

## 5 LUXURY BRANDS EMBRACING THE *NEW DIGITAL MOMENT OF TRUTH*

Despite the tumult of the pandemic, the luxury industry closed 2021 strong: **Bain & Company reported** that sales of personal luxury goods increased **29%** compared to 2020, and **1%** over 2019's total.

One of the main reasons for this surge was that many luxury brands were forced to rethink how their brands showed up in the world — especially online. In the early days of ecommerce, many luxury brands were hesitant to create digital spaces for their fans to congregate, connect and make purchases. But the pandemic accelerated the adoption of social platforms like TikTok and Instagram, as well as new selling methods like livestreaming, and ultimately rewrote the rules of brand engagement.

Rather than fight this new era, some luxury brands are eagerly riding the wave of disruption. With this Hit List, we'll spotlight the luxury brands that are pushing creative limits and embracing a multitude of tactics and tech to drive digital relevance.

01

**WHO:**

Neiman Marcus

**WHAT:** Digital-Physical Integration**WHY AND HOW:**

The acceleration of digital behaviors has made omnichannel a top priority for luxury brands and retailers that see their services as a differentiator. **Neiman Marcus** has, over its **100+-year** history, remained laser-focused on providing incredible customer service and styling to consumers.

Now this brand promise is extending to digital channels, backed up by Neiman Marcus' plan to **spend \$500 million** on digital technology over the next three years. Two of the most recent investments that bring the Neiman Marcus service experience to the next level are:

- **The CONNECT clienteling app**, which serves as a “digital black book” for stylists; and
- **The acquisition of Stylyze**, an AI and machine-learning powered digital styling tool designed to further empower associates inside and outside of stores.

These two technologies work together to create hyper-tailored looks for customers: Stylyze creates a machine-generated look within the CONNECT app, and associates can then modify these fashions based on a client's unique style and brand preference. The retailer's broader goal is to create an “integrated luxury ecosystem” that combines cutting-edge tech and human expertise.

02

Introducing  
**Rebag Rewards**

**WHO:**

REBAG

**WHAT:** Rewards Program**WHY AND HOW:**

Historically, loyalty and rewards programs have been used as a ploy to simply drive purchases, not generate *actual* loyalty. But **Rebag** is rethinking what these programs mean in the context of luxury — especially in the resale market. Rebag Rewards, which launched in January 2022, is a multi-tiered program designed to encourage circularity. While the program is free for consumers who want to sign up, each tier has different incentives based on key behaviors over time, including:

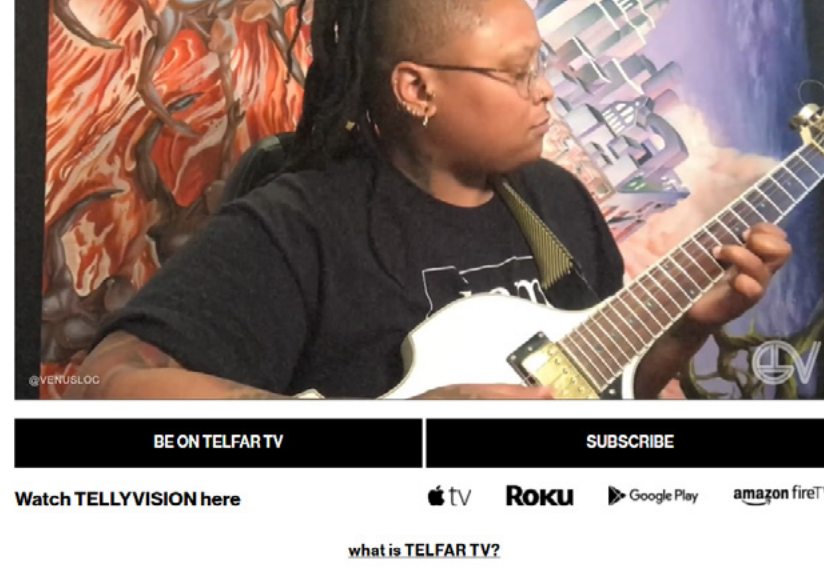
- The amount a customer trades;
- The amount a customer sells; and
- The amount a customer buys.

Like many other loyalty programs, Rebag Rewards offers members free domestic shipping and returns, special annual discounts and a points-based system that allows consumers to accrue points for future purchases. However, there are other perks that help drive engagement and activity while also creating an air of exclusivity that many luxury brands covet. For example, members get a first look at new arrivals, early access to sales and surprise rewards such as invitations to events and gifts. Members can earn rewards for transactions they make on the Rebag ecommerce site, through the company's app and in its **nine** retail locations.

03

**WHO:**

T

**WHAT:** Livestreaming**WHY AND HOW:**

The Telfar Shopping Bag has acquired a cult-like following. Big-name celebs, fashion influencers and everyday consumers have grown to love the bag — and the brand.

Launched in 2005 by Telfar Clemens, **Telfar** is a unisex line designed to democratize luxury. The motto “It's not for you – it's for everyone” says it all, really. It's no surprise then that when a new product drops, people *need* it. In fact, when new products are dropped every Monday, they typically sell out in minutes. To build more hype around these launches and tap into its incredibly diverse community, Telfar has launched a year-round livestreaming initiative. **Telfar TV** runs 24 hours a day via <https://www.telfar.tv/> to showcase audience content, reveal breaking news on upcoming drops, run fashion shows and bring its highly engaged community together.

Visitors can subscribe to Telfar TV online and access the channel on Apple TV, Roku, Google Play and Amazon Fire TV. Folks who want to get in the spotlight can even upload their content to the channel and join the digital conversation.

04

**WHO:**

BALENCIAGA

**WHAT:** The metaverse**WHY AND HOW:**

**Balenciaga** was one of the first luxury brands to dive head-first into the metaverse. In fall 2021, the brand released its latest collection **via a video game**, and **collaborated with Fortnite** on a capsule collection of digital apparel for players, later accompanied by tangible “twins.”

Now the brand is launching a new business division dedicated to developing products, projects and experiences for the metaverse. In a **Business of Fashion** article, Balenciaga CEO Cédric Charbit said the metaverse will allow the brand to “get to the next level” in digital engagement, which is still largely limited to vanity metrics such as likes, comments and shares. He revealed that at one point, there were more than **100** developers working on the new venture.

Brands across the retail and fashion spectrum are trying to determine the role that the metaverse will play in their business strategies, testing NFTs, virtual storefronts and unique experiences in digital spaces like Roblox. **Experts believe** that as the metaverse matures, there will be a talent shake-out of sorts. Companies will undoubtedly take cues from Balenciaga and other companies that are bolstering their workforce to support new digital products and experiences.

05

**WHO:**

GUCCI



TRY IT ON

**WHAT:** Digital fashion**WHY AND HOW:**

**Gucci** is no stranger to digital innovation. The luxury brand was an early adopter of Snapchat filters and has frequently toyed with augmented reality (AR) to support new product launches. That's why its foray into digital fashion made *perfect* sense.

In 2021, Gucci sold virtual sneakers for **\$9** a pop, lowering the barrier to entry for many fashion fans. While they weren't technically an NFT, these virtual sneakers showed the potential for exclusive product drops that are only available online. However, the key distinction is that there were no limits on product availability for these sneakers. Gucci partnered with Wanna, a virtual sneaker app, to develop the AR sneakers, which come as a package of **25** different styles that consumers can virtually try on.



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Alicia is an editor-turned-content marketer, with a passion for all things focused on digital-powered experiential retail.

