively cater to clients' needs. Qualitative data, particularly verbatims from customer reviews, offer valuable insights to enhance the customer journey. However, it is imperative for brands to navigate data privacy concerns, especially given the prominence of high-profile clients and stringent privacy regulations.

A/B testing emerged as a crucial method for optimizing strategies and user-friendliness across channels. Being data-driven allows brands to make informed decisions based on concrete evidence rather than assumptions, ultimately benefiting clients through a seamless experience.

Lastly, the research shed light on the elevated expectations within the hard luxury industry compared to other industries. The meticulous attention to detail and the significance of hard luxury purchases as investments or heirlooms contribute to heightened consumer demands. This finding supplements existing literature, offering deeper insights into the urgency for hard luxury brands to accelerate their digital transformation efforts.

In sum, this research provides practical strategies and insights for hard luxury brands to navigate the digital landscape while upholding their legacy of exclusivity, sophistication, and exceptional customer experiences. By leveraging data, adopting an omnichannel approach, and implementing critical features, hard luxury brands can thrive in an increasingly digital world.

### *Results of the Survey*

In the transitional landscape of the luxury industry, where timeless elegance meets advanced technology, the pursuit of exquisite experience has taken on new

dimensions. As part of the primary data collection for this method research, the survey analysis aims at identifying and understanding the complex dynamics shaping the luxury industry, especially the hard luxury industry. The fusion of craftsmanship with technology has given rise to a host of opportunities and challenges. Indeed, the digital transformation of the hard luxury market results in a series of pain points in the omnichannel strategy, aftersale services, conversion optimization and inventory management, all of which require thoughtful strategies.

#### Focus on an Omnichannel Strategy

Regarding the omnichannel strategy, respondents agree that luxury brands, including hard luxury ones, struggle to align their strategy both in stores and on e-commerce websites. The same DNA and emotions should be experienced by clients wherever they buy from. In other words, hard luxury brands have to maintain brand consistency, otherwise, any deviation from this unique and premium identity risks eroding the very essence that defines hard luxury brands. Besides, there is a strong tension between accessibility and the preservation of this sense of scarcity. Striking the right equilibrium, where both offline and online channels complement each other rather than compete, is a strategic imperative.

However, through the answers, all respondents agree that luxury brands want to focus on an omnichannel strategy. For instance, client services at Kering use Powerfront, a live-messaging software that allows to visualize and assist clients in real-time, with gamified visuals. This digital tool allows client services to connect with clients through different channels such as live chat, emails, WeChat, etc. Such platforms are great tools in order to centralize all the data, and operate quickly passing from one channel to another without changing the tool. Through seamless integration across online platforms, customers experience a holistic and interconnected engagement with brands. This omnicanality of the client experience ensures that every touchpoint, whether online or offline, contributes to a unified and compelling brand narrative.

The respondents agree that one of the most profound impacts of this omnichannel paradigm shift is evident in the evolution of the customer journey. Luxury clientele, now more than ever, leverage digital resources to carefully build their knowledge base on brands and products. This shift in behavior emphasizes the imperative for hard luxury brands to preserve a captivating online presence, one that not only shares information but also captivates and surprises, mirroring the wealth and exclusivity associated with the hard luxury domain.

To a great extent, the success of an omnichannel strategy relies on the seamlessness of the digital experience, particularly on mobile devices. Given that mobile platforms have become the preferred conduit for accessing product information, receiving prompt answers, and accessing services, it is imperative that the mobile experience is nothing short of exceptional.

In this dynamic landscape, hard luxury brands must take a visionary approach, recognizing that the digital realm is not merely an extension of the physical, but a distinct arena where customer engagement reaches new heights

Whether in literature review or in interviews, the omnichannel strategy is the common denominator.

### Digital Transformation

Although digital transformation allows clients to receive their parcel directly at home, it challenges the luxury after sales service. For instance, luxury brands have difficulty to align the in-store return and exchange policy with the online policy while it is possible for mass market brands. Plus, after sales services are personalized in store thanks to Sales Associates, but it is more complex through digital channels which requires a great effort from Sales Advisors who assist clients through phone calls, emails, live chat, etc.

Nevertheless, 40% of respondents explained that digitalization allows clients to get any information they may need before completing a purchase. For instance, on an e-commerce website, clients are able to evaluate which size to choose through the size guide feature. Besides, key elements such as materials and dimensions are highlighted on a product page. From the client's point of view, the presence of this information is time saving and it helps to reassure the client and push the conversion. We can add the importance of a complete and user-friendly Q&A page. For instance, hard luxury brands such as Cartier or Tiffany & Co, offer items with significant price tags and very high quality items. Therefore, these clients are even more cautious before proceeding to this kind of purchase. The craftsmanship and unique features and materials need to be highlighted for the client in order to compensate for the lack of face-to-face exchanges with a Sales Advisor in a physical store.

### Challenge on Conversion

In the dynamic landscape of hard luxury retail, the process of conversion has undergone a profound evolution, intertwining with several key themes identified previously. Formerly, clients who may have harbored worries about entering a physical luxury store to acquire their coveted piece are now empowered to make their dreams a reality through online channels. However, this transition necessitates meticulous attention to detail to ensure a seamless and gratifying experience.

Despite the absence of face-to-face interaction with a Sales Advisor, it is imperative that clients are equipped with all the essential information they require to confidently complete their purchase. This includes key details such as a comprehensive size guide, insights into materials used, and a transparent returns and exchanges policy. These elements serve as the base of informed decision-making, empowering clients to proceed with their purchase with confidence.

Moreover, the ease and efficiency of the conversion process hinge on the user-friendliness of the website and application. A frictionless experience is paramount; clients should be able to navigate, explore, and finalize their order with just a few clicks. This seamless journey not only expedites the conversion process but also underscores the brand's commitment to providing a superlative online shopping experience.

This topic of conversion is intimately linked with the emotional theme that hard luxury brands seek to evoke. Providing clients with the right information not only imparts a sense of reassurance but also dismantles any lingering reluctance they may have towards purchasing through an e-commerce platform. It is essential

in optimizing brand awareness on the digital sphere, nurturing a sense of trust and affinity with the brand.

However, in the digital realm, immediacy is of the essence. The digital transformation has instilled a sense of urgency among clients, who now expect prompt assistance. A delay of a few seconds can potentially lead them to seek out similar offerings from competing brands. Thus, responsiveness and real-time support are critical components in securing conversions and retaining client loyalty.

Therefore, the process of conversion in the digital age demands a meticulously crafted approach that seamlessly integrates information accessibility, user-friendliness, and instantaneous assistance. By prioritizing these elements, luxury brands not only facilitate transactions but also cultivate a profound sense of trust and affinity with their discerning clientele. In doing so, they not only navigate the digital landscape but emerge as trailblazers in providing unparalleled online shopping experiences.

#### Challenge on the Inventory Management

Last but not least, there is a challenge regarding inventory management. As previously explained, there is a dichotomy between luxury items partly defined by its scarcity, and digitalization defined by its accessibility. The digital transformation of the hard luxury industry results in finding the right balance between scarcity and satisfying numerous clients who are able to purchase online. Moreover, these brands have to ensure the safe journey of high-value items. Several elements have to be considered: trust in the shipping partners, solid but elegant packaging, punctuality and the speed of delivery.

The answers of the survey highlight several challenges that are consistent with those of the literature review. Yet, amidst these challenges, a bunch of possibilities have emerged. The survey analysis highlights promising paths within the digital landscape. These include harnessing the power of data to drive decision-making and better understand clients' expectations, enhancing brand awareness through new channels, targeting clients at a larger scale, and fostering innovation that will redefine the luxury experience.

#### Digital Innovations to Elevate the Customer Experience

One of the most important topics in the survey is personalization. In the field of hard luxury, where expectations are elevated and discernment is paramount, personalization emerges as a necessity in the customer experience. In fact, 60% of respondents underscored its significance, highlighting the high demand for a personalized journey in this exclusive market. To meet these exacting standards, hard luxury brands must replicate the exquisite, tailored encounters typically found within physical stores across the entire digital landscape.

A big part of this endeavor lies in the seamless integration of personalization throughout the online customer journey. This entails a multifaceted approach, encompassing targeted digital campaigns, a meticulously after-sales process, and a website built with bespoke features. Each touchpoint must exude a sense of individual attention, ensuring that clients feel not only valued but also understood.

Central to addressing these imperatives is the overarching theme of digital innovation. This dynamic element serves as the pivot for achieving both brand awareness and conversion goals. Clients should be afforded the opportunity to not only explore, but also truly admire, any item from afar. To facilitate this, indispensable features such as virtual try-on capabilities and a 360° product viewer become essential. These innovations bridge the physical and digital spheres, offering clients an immersive experience that mirrors the tactile sensations of an in-store journey.

Moreover, as clients progress towards the crucial checkout step, flexibility and convenience become important. A diverse array of payment methods should be seamlessly integrated to cater to a wide spectrum of clients, cognizant of the substantial investment often associated with hard luxury items. This inclusivity not only accommodates varying preferences but also reinforces the brand's commitment to accessibility and customer-centricity.

Finally, the metaverse stands as an opportunity for hard luxury brands to revolutionize customer engagement. By creating immersive, virtual environments, brands can captivate their clientele with innovative and unforgettable experiences. These interactions leave a lasting impression on the customer's psyche, solidifying brand loyalty and forging emotional connections. In fact, the metaverse offers luxury brands a platform to showcase their forward-thinking nature. By adopting metaverse technologies, luxury *Maisons* demonstrate their commitment to innovation and adaptability, dispelling any notions of being 'out of touch'. This is particularly crucial in attracting the tech-savvy Gen Z consumer base, which values brands that are aligned with the pulse of modernity.

Moreover, blockchain technology presents a groundbreaking opportunity for the hard luxury industry to establish complete product traceability. By leveraging blockchain's immutable ledger, brands can track every facet of a product's journey, from its inception to the hands of the end consumer. This transparency gives a sense of trust in the authenticity and provenance of hard luxury materials such as gems.

Gen Z, with their penchant for Web3 technologies, have already begun investing in NFTs and engaging with digital assets. For hard luxury brands, aligning with these preferences is imperative to demonstrate relevance and resonance with this influential consumer demographic. Otherwise, hard luxury brands may lose a vital segment of the market.

Overall, this approach not only attracts a diverse clientele but also solidifies the industry's reputation as pioneers in the digital landscape.

### Key Findings and Insights on Survey

While the interviews provide us with concrete solutions to develop, the survey provides an understanding of the challenges and opportunities related to digitalization. In fact, some important challenges are highlighted in both the literature review and the survey analysis, which include the inventory management, the struggle to deal with digital channels and catching up on online channels optimization to increase conversion and engagement.

At the end of this analysis, we can definitely understand the importance of implementing an omnichannel strategy as it marks a watershed moment in customer engagement. The digital environment, now the primary gateway to luxury experiences, redefines the customer experience, demanding an elevated standard of engagement. A seamless mobile experience is paramount, as it is through this medium that clients seek information, answers, and services at a pace that befits the luxury landscape. By embracing this transformation, luxury brands not only adapt to the digital age but pioneer a new era of opulent, interconnected experiences.

Besides, personalization stands as a pivotal factor in shaping the customer experience within the hard luxury industry. Its seamless integration across digital touchpoints is instrumental in replicating the bespoke encounters synonymous with physical stores. At the heart of this transformation lies digital innovation, driving brand visibility and conversion rates. Features like virtual try-ons and immersive product viewers bridge the gap between physical and digital, offering clients a rich, interactive experience. Additionally, diverse payment options ensure a smooth and accommodating checkout process. Finally, a metaverse environment is also an opportunity for hard luxury brands to be perceived as trailblazers.

By embracing these elements, hard luxury brands not only meet but exceed the exacting standards of their discerning clientele, forging a lasting and profound connection in the digital age.

### **Findings, Discussion and Conclusions**

The confluence of external forces, notably the impact of the Covid-19 pandemic, has compelled luxury brands to undergo a paradigm shift in their business models, propelling them into the realm of digital transformation. This transition, while filled with challenges, has raised crucial questions. How can the core values of hard luxury be preserved amidst the creation of accessible digital touchpoints? And crucially, how is it possible to seamlessly orchestrate an omnichannel strategy that provides clients with a premium experience?

In this digital age, supported by the emergence of Web 3.0, luxury brands, particularly those in the hard luxury sphere, find themselves at an inflection point. The landscape they once epitomized is evolving, necessitating a delicate dance between heritage and innovation.

In essence, the digital transformation has been nothing short of a revolution in the realm of hard luxury. It has heralded an era where boundaries blur, and where the discerning clientele are no longer confined by the walls of a physical boutique. The impact on customer experience is profound and far-reaching.

The once insurmountable challenge of preserving the essence of craftsmanship and luxury values while creating accessible digital touchpoints has been met with a triumph of ingenuity. Through careful uses of digital spaces, hard luxury brands have found a way to transposing the ambiance of their iconic boutiques onto online platforms. This transition is more than a technological feat; it is a preservation of the brand's legacy and image.

The premium experience has transcended physical boundaries. Clients now embark on a journey directly from their own homes. The intimidation that may accompany a visit to a boutique is replaced by a digital embrace that exudes warmth and sophistication. Through virtual try-ons and 3D product viewers, clients can interact with items in a manner that rivals the in-person experience, instilling confidence and conviction in their purchasing decisions.

The omnichannel strategy, once a mere concept, has evolved into a dynamic reality. Integrated Marketing Communication, hyper-personalized newsletters, and features like "find in store" and "booking an appointment" bridge the gap between physical and digital touchpoints, offering clients a seamless journey. The symphony of channels harmonizes into an orchestrated experience that transcends the limitations of any single medium.

Data, the premise of this digital revolution, offers many possibilities. It grants hard luxury brands the ability to not only understand but anticipate their clients' needs. Through qualitative insights gleaned from verbatims, brands refine the customer journey, smoothing frictions and elevating experiences. However, amidst this treasure trove of data, brands bear the solemn responsibility of safeguarding the sanctity of client privacy.

In conclusion, the impact on customer experience is evident in every facet, from the comfort of virtual try-ons to the sophistication of hyper-personalized newsletters. In this digital age, luxury knows no boundaries, and the customer experience stands as a testament to this enduring legacy of craftsmanship and excellence.

## **Recommendations**

Given the insights gleaned from this thesis, it is strongly advised that hard luxury brands implement a "test and learn" approach. This can be achieved through methods such as A/B testing or the utilization of Proof of Concept (POC) trials. These techniques allow brands to experiment with new digital strategies in controlled environments, enabling them to gauge effectiveness and fine-tune initiatives before full-scale implementation. This iterative approach can significantly enhance the precision and impact of digital transformation efforts.

It is crucial for hard luxury brands not to overlook the significance of after-sale services. Post-purchase experiences are integral in sustaining customer satisfaction and loyalty. Ensuring seamless processes for repairs, maintenance, and customer support not only fortifies the brand-customer relationship but also contributes to positive word-of-mouth and long-term brand advocacy.

These recommendations aim to provide actionable strategies for hard luxury brands looking to optimize their digital transformation efforts and enhance overall customer experience. By incorporating a test and learn approach and prioritizing after-sale services, brands can position themselves for sustained success in an increasingly competitive luxury market.



## Limitations

The thesis delves into the digital transformation of the luxury industry, seeking to enhance customer experience through strategic interventions. However, there are several notable limitations that warrant consideration.

Firstly, the literature review exhibits a gap in addressing the hard luxury industry. In fact, it falls short in providing concrete actions for optimizing the digital transformation process, which could hinder practical implementation.

While qualitative analysis proves invaluable in narrowing the information gap, the research primarily focuses on brands within the Kering luxury group. While this provides valuable insights into a cohesive vision and strategy, it may not capture the diversity of approaches found in other luxury groups. This narrow scope may limit the generalizability of the findings. Indeed, the selection of brands within the Kering group introduces a potential bias, as these brands may possess specific characteristics or strategies that differ significantly from other luxury brands. This bias should be acknowledged to provide a more balanced perspective.

Furthermore, the absence of a case study poses a challenge. While confidentiality concerns are valid, exploring alternative methods for obtaining pertinent case study data could significantly strengthen the depth of analysis and practical applicability of the research.

Finally, the digital sphere is constantly expanding, with an ever-increasing number of digital innovations, and it's a complex environment in which to evolve. This thesis therefore needs to be updated in order to propose relevant actions in step with the times.

While the article offers valuable contributions to the understanding of digital transformation and customer experience enhancement in the luxury industry, these identified limitations underscore the need for a nuanced interpretation of the research findings. Recognizing these constraints enables a more comprehensive evaluation of the scope and applicability of the research.

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## Appendix

### Appendix 1. Interview with Sarah Halily Realized in French

Présentation :

- Peux-tu te présenter en précisant ton parcours pro ?

Ecole de commerce et spé en innovation et entrepreneuriat

Stage cat management marché et elle s'est intéressée à la data au sein de Eggs Brand (dim, champion...)

Coca cola avec différents contrats et elle était dans l'incubateur de Coca pour casser les codes de la grande distri. Quelles marques avaient le potentiel pour le marché français ? Création de leur plateforme pour vendre leur innovation

Product management en agile aujourd'hui

E-commerce sur les nouvelles plateformes, data

Product owner gérer discovery (comprendre les besoins et trouver une solution) et delivery

Général:

- Comme tu as fait de la grande distri, constates-tu une différence niveau digitalisation de l'expérience client? Comparaison avec coca « jour et la nuit », les sites ne font pas suffisamment luxe, l'ADN ne ressort pas suffisamment, les process ne sont pas suffisamment agile ce qui fait que les projets n'avancent pas assez vite. Exemple: on est pas capable de prendre un rdv correctement en ligne pour aller en boutique... gros retard. Pain point: pick up in store beaucoup trop long. Retard omnicanal, les politiques retour ne sont pas les mêmes sur in store et en ligne = incohérence. Assurer une bonne delivery dans les informations. 1 retour sur 2 on doit contacter
- Quels seraient les leviers nécessaires du coup pour palier à ce retard? Notamment si on prend une marque comme Boucheron? Refaire la base, Boucheron par ex: sur le site e-commerce, être isolate cad pas de différences dans les boutiques, un sizing clair, le chat performant pour assister au mieux. Mise en avant les différents services,

Focus expérience fluide, et info nécessaire

Evènement en ligne pour montrer les produits de manière exclusif (cf Gucci et live show). Recommandation produit grâce à l'intelligence artificielle grâce à la data (quand il a commandé dernièrement pour pousser à un autre achat)

- Depuis que tu es chez Kering, as-tu constaté une accélération de la digitalisation? Si oui, pourquoi? Beaucoup d'efforts, POC book an appointment. Validation longue entre groupe et marque. Avantage marques joaillerie, elles peuvent plus facilement faire des POC, faire des pilotes pour lancer de nouvelles fonctionnalités. Vision data-driven, partenariat avec Ipsos pour capturer la data...
- Quels challenges posent la digitalisation du secteur du luxe ? Penses-tu que ce sont les mêmes challenges pour le segment de la joaillerie et haute joaillerie ?
- Penses-tu que la digitalisation de l'expérience client est une opportunité ou une menace pour le secteur du luxe ?

Opportunités: aller plus vite et conquérir de nouveaux marchés (ex Asie) comme on est en retard on a pu apprendre + hyper personnalisation et c'est nécessaire pour personnaliser et pousser l'expérience client. On peut même anticiper les besoins

Challenges: beaucoup d'outils et il faut pas se laisser polluer par tout. La data pour la data pas utile, il faut prioriser. Il faut d'abord les bases avant de se lancer sur outils compliqués

Leviers:

- Comme tu travailles sur le NPS, en quoi est-ce un outil digital intéressant pour une marque de luxe? Est-il applicable à la joaillerie et la haute joaillerie?

Boucheron va lancer le NPS. Outil intéressant pour comprendre le client, et c'est des commentaires nécessaires et outil clienteling génial pour les SA en fonction de la réponse

Super pour créer les roadmap. Ex: saint laurent pour optimiser leur nouveau site

Importance du verbatim client

- En plus du NPS, peux-tu citer d'autres indicateurs intéressants pour évaluer la satisfaction et les potentiels pain points de l'expérience client en ligne dans le luxe?

Effort score, au niveau du CS, dans le luxe on cherche le contact, satisfaction globale

- Pour toi, quels seraient les leviers clés pour une expérience omnicanale optimale?
- Selon toi, l'intelligence artificielle peut-elle être un moyen d'améliorer et de pousser l'expérience client ? N'est-il pas préférable d'avoir des humains pour assister et personnalisé chaque expérience ? L'humain là où il y a le plus de valeur ajouté donc sur le contact mais sur le reste on peut faire de l'intelligence artificielle pour limiter les erreurs. Exemple de chat gpt avec Powerfront (suggestion de textes automatique où l'advisor décide ou non de prendre cette suggestion mais c'est une manière) mais c'est à l'humain de rappeler le client. AI et humain sont complémentaires

Data:

- Comment le secteur du luxe se sert de la data pour améliorer l'expérience client?

Respecter la privacy et connaître le client. On exploite pas suffisamment la data pour permettre de recommander. Génial pour la segmentation et hyperpersonnalisation. Créer des personas par client pour connaître, anticiper et les stimuler dans leur expérience client (ex: les inviter à des événements, faire des reco nouvelle co), développer la loyauté

Hard luxury:

- Concernant la joaillerie et haute joaillerie, par exemple, quels leviers Boucheron pourrait utiliser pour développer l'expérience client en ligne? (book an appointment...)

Journey omnical qui fonctionne, transposer l'expérience retail avec l'expérience digitale, créer de véritables digital stores

**Appendix 2. Interview with Veronica Poli realized in English**

Présentation:

E-commerce project coordinator, front-end projects

Project management with internal and external stakeholders

Digital transformation team

Questions:

- When did you notice the **acceleration** of the digital movement?  
Several years ago, today it is mandatory. The higher spends are more likely to spend online
- Is it possible to **conciliate** the values in the luxury industry with digitalization?  
It is a challenge, hard to find the connexion between both but it is essential to do it.
- As a high-end jewelry brand, what are the **challenges** and **opportunities** regarding the digitalization of the customer experience? Challenges: clients easily move from a brand to another if they are not satisfied, ads are unfiltered and may disturb them, they expect more entertainment online and more engagement

Opportunities increasing inputs, great to target younger generation, easier to measure engagement and loyalty thanks to analytics, customers want to receive 24h 7j services and offer personalized services

- What **strategy** are Pomellato and DoDo following **to enhance the digital customer experience**?

Customer centric, omnichannel strategy, integrated marketing communication, personalization regarding jewels, working on engraving process online, book an appointment online, working on proactive rules, AI to study the CX and activity online and tailor their experience

- **AI** ?

At the beginning Pom thought that AI was more fitting with a brand like Amazon, and AI is hard to use in high-end jewelry but it is great to monitor and find out the preferences => opportunity to study data and personalize

- Do you work with a test and learn approach? If yes, what are the benefits?  
If no, what is your approach at Pomellato and DoDo?

They don't really use the test and learn but similar with AB test and then take decision to launch the project or no. Within Kering it facilitates the test and learn approach as the group proposes some features that could fit both brands. Inspiration if another brand already implemented the feature the expectations are clearer

- How do you **measure the success** of your digital initiatives on customer experience?

Monitoring phases thanks to Google Analytics, ROI which is essential

- Do you have any specific **innovations** that significantly leveraged the digital customer experience?

Book an appointment, whatsapp touchpoint recently activated but it is still.

- What are the main **trends** observed concerning online customer behavior?
  1. Increasing on customer demand on transparency through material origin, sustainability (ups neutral delivery), they choose which brand to be loyal to if the brand fulfill all requirements
  2. Human element, interaction and engagement with the brand, importance to keep the human and book an appointment is a good feature to meet the SA, video chat feature
  3. Younger generation that purchase online
- Do you believe that customer **expectations** are even higher for a hard luxury brand compared to a luxury fashion brand?

I think so, it is more expected as hard luxury brand, importance of details is more importance, importance of customization, they want to feel special

VIC => video conference, POM directly contact the VIC to invite them to showroom in order to buy, super personalize experience, one to one newsletter to communicate special events and treatments (rpomellato)

- What are your **next steps** to leverage the online customer experience?

Pick up in store and reserve store to enhance CX

Advice: luxury brands should have even more customized services compared to other brands. Even the website should be tailored

### **Appendix 3. Interview with Claire Nicolas Realized in French**

Intégrée il y a près de 3 ans, stage de fin de 6 mois en CRM (comment collecter les données, activation à travers des emailings, gifting etc), opportunité pour un CDI pour développer le site marchand.

Garantir expérience client sur le site, faire ressortir l'ADN de Boucheron, pousser à la conversion. La part en ligne est très petite mais permet de faciliter

Questions:

- En tant que marque de joaillerie et haute joaillerie, quels sont les **défis** et les **opportunités** liés à la digitalisation de l'expérience client ?

Défis: préserver l'expérience luxe alors que le digital est associé à amazon par exemple. Préserver le tone of voice de la marque, garder les aspects clés d'une boutique

Reprise des codes boutiques comme le marbre vert de la boutique place vendôme

Réussir à garder l'émotion à travers le online alors que le client est face à son ordo

Rassurer le client, l'aider à passer à l'achat

RGPD: respect des données clients, certains projets se heurtent à cet enjeu

Opportunités:

Peu de boutiques en France donc une grosse partie de la population n'a pas accès + permet d'atteindre des clients frileux d'aller en boutique luxe Permettre de se faire connaître à grande échelle

Promouvoir de manière nouvelle et ludique comme la 3D

3D va mieux voir la pièce donc rassure et aide à la conversion

Montre que la Maison innove ce qui renforce l'expérience marque = le site est bien fait

Peut-être impulsion du covid pour accélérer la digitalisation, se mettre à la page mais depuis 2021 Boucheron souhaite être pionnier mtnt

Se démarquer

- Quelle **stratégie** Boucheron suit-elle pour améliorer l'expérience digitale de ses clients ?

Stratégie omnicanale, B2B2C, Boucheron vend au partenaire et qui vend au client, mais difficile d'être omnicanale à 100% mais des fonctionnalités pour l'être comme find in store, book an appointment

Stratégie de respecter le tone of voice sur le site pour développer l'awareness, mettre en avant

Fonctionnalité idéale pour la joaillerie, mais ça dépend de la région

Book an appointment rassure et permet de concrétiser le projet d'achat d'un client, assurer la prise en charge une fois arrivée en boutique

- Travaillez-vous selon une **approche** "test and learn"? Si oui, quels en sont les avantages ? Sinon, quelle est votre approche chez Boucheron?

Ça dépend un peu test and learn avec AB Test pour des petites optimisations sur le texte par exemple. C'est intéressant pour avoir des chiffres pour justifier le lancement d'un projet ou non

Importance des tests utilisateurs pour savoir si le message est compris

Résultat proche de la réalité

- Comment **mesurez**-vous le succès de vos actions numériques en matière d'expérience client?

KPIs: donnée google analytics, bounce rate, temps sur la page, taux de click, taux d'abandon...

- Avez-vous des **innovations** spécifiques qui ont eu un effet de levier significatif sur l'expérience client digitale ?

Virtual try on, mix and match pour une collection haute joaillerie, le live chat pour avoir une réponse instantanée, 3D sort du lot

- Que pensez-vous de l'intelligence artificielle pour élever l'expérience client en ligne ?

Hyper intéressant pour personnaliser le parcours client au maximum, permettre de faire des suggestions sur le site

Boucheron très connu pour la bague Quatre mais c'est pas forcément le produit qui correspond à tous les clients

- Quelles sont les principales **tendances** observées en ce qui concerne le comportement des clients en ligne?

Surpris de la majorité des produits achetés est la bague, panier moyen très différent selon les pays, beaucoup d'abandon panier un peu comme wishlist mais ils utilisent pas la fonctionnalité wishlist

50/50 pour les clients jeunes et plus âgés boomers

- Pensez-vous que les **attentes** des clients sont encore plus fortes pour une marque de joaillerie et haute joaillerie que pour une marque de mode ?

Sur le site que de la joaillerie, et oui car il y a une symbolique propre à la joaillerie + la valeur perçue est plus importante que de la fashion donc les attentes sont plus élevés et justifient le fait d'être frileux

Comprendre l'expérience client en ligne est très informative, réel focus sur awareness, pour faire connaître les collections, importance de l'innovation servir le client le plus possible

#### Appendix 4. Survey Questions

## Survey on the digitalization of the customer experience in the luxury industry.

4 Sept 2023

In order to fuel my Graduating Project (thesis), I would like to gather your experience and opinion on topics surrounding the digitalization of the customer experience, in the luxury industry. Thank you for the valuable time you are giving to this survey.

\* Required

### Personal information

1. Please write your full name: \*

2. For which team do you work for? \*

- Kering Corporate
- Kering Signature EMEA
- Kering Signature AMER
- Powerfront

3. Please write your job title: \*



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4. In your opinion, what is the main impact of digitalization on the luxury customer experience? \*

5. How a luxury group, such as Kering, is working to enhance the online customer experience? Please give an example. \*

6. What are the main pain points concerning the omnichannel strategy in the luxury industry? \*

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7. Regarding high-end jewelry, what is the main challenge that comes with digitalization? \*

8. What major benefit can digitalization provide the hard luxury segment with? \*

9. What is your opinion on the use of metaverse and blockchain in the luxury industry? \*

10. Must your answers remain confidential? \*

Yes

No

**Appendix 5. Results from the Survey**

For which team do you	Please write your job title:	In your opinion, what is the main impact of digitalization on the luxury customer experience	How a luxury group, such as Kering, is working to enhance the online customer experience
Kering Corporate	Ecommerce Client Service Project Manager	-digital is the front door for customer when they try to find information about a product -omnicannality of the client experience	Give as much information needed in order for the customer to be able to order a luxury product without seeing or trying the item. Ex: -Bag (BV) and heel (YSL) variation feature on front -360 assets (BAL) or virtual try on (AMQ)
Kering Corporate	Salesforce Service Cloud & Data Privacy Manager	The main impact is about the customer journey, how now luxury client will use digital information to build knowledge on the brand, the products before going in store or having physical experience. They want and expect to be surprised as well in the digital environment and benefit from outstanding services	* by building more personalized journey through the entire customer lifecycle (campaigns, website, client service, aftersales etc.) * by innovating (Next, innovation hub) to reach specific clients & surprise their customers * by adopting a client obsessed strategy : focusing on client only and their need * by adopting a omnichannel perspective
Kering Corporate	Product Manager Aftersales	Can be customer relations, because we have to offer the same luxurious, personalised experience as in physical stores.	Develop tools that allow you to know the customer by heart (powerfront)
Kering Corporate	Global trainer lead	Client -is becoming an expert of the Maison/products with all the information at disposal (product page, Q&A) -expect extra services (online product reservation, appointment...)/ contents / experiences -have a smooth experience specifically on mobile device as it is mostly used now -wants product, answers, services...fast	Kering is working on making the experience the more luxurious and frictionless possible, to make it easy for the client to access, discover, shop, pay (with new payment methods such as bitpay)... Latest improvements : Checkout refit / online exchange available for the clients / virtual try on
Kering Signature EMEA	Privacy Data Subject Requests Lead	There is much less tolerance on waiting. Everything has become urgent. And luxury becomes more "accessible". People who would not have dared to go to the Store now can inquire and buy directly from home. They feel less intimidated.	By quickly adapting to the new trends, testing, implementing new solutions. Such as the bitcoin as a currency in a Gucci Store.
<b>What are the main pain points concerning the omnichannel strategy? Regarding high-end jewelry, what is the main challenge that comes with digitalization? What major benefit can digitalization provide the hard luxury segment with?</b>			
To make sure all teams impacted are involved in projects			
* having the same amount of information and same level of client knowledge according to the touchpoint * aligning all teams on a common strategy from store, ecom etc.	to keep the luxury, provide an outstanding experience from the web	* opportunity to surprise client and build digital experience * innovate * better know your client	
and provide acquisition levers for CA by offering to clients the right product at the right time	to see and appreciate the beauty of the jewel from a distance	most of all data for the luxury company. And for the client, be able to access everything immediately, and order and receive it wherever they want	
- Still need improvements in the processes of aftersales / return / exchanges between the retail and online business - Too many different tools are used which complicate the adoption of new features / processes / agility etc...	Complexity of shipping high value item and not enough Maisons proposing virtual try on or 360° videos (for this value you want to see all the details of the piece in all angles)	Visibility and access : Ecommerce is the greatest way for a Maison who cannot have stores everywhere to be known and accessible	
Stock management and shipping issues.	The in-store luxury experience is lost. Receiving a parcel at home, even with the best courier service would never be like the full in store experience.	A higher reach. The niche of a store is nothing compared to the whole world. On the web, Brands can sell everywhere to anybody.	
<b>What is your opinion on the use of metaverse and blockchain in the luxury industry? Must your answers refer to the luxury industry?</b>			
		No	
metaverse is amazing opportunity to bring innovation and surprise the client with exceptional experiences that will remain in their mind, blockchain is the opportunity to trace the product from beginning to the end		No	
Gen Z are already spending on Web3 and already started collecting NFTs... so it's essential to show that luxury brands are in tune with the times and are not 'out of touch' if they want to attract young people.		No	
Luxury industry are the most advanced on using metaverse and blockchain as a window. It is a way to reach another type of clients who likes Maisons being trailblazers.		No	
It is fascinating if well implemented, but it might be obsolete if not well explained		No	

