

9th Edition



True-Luxury Global Consumer Insights

July 2023



2023 study keeps True-Luxury consumer at the center...

~20M True-Luxury Consumers (out of ~370M total consumers) generating **ca. 40% of global luxury market**

9th Edition True-Luxury consumer survey

Respondents **12,000+ respondents**
of which 2,000 in China & 2,000 in US

Avg. spend **€39K+** Avg. personal spend¹
(back to pre-Covid level)

Markets **Top 12 WW Luxury Markets**



PHRONESISPARTNERS *Research partner*
simplifygrowth

1. Includes personal and experiential luxury, excluding cars, yachts, smartphones and smartwatches

..with a much wider range of tools, sources and deep dives



30+ in depth interviews with individual **True-Luxury consumers**



25+ interviews & content discussion sessions with **industry experts & topic leaders**



Brand new deep dive on **customer experience**, based on quali-quantitative sources and advanced **data & analytics tools**



Engagement of **local Luxury experts** and **industry partners** from China and US



HIGHNOBIETY

2023 STUDY: CONTENTS



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Chapter 1.

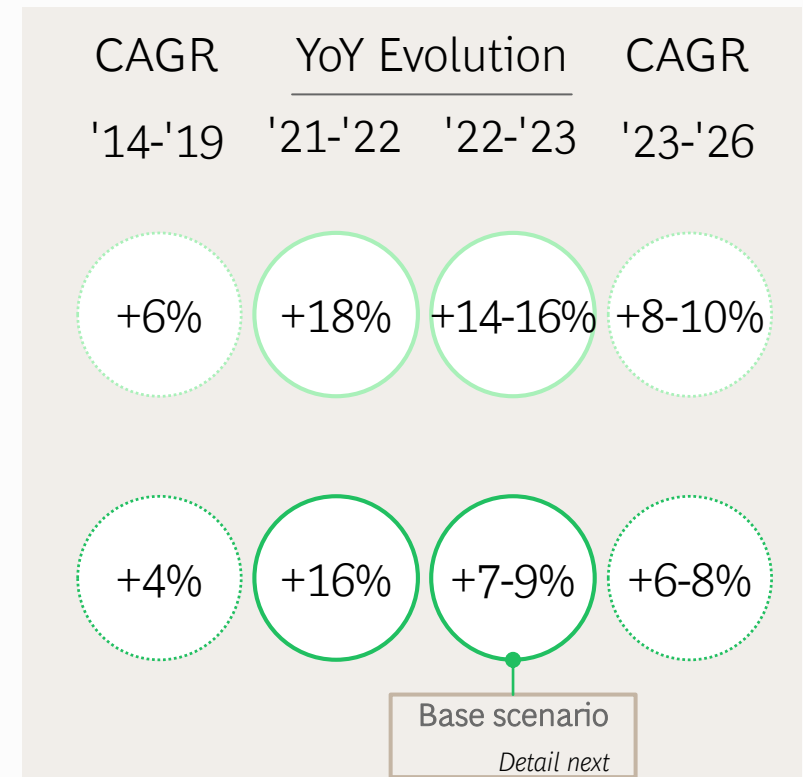
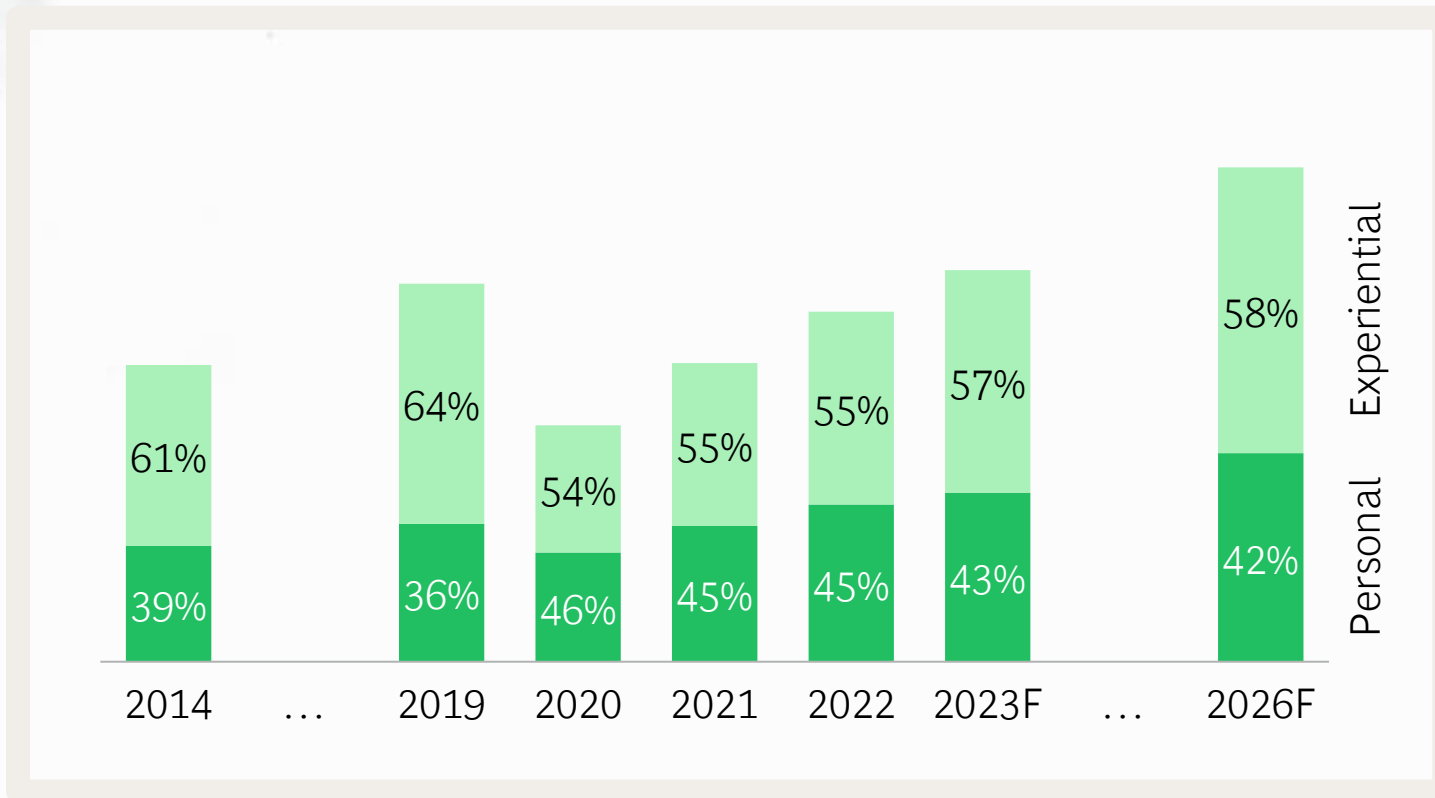
FUTUREPROOF: LUXURY MARKET THRIVES AMIDST UNCERTAINTY

Market outlook & True-luxury consumer sentiment



Personal luxury has recovered to pre-covid levels and Experiential on the way; High single-digit growth expected

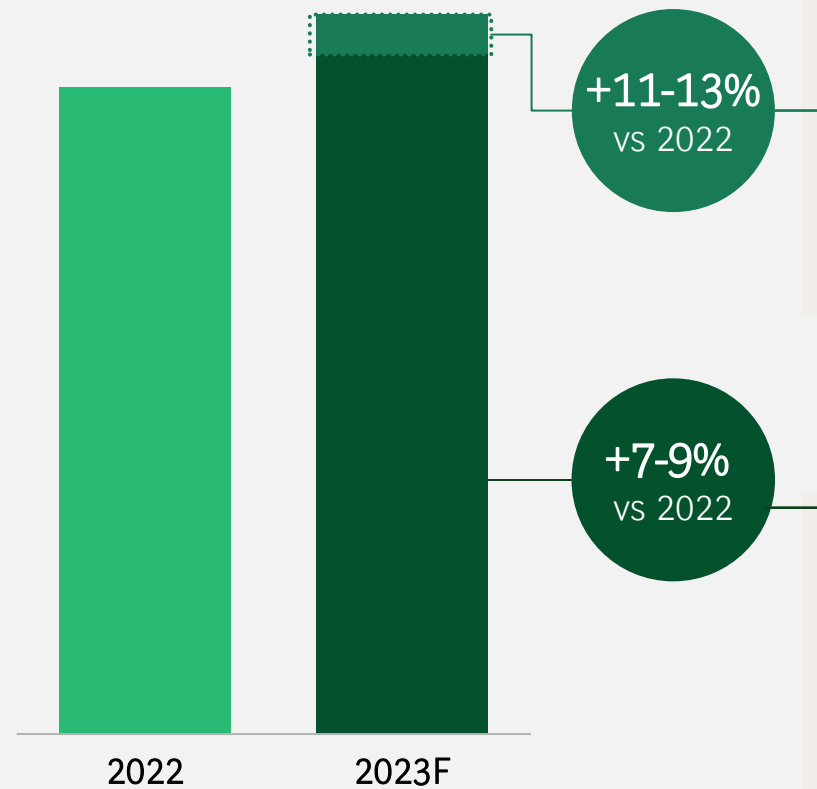
Global True-Luxury Market



Note: Personal includes apparel, footwear, accessories, leather goods, beauty, jewelry (branded and unbranded) and watches / Experiential includes furniture, food and wine, fine dining & hotel and exclusive vacations

Source: BCG Fashion & Luxury Market Model as of June 2023; BCG Analysis

Personal Luxury Market – 2023 expected scenarios



We envision 2 evolution scenarios based on key geographies outlook

Optimistic Scenario: *High expected global growth*

- **Strong restart of China** Luxury market (~+20% vs '22), mainly fueling domestic consumption, while gradual spend increase in nearby countries (e.g., HK, Macao) and in int. destinations from H2 2023
- **Solid confidence** of US consumers despite the macro context, driving domestic and international demand (high-single digit growth)

Base Scenario: *Slow-down of Western Consumers not compensated by Asian acceleration*

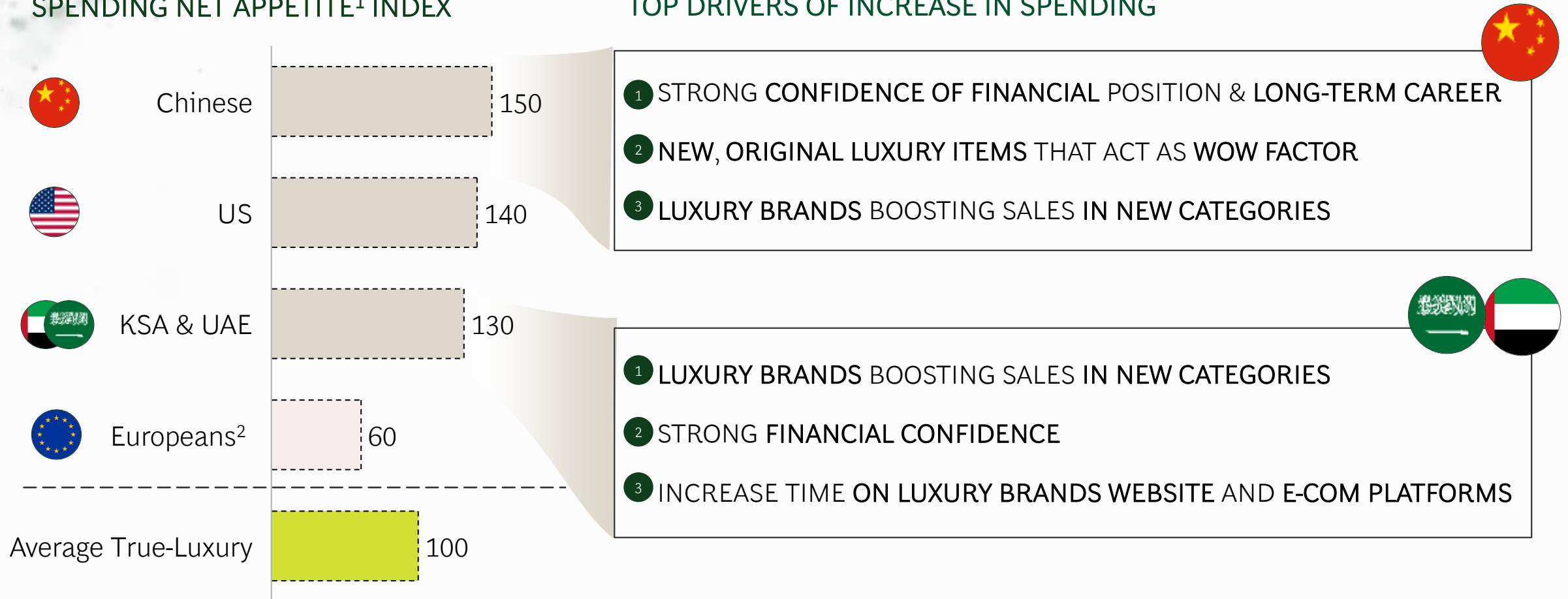
- **More cautious outlook for China** (~+15% growth '22-23) with technical rebound domestically and slow restart of international consumption
- **Limited confidence** of consumers in Western markets, with H2 '23 heavily impacted by economic uncertainty (mid-low single digit growth)

Unprecedented complexity to make Luxury market forecasts | Today's macroeconomic volatility requires an assessment on a weekly horizon

Post-Pandemic spending euphoria booming in China consistently with recent re-opening, while persisting in US despite pessimistic sentiment

SPENDING NET APPETITE¹ INDEX

TOP DRIVERS OF INCREASE IN SPENDING



1. Net appetite next 12 months: (% of a lot more + % of a bit more) – (% of a bit less + % of a lot less), indexed to 100%
Source: BCG-Altgamma True-Luxury Global Consumer Insight Survey Mar/Apr '23 (12K respondents in 12 countries)

2. Includes France, Germany, Italy and UK

The top of the pyramid has consistently overgrown the bottom: conquering the wealthiest segments is the key priority for luxury brands



Cluster	2016		2022		2026F		CAGR Pop. '16-'22	CAGR Pop. '22-'26
	Pop. (M)	Size (B€)	Pop. (M)	Size (B€)	Pop. (M)	Size (B€)		
Beyond money	0.3	20	0.5	38	0.6	50-60	5%	9%
Top absolute	1.4	31	1.7	53	2.3	60-70	4%	8%
Absolute & Entry absolute	15	201	17.6	260	18.9	320-340	3%	2%
Total true-luxury	16.8	252	19.8	352	21.9	430-470	3%	3%
Top aspirational	20.9	62	20.5	71	24.5	90-100	0%	5%
Other aspirational	375.0	551	327.2	476	425.3	720-730	-2%	7%
Total Luxury Consumers	~410	~870	~370	~900	~470	~1240-1300	-2%	6%

- **2 wealthiest clusters** representing less than 1% of the market but accounting for **~10% of sales**
- Strong growth of the top segments confirming their **priority role in the upcoming years**
- '16-'22 population decline due to strong **impact** of Covid on **aspirational** and **Chinese slow down** in '22; acceleration over the next years

Note: Numbers rounded. Personal includes apparel, footwear, accessories, leather goods, beauty, jewelry (branded and unbranded) and watches / Experiential includes furniture, food and wine, fine dining & hotel and exclusive vacations

Source: BCG Fashion & Luxury Market Model as of June 2023; BCG Analysis

Chapter 2. TOP 10 TRENDS CEOs SHOULD STAY AHEAD OF

*Snapshot of market, consumer and novel
Luxury trends*



Navigating the Luxury landscape: top 10 trends CEOs should stay ahead of

EVOLVING MARKET REALITIES

Plan to quickly react and setup to tackle challenges

- 1 CHINA IS BACK, BUT PLAYBOOK IS DIFFERENT
- 2 KSA: IGNITE THE UNTAPPED POTENTIAL
- 3 SHIFTS & OPPORTUNITIES IN THE SUPPLIER LANDSCAPE
- 10 SCALE MATTERS MORE THAN EVER

SHIFTING CONSUMER PREFERENCES

Evolve to address consumers' needs, behaviors and taste

- 4 LUXURY IN A CHANNEL- LESS AGE: TRUE-LUXURY CONSUMER STILL UNHAPPY
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- 6 SUSTAINABILITY & NEW OWNERSHIP MODELS ACCELERATION
- 7 DOUBLE DOWN ON VIC - VERY IMPORTANT CUSTOMERS - VIA CLIENTELING 3.0

NEW(ISH) FRONTIERS REQUIRING INVESTMENT

Get prepared, experiment & invest (or be left behind)

- 8 THE REVOLUTION OF GENERATIVE AI
- 9 WEB3 & METAVERSE: VIRTUALIZATION OF FASHION & IDENTITY

Top 10 trends CEOs should stay ahead of (I/IV) – Evolving Market Realities

EVOLVING MARKET REALITIES

1 CHINA IS BACK, BUT PLAYBOOK IS DIFFERENT

China revamp is happening (15-20% expected growth in '23) with evolving dynamics compared to Pre-Pandemic:

- **Increased local demand** (82% in '23, unlikely to return to '19 level - 45%)
- **Thriving digital ecosystem** (46% purchases online)
- **Higher diversification in the consumer base** with heavy spenders, younger & lower-tier cities driving growth

Brands should develop a new playbook to **win the evolving consumers locally and internationally** and recruit **emerging groups**, step-changing presence in the **online ecosystem**, **reimagining online shopping experience** and devising **creative tactics across touchpoints** (e.g., enrich Mini Programs, leverage localized content)

2 KSA: IGNITE THE UNTAPPED POTENTIAL

KSA is a key growth engine in Middle East, **worth ~3B€** and projected to reach **~6B€ by '30** (+10-12% CAGR '22-30). This is driven by **massive investments (>1T€)** in local development (Vision 2030), **internal pent-up demand** (from ~40+% spend leakage today) and boost of **luxury tourism**, fostered by **young** (60%+ of <30y), **heavy-spending, increasingly sophisticated, and digitalized KSA consumers** (+17pp online penetration¹ vs avg. True-Luxury)

Specific strategy to capture growth in Saudi vs other GCC countries, incl. finding the **right local partner**, **upgrading product offer** to match international standards of the local **sophisticated consumer** and **enhancing retail footprint** to capitalize on new real estate giga-projects (e.g., Diriyah Gate)

3 SHIFTS & OPPORTUNITIES IN THE SUPPLIERS LANDSCAPE

Post-Covid supplier landscape has drastically changed. Increasing number of **supply-focused investments** & M&A both **from suppliers**, consolidating into specialized poles, & **from brands** selectively investing in upstream vertical integration. Due to rarity of competences & difficulty of access, **reliable set-up of local suppliers** is increasingly crucial

Brand CEOs have the responsibility to **actively react to shifting suppliers' dynamics**, contributing to shape them. They should assess how to optimize supply chain, thinking strategically on the **best make-buy setup** to secure volumes, while maintaining flexibility and fostering a local made-in set-up

TREND

IMPLICATIONS

1. Based on last purchase channel including omnichannel (e.g., ROPO)

Top 10 trends CEOs should stay ahead of (II/IV) – Shifting consumer preferences

SHIFTING CONSUMER PREFERENCES

4

LUXURY IN A CHANNEL- LESS AGE: TRUE- LUXURY CONSUMER STILL UNHAPPY

Luxury brands and industry experts have been actively discussing omnichannel journeys and the creation of truly seamless Customer Experiences for more than a decade. However, **less than 50% of luxury consumers are truly satisfied** with their overall experience.

Luxury brands have spent considerable time and resources perfecting the offline customer experience and in-store selling ceremony and, as a consequence, their **in-store satisfaction level is ~x2 that of mass retailers**. However, **online ceremonies of luxury brands are greatly lagging behind**, with **luxury satisfaction level being ~ 0.8x that of mass players**. This 'digital discontent' is created by two types of unmet needs: **functional** (like speed and availability) and **emotional** (like pampering & human reassurance). While functional issues are often in the forefront for both brands and customers, **solving only functional tablestakes, will not allow brands to deliver a true luxury experience**.

Current brand practices & misconceptions are, like the underestimation of touchpoints (which are ~x30 vs only 10 years ago) or silo-view of channels (while in reality >50% of journeys are multichannel) are further fueling the digital discontent.

In order to master CX in a channel-less age, brands will need to **quickly fix the basics on functional aspects**, leveraging the playbooks that are already in place and dedicating the necessary time, investments, and discipline to bridge the gap with “best in class” players on service efficiency, speed and reliability. In order to propel CX to new heights, brands will need to take the lead, **writing the playbook on emotional step-change**. To do so, every brand will need to strategically decide whether to **"play defense" by hyper-specializing** or **"play offense" by hyper-personalizing**. Hyper-specialization requires the definition of a **specific, focused role for each touchpoint** (based on its' strengths) and the guidance of each customer to the optimal touchpoint based on his or her needs. Hyper-personalization on the other hand, requires that **all touchpoints are empowered to play every role** and can be adapted (in real time) to individual customer needs. No matter which, in order for brands to master the new frontier of luxury experience, it is crucial not to revert back to the channel view: brands should always privilege a **customer journey-view over a business channel-view**.

Top 10 trends CEOs should stay ahead of (III/IV) – Shifting consumer preferences

SHIFTING CONSUMER PREFERENCES

5

DECODING THE GENERATIONAL DIVIDE

The generational surpass is finally happening: Young (Millennials & Gen Z) **twice the size** vs '16 and worth **~210B€ in '22**, expected to almost double again by 2026. Therefore, there are **2 segments to address**: Young spending more (+15% vs old), with positive future outlook (33% appetite of Millennials vs Olders -12%); Olders guaranteed growth (3x cum. spend in last 15y vs younger and 20x vs Gen Z) and worth **~190B€** today

6

SUSTAINABILITY & NEW OWNERSHIP MODELS ACCELERATION

Brand purpose & responsibility non-negotiable anymore, accelerated by **upcoming regulations** especially in EU and relevance for consumers (65% influenced by Sustainability, +4pp vs 2019, 72% for Gen Z); appetite for **new business models** - renting & second-hand - continue to accelerate (65% interested in purchasing pre-owned luxury, +5pp vs 2019)

7

DOUBLE DOWN ON VIC - VERY IMPORTANT CUSTOMERS - VIA CLIENTELING 3.0

The top of the pyramid has consistently overgrown the bottom and the **2 wealthiest clusters** (Beyond Money & Top absolute), represent less than 1% of population, but account for **~10% of sales**. Moreover, they are expected to grow at a faster rate (8+% CAGR '22-26 vs 6% avg. True-Luxury).). As a consequence, the top segment (“Beyond Money”) will triple in size by 2026 (vs 2016).

TREND

IMPLICATIONS

Looking forward, Brands should adopt a **two-step strategy**: in the short term, embrace a **bifocal approach**, capturing opportunities of both segments in the next decade with tailored solutions

In the mid-term, brands should **loyalize Gen Z & Millennials**, harvesting past years' over-investments

ESG agenda should be pursued with urgency and, given the complexity of the landscape and the evolving regulatory environment, it is fundamental to **join forces at Sector level**, partnering with authorities & institutions

Key to **selectively invest resources** on the **ESG topics** which are the **most impactful** for each brand business model

Luxury brands have always focused on VIC, but nowadays they should place higher efforts to **drive loyalty** with increasingly demanding top clients, offering **flawless experiences and reaching perfection in selling ceremonies**, also leveraging **AI-based tools** to make a step change in **clienteling** and **1:1 personalized journeys**

Top 10 trends CEOs should stay ahead of (IV/IV) New(ish) frontiers

NEW(ISH) FRONTIERS REQUIRING INVESTMENTS

8

THE REVOLUTION OF GENERATIVE AI

GEN AI has a **tangible impact for Luxury**, across (i) **hyper-personalization** and **CX enhancement**, (ii) **creativity** support and boost (e.g., content & product design), (iii) **complexity** & costs **reduction** (e.g., ops. & logistics optimization) and (iv) **manual tasks automation**. Specifically, GenAI will allow luxury brands to overcome "reach vs depth" tradeoff: **scalable solutions** for personalized treatments offered to VIC only, could be extended to mid-pyramid & aspirational customers (90%+ of Luxury customers)

Experiment with the technology, focusing on the **highest potential business-led use cases** and building technology muscle, while preparing the workforce and defining clear policies to protect the business

9

WEB3 & METAVERSE: VIRTUALIZATION OF FASHION & IDENTITY

Web3 still at **early-stage** in Luxury, and, despite being a new frontier, its adoption slowed down with **long path ahead to mass market**. However, it is expected to **gain traction** due to higher consumers' appetite (70+% current & prospective virtual fashion buyers) led by **2 driving engines, Young tech. Pioneers** and **Escapers** (e.g., from Middle East, India & Brazil) and due to **higher investments in technology**

Since Web3 adoption is still lagging, but will definitely accelerate in the coming years, brands should be **ready to capture upcoming opportunities**, incl. **gamified, immersive and community-based experiences** which can boost **consumer engagement ~5x** vs traditional approach. This will allow to recruit new audiences, amplify content and nurture communities

RELEVANT ACROSS ALL TRENDS

10

SCALE MATTERS MORE THAN EVER

Scale has become a competitive advantage with Luxury **Megabrands** consistently **growing ~3x vs luxury market**, reaching **10-20+B€ revenues** vs 2-5B€ of medium-sized brands. This is increasingly widening the gap with "followers" and contributing to strong **polarization**

Growth must be seen not only as a value creation source, but as an imperative to **stay relevant** in the market, unlocking **ability to invest in marketing** (i.e., digital media & content creation), **retail** (i.e., securing the best locations) and building an **agile and AI & tech-backed operational machine**. Smaller brands should invest in creativity and find innovative channels to distinguish

KSA: ignite the untapped potential



NASCENT MARKET TO THRIVE

~3B€ in '22 to ~6B€ in '30

KSA as the next growth frontier: 2x size of personal Luxury market by '30 (+10-12% CAGR '22-'30)

MATERIAL DRIVERS OF RAPID SURGE

>1T€ in local investments

Vision 2030 massive local investments:

- Internal pent-up demand (from ~40+% spend leakage today), with ~+500k sqm in Riyadh three flagship future retail locations¹ and +~90% mall supply by '27
- Rise in high-end tourism (8 giga-projects)

SOPHISTICATED LUXURY CONSUMER

~60% of population <30 years old

Young, wealthy (13k HNWI²), well-travelled & digitalized (+17pp online penetration³), confident to spend more (+7pp net appetite⁴ vs avg. True-Luxury)

1. KAFD, Diriyah Gate and new airport hub; 2. High-Net-Worth-Individual: net wealth between \$5-\$50M; 3. Based on last purchase channel including omnichannel (e.g., ROPO); 4. Net appetite in next 12 months: (% of a lot more + % of a bit more) – (% of a bit less + % of a lot less) Source: BCG Fashion & Luxury Market Model as of June 2023; BCG-Altgamma True-Luxury Global Consumer Insight Survey Mar/Apr 2023(12K respondents in 12 countries); Saudi Tourism Authority; Reuters; Giga-projects press releases; Desk Research

Decoding the generational divide

GENERATIONAL SURPASS

~X2 GenZ & Millennials
by '26 (vs '22)

Young (Millennials & Gen Z) worth ~210B€ of personal Luxury market in '22 (from ~95B€ in '16) and **expected to almost double again by 2026**

Older (GenX, Boomers & Silvers) worth ~190B€ in '22 (from ~230B€ in '16) and expected to decrease to ~160B€ by '26

2 RELEVANT SEGMENTS...

...WITH POLARIZING PREFERENCES

Young: fast to adopt new tech, greatly value sustainability & new ownership models and seek guidance from peers & community

Older: interested in spending on experiential luxury (like hotels & wellness) & seek professional guidance

WAY FORWARD...

...WITH CLEAR SHORT VS MID-TERM APPROACH

Short: bifocal approach, capturing opportunities of both segments in the next decade with tailored strategies

Mid-term: loyalize Gen Z & Millennials, harvesting past years' over-investments

The Revolution of Generative AI

DISRUPTIVE IMPACT

100M users on ChatGPT in 2 months

Impact is here to stay:

- 80% of workers will be affected
- 67% of digital leaders prioritizing GenAI in the next 18 months

OPPORTUNITIES IN LUXURY

Marketing CX & Perso strongest potential for GenAI in Luxury

- More traditional sectors less disrupted, yet significant impact for Luxury in Mktg, CX & Perso
- Stronger potential for mass fashion in product & design

REACH VS RICHNESS

90+% aspirational luxury consumers

GenAI offers scalable opportunities for personalized VIC treatments to be extended to ~350M of mid-tier & aspirational customers, breaking the reach vs richness trade-off

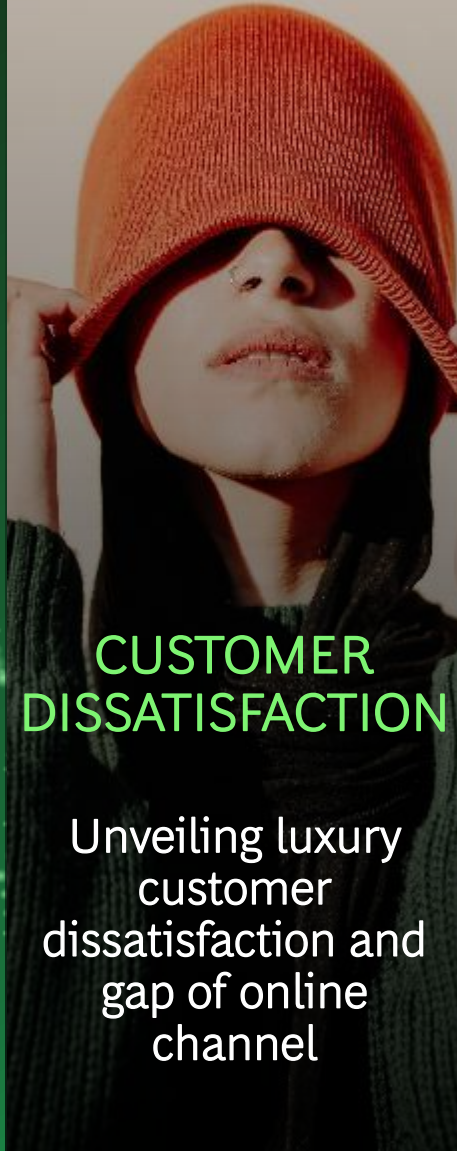
Chapter 3. LUXURY IN A CHANNEL-LESS AGE: TRUE-LUXURY CONSUMER STILL UNHAPPY

The new frontier of Luxury experience



Zoom into Luxury customer experience

1



CUSTOMER DISSATISFACTION

Unveiling luxury customer dissatisfaction and gap of online channel

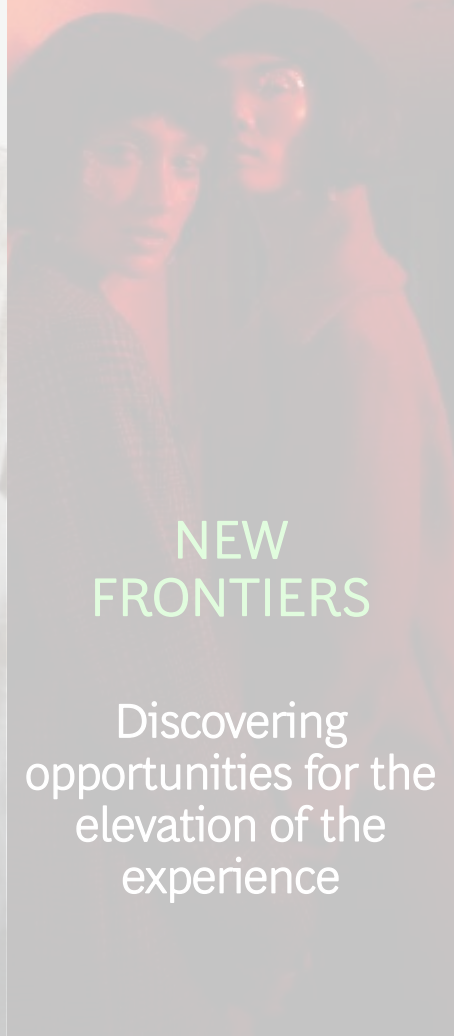
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COMPANIES' BLIND SPOTS

Revealing companies' misconceptions & realities about the Luxury CX

3



NEW FRONTIERS

Discovering opportunities for the elevation of the experience

We've been talking about omnichannel for **more than a decade** ...

BOF The Business of Fashion
Agenda-setting intelligence, analysis and advice for the global fashion community.

RETAIL
Burberry's Bet on Retail Entertainment
What does Burberry's new high-tech store herald for the future of physical retailing?




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Christiane Klarmann
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2012



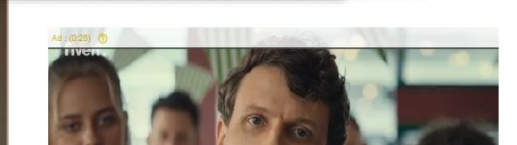
Media network blog
Four brands storming the world of fashion and technology

From Burberry to Ralph Lauren, fashion brands are experimenting with new and emerging technologies

Kieran McBride
Fri 5 Sep 2014 12:36 BST


Once again the fashionistas are descending for **London fashion week**. With Somerset House and central London transforming for their arrival, it's fascinating to see the way in which we the consumer can now access the sometime previously rarified air of the fashion world. Fashion's evolving - not just into more and more extreme sights on the catwalk - but behind the scenes too, as **brands** adapt to new consumer expectations around how, when and why they want to interact.

TA
ST ADVANCED
RY, STUDY SAYS
Federation noted that in today's tough
ted resources in integrating the digital
gy. At some point in the future, he added,
retailers interact with customers.
ch group. Lo, some players are doing
oming out a winner.



2014

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Shutterstock

A major challenge luxury brands have faced since the beginning of the digital era is how to bring the same high-end experiences they offer in-store to the digital space. Now, even more than having a lively digital presence, luxury brands are faced with the challenge of adapting to an increasingly omnichannel world.

Omnichannel marketing means closing gaps in experiences across channels to offer a seamless, unified brand experience across devices and



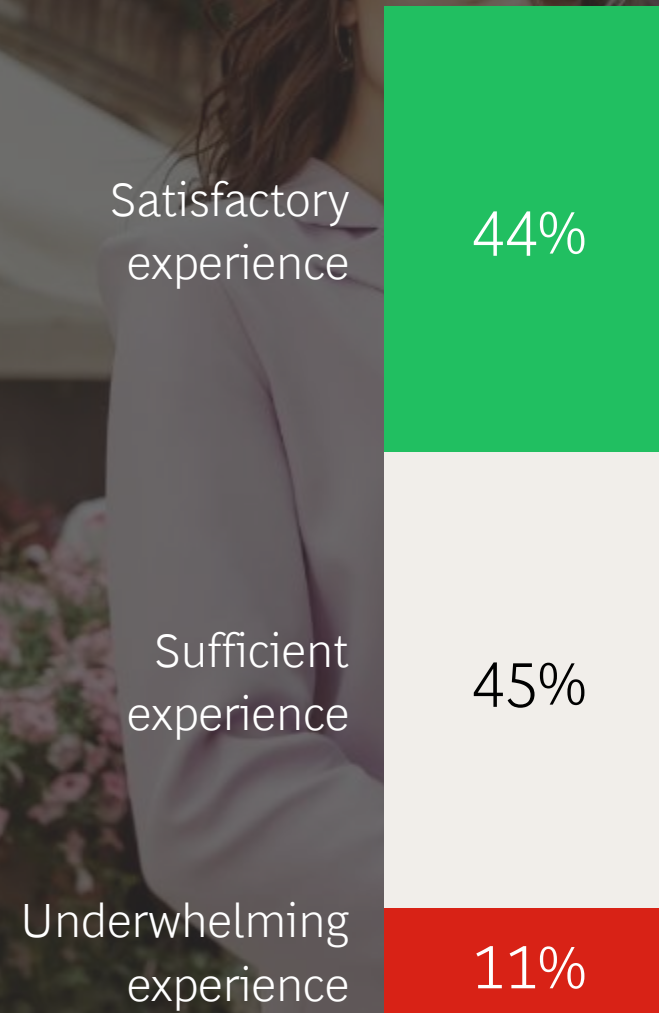
The diffusion brand, as it has existed for the past few decades, feels ancient in the modern fashion industry.

In fashion, the term "diffusion brand" means a secondary line by a well-known designer. (Think Marc by Marc Jacobs, CK by Calvin Klein.) They are intended to reach a younger, aspirational demographic with lower price points and

and so on..

...yet customers are still not happy

Less than half of Luxury consumers are truly satisfied with their overall experience and feel it was above expectations

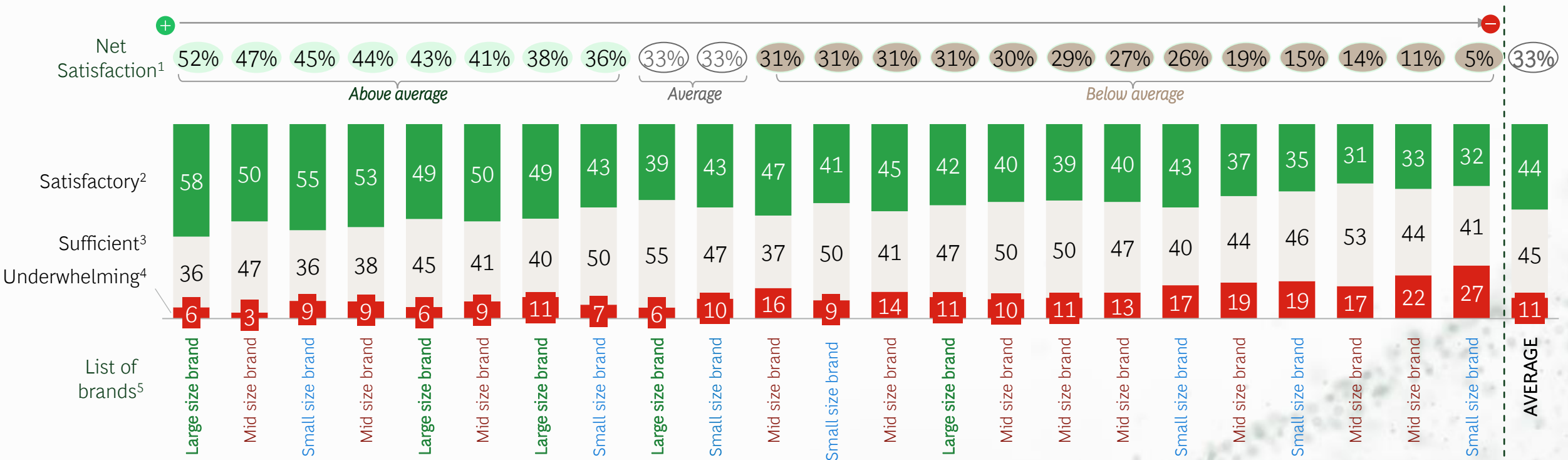


Brand temperature check | All brands struggle to reach Net Satisfaction Score above 50 and huge satisfaction gaps exist among peers



Think about the expectations you had at the beginning of your purchase experience. How much was the actual experience of buying the luxury item in line with your initial expectations?

Satisfaction on last purchase (online & offline) by brand, %



Note: Included only Brands with at least 30 respondents who have purchased from them

1. Net Satisfaction = % Above Expectations - % Below Expectations; 2. Above expectations 3. Purchase experience in line with expectations; 4. Purchasing exp. below expectations 5. Clustering of brands based on 2022 revenues

Source: BCG-Altgamma True-Luxury Global Consumer Insight Survey Mar/Apr '23 (2.6 K respondents in 6 countries)

Luxury brands have spent decades perfecting the **offline** experience ...

Luxury brands beat retailers hands down in the **offline experience**

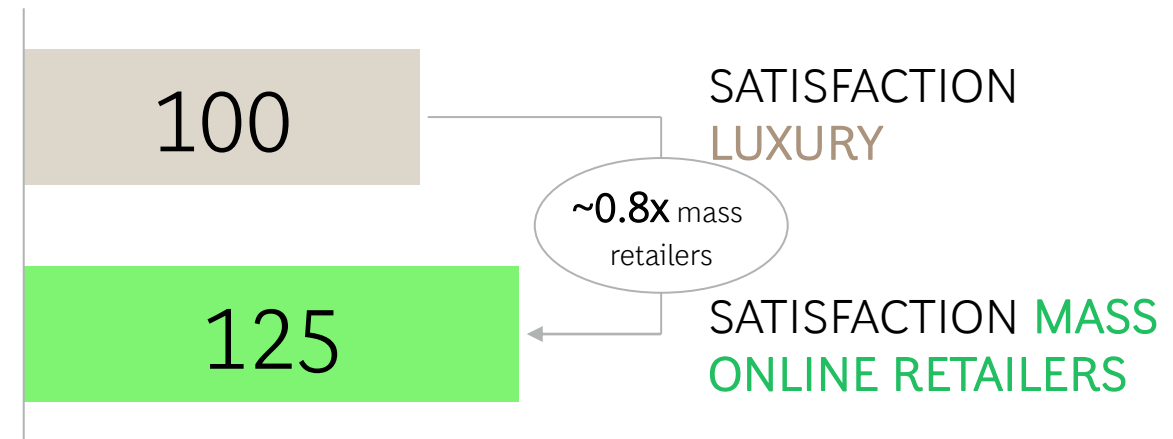


Going to my favorite stores is like treating myself – I feel pampered, I get my champagne... I'd go everyday
- Anna, 48 y.o.

Note: Satisfaction based on NPS calculated as % of Promoters (9-10 ranking) minus % of Detractors (0-6) and converted to 100
Source: BCG-Altgamma True-Luxury Global Consumer Insight Survey Mar/Apr '23 (2.6 K respondents in 6 countries); BCG analysis

...yet **online** ceremonies are lagging behind their in-store counterparts

Instead, **online experiences** of retailers are overall comparable & even superior in terms of services

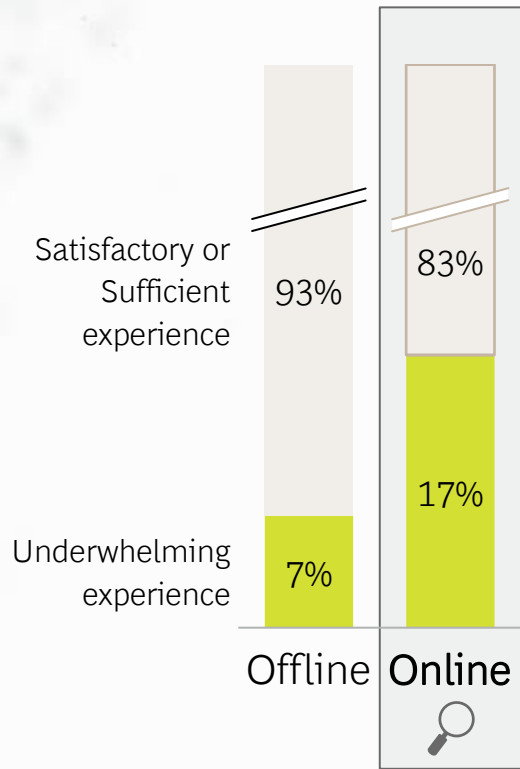


Why is my online experience the same whether I'm buying a **blue polo** or a **10k€ travel bag** from my favorite Luxury brand?
- Adam, 35 y.o.

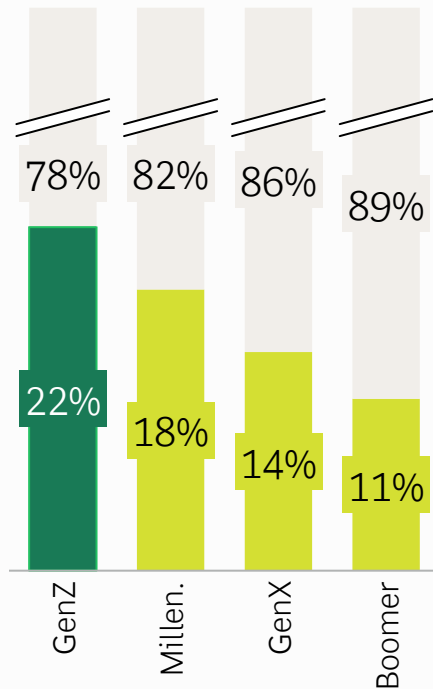
1.Specialty and not specialty retailers

The Digital Discontent | Dissatisfaction with the online experience most pronounced in Europe and amplified amongst GenZ

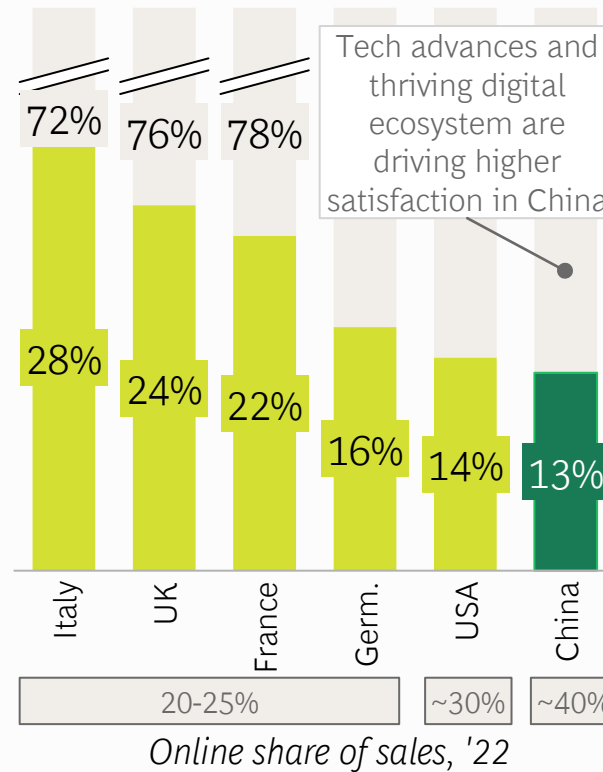
Online dissatisfaction 10pp higher vs offline



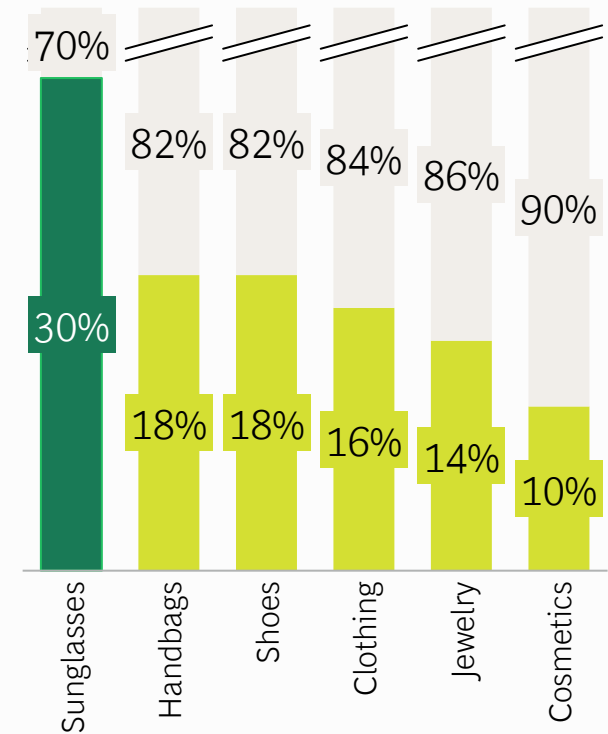
1 in 5 GenZers believe online experience is underwhelming



Chinese are more satisfied online, Europeans less content

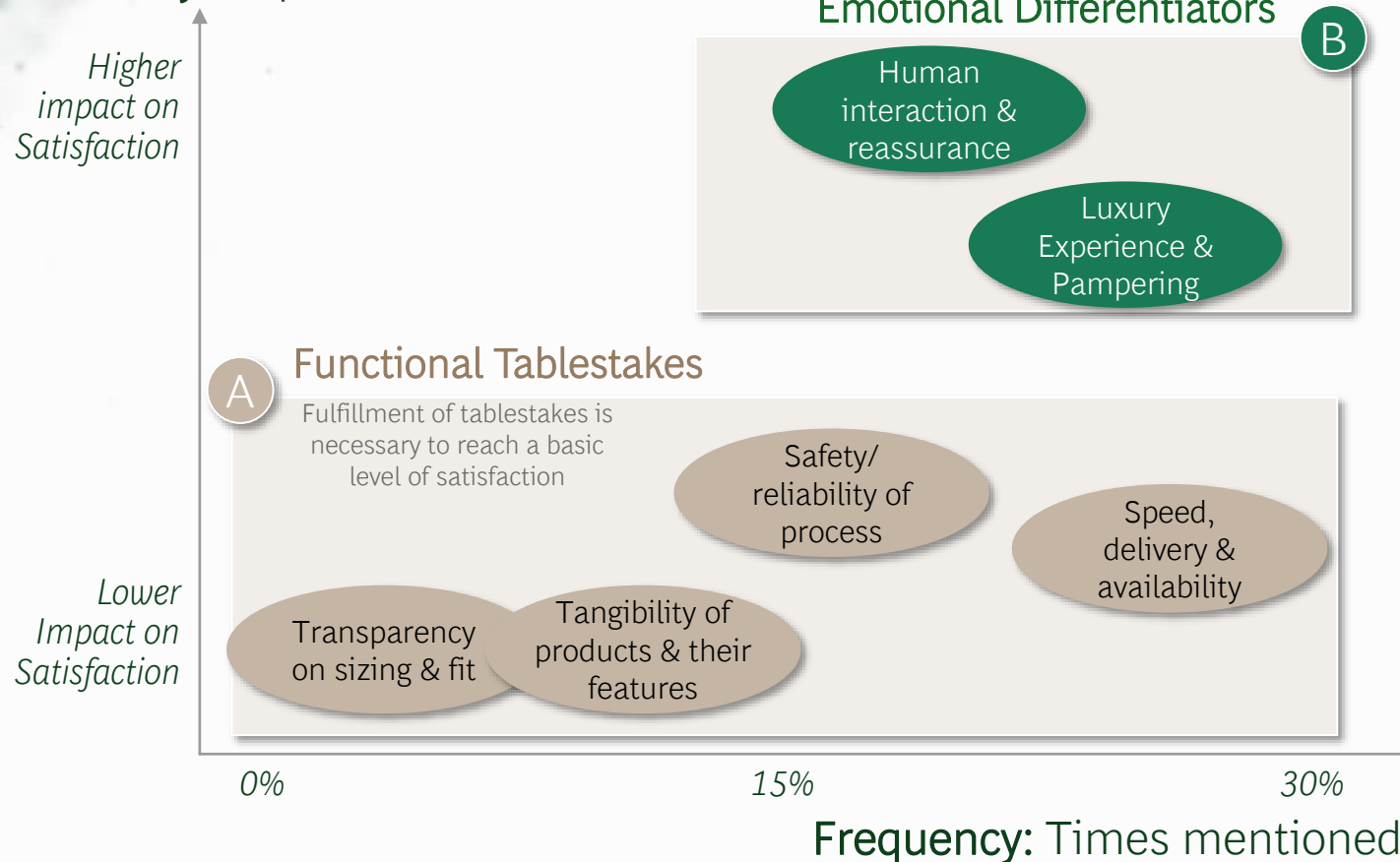


Sunglasses drastically stand out for online dissatisfaction



The Digital Discontent is built on two gaps: with mass retailers on functional tablestakes & with in-store luxury on emotional differentiators

Severity: Impact on Satisfaction¹



B
Bring the magic of in-store luxury also online

Luxury consumers are looking for the same level of **exclusivity, human touch & pampering** when online (as they receive offline) – and the lack of these is heavily impacting their **satisfaction with online experience**

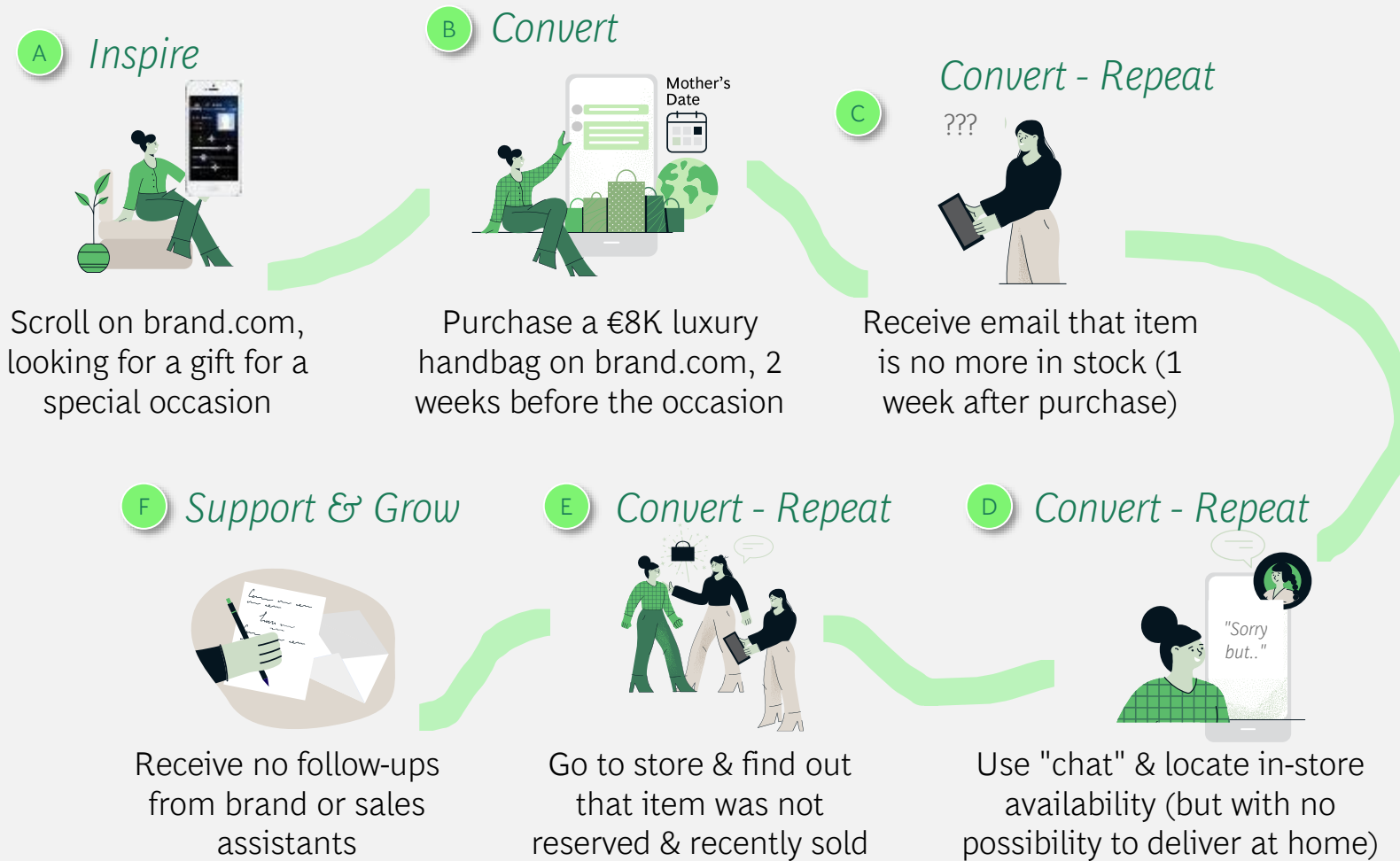
A
Bridge the gap vs online retailers

Tablestakes, like product availability and payment options, are expected by luxury customers as **basic requirements** and are needed to "bridge the gap" with retailers online

1. Level of impact that the "Unmet Need" has on the level of dissatisfaction customers experience with their online experience (measured through NPS)
Source: BCG-Altgamma True-Luxury Global Consumer Insight Survey Mar/Apr '23 (2.6 K respondents in 6 countries)

The Digital Discontent along the Journey | An exemplary customer story

Illustrative



This might sound like a horror story built on a myriad of functional unmet needs...

Solving only functional issues will not be enough to deliver a true luxury online experience

FUNCTIONAL TABLESTAKES



Bag wasn't available



It couldn't be shipped



Reservation wasn't communicated



Functional tablestakes, while crucial, often **only represent the surface...**

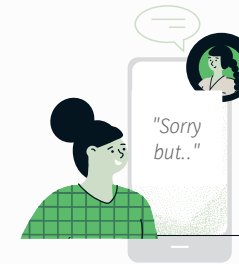
EMOTIONAL DIFFERENTIATORS



"While browsing I was left completely alone – I needed human guidance"



"Online payment felt cheap – same as when I buy groceries online"



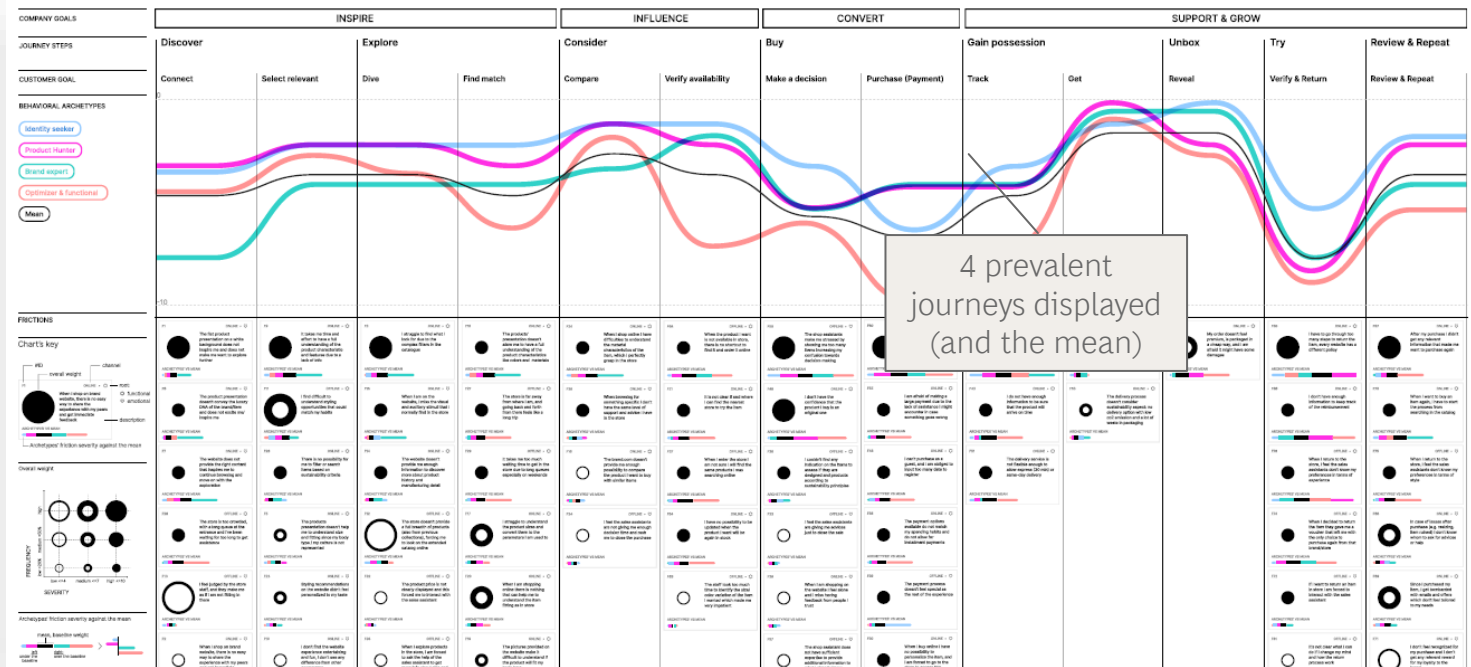
"The chat was about as luxurious as that of a car rental service"



Without also addressing Emotional differentiators, the **digital discontent will not be solved**

Friction map | To quantify the weight of each emotional and functional friction, 2.600 individual luxury customer journeys were mapped...

Luxury Consumer Friction Map along the journey



Individual journeys need to be analyzed to understand each customers' individual frictions

Exemplary frictions in Aftersales:

At-home "unboxing" of online purchases is completely neglected by brands:

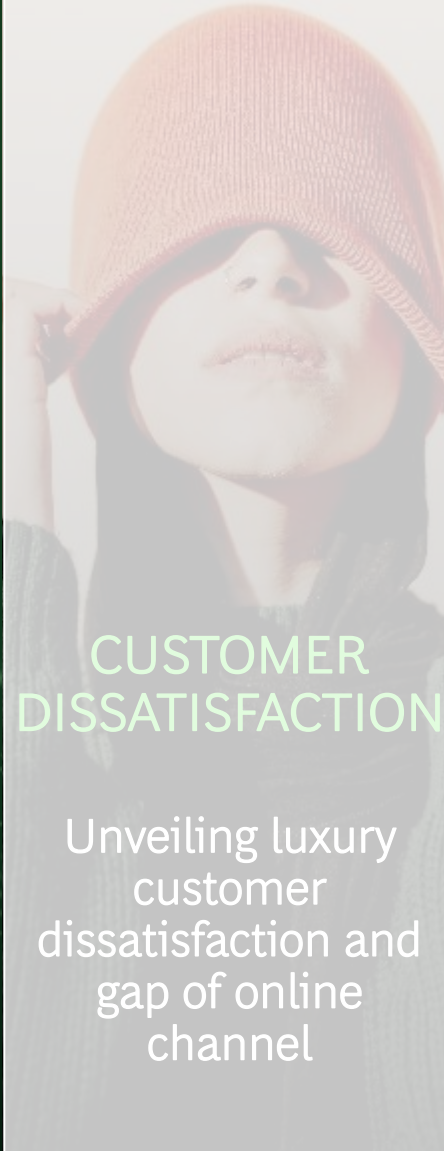
~ 70% of consumers find unboxing extremely important and felt it was anticlimactic

~ 65% say brands are missing to provide an "extra surprise" in their package (e.g., note, small gift)

Frictions emerging along the journey are **not to be simplified** by (i) "clustering" based on partial differentiators (e.g., only geography) or (ii) applying a "one-size-fits-all" approach

Zoom into Luxury customer experience

1



**CUSTOMER
DISSATISFACTION**

Unveiling luxury customer dissatisfaction and gap of online channel

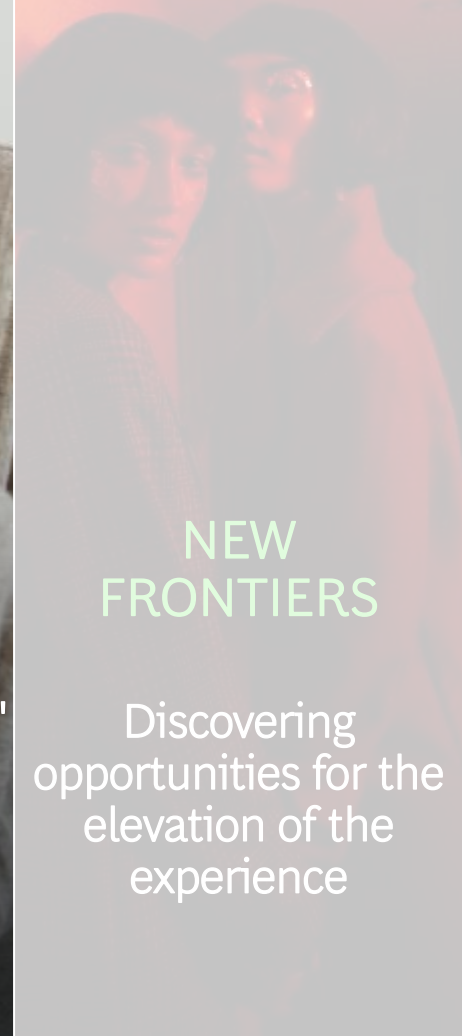
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**COMPANIES'
BLIND SPOTS**

Revealing companies' misconceptions & realities about the Luxury CX

3



**NEW
FRONTIERS**

Discovering opportunities for the elevation of the experience

How brands are acting vs what the reality is for customers | 4 brand misconceptions that further fuel emotional & functional unmet needs

- 1 OUTDATED CHANNEL-SILO VIEW
- 2 OBSOLETE & BASIC VIEW OF TOUCHPOINTS
- 3 NEGLECT OF THE HUMAN INTERACTION
- 4 TRANSACTION-BASED MEASUREMENT OF ONLINE ROI

How Brands act

Brands continue to **privilege a siloed channel view** to measure performance & define incentives

Brands underestimate the recent increase in **complexity of Customer Journeys**

Brands are **failing to provide human interaction & reassurance** across the online journey

Most brands are focusing on **maximizing transactional functionalities** at the **expense of inspiration** and are only partially measuring the success of online investments

How reality is

Less than **50%** of Journeys are mono-channel, and the majority of consumers switch heavily between channels

Journeys now contain **up to 500** touchpoints (exponentially more than just a few years ago) and are no longer linear, but iterative

40+% of customers yearn for stronger human guidance, reassurance and care from the brand, both on and offline

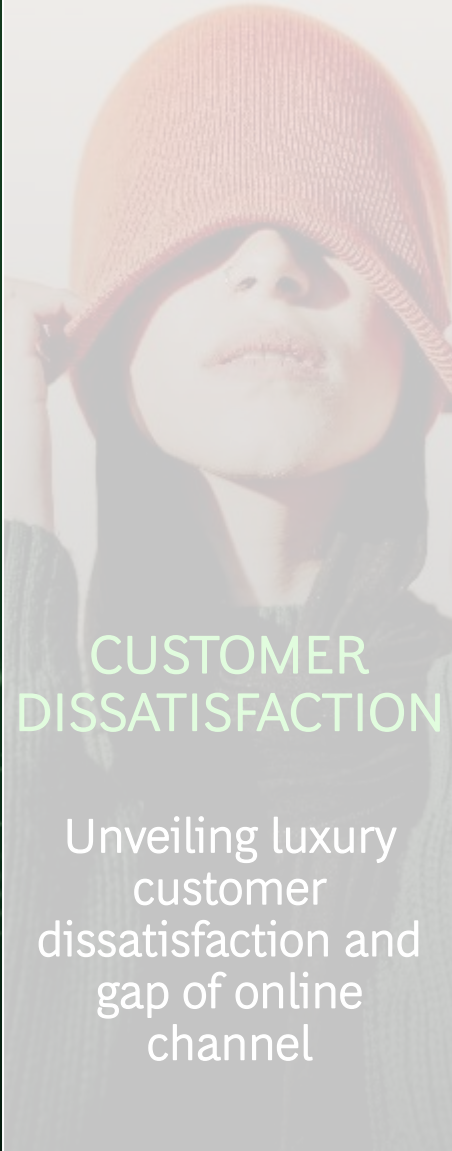
Only **25%** of customers inspired on brand-owned channels purchase on brand.com – measuring ROI on transaction KPIs leads to under-use of online

Predominantly fueling **functional** tablestakes

Predominantly fueling **emotional** differentiators

Zoom into Luxury customer experience

1



**CUSTOMER
DISSATISFACTION**

Unveiling luxury customer dissatisfaction and gap of online channel

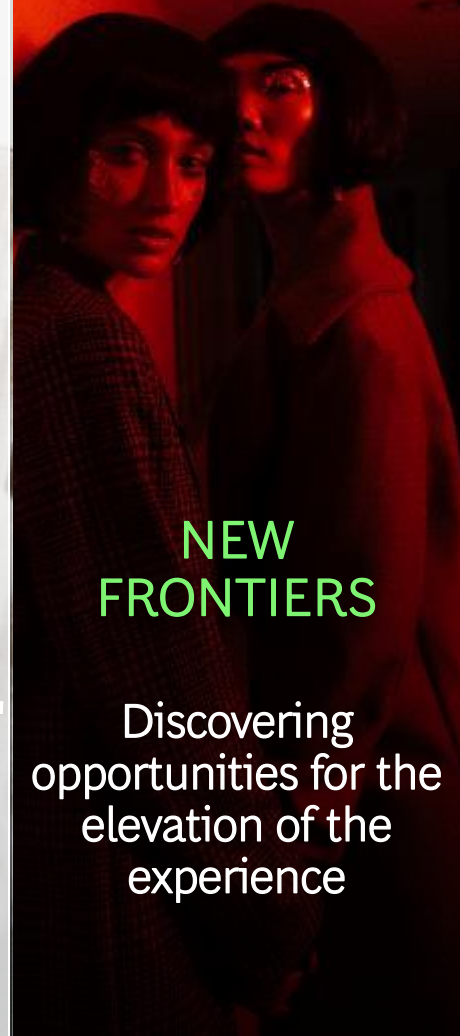
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**COMPANIES'
BLIND SPOTS**

Revealing companies' misconceptions & realities about the Luxury CX

3



**NEW
FRONTIERS**

Discovering opportunities for the elevation of the experience

How brands can master the CX |

Propelling customer experience to new heights by fixing the basics on functional aspects & focusing on emotional step-change




FUNCTIONAL
TABLESTAKES

A PLAYBOOK IS THERE
Leverage what's already in place

EMOTIONAL
DIFFERENTIATORS

B WRITE THE PLAYBOOK
Luxury brands need to take the lead

- 1 Every brand needs to gain profound understanding of each journey that their customers undertake...
- 2 ...and strategically decide what role each touchpoint and channel should play along the customer journey... 
- 3 ... allowing them to unlock the emotional connection across all channels, harnessing clienteling and next level customer service

Hyper-specialization vs Hyper-personalization | Brands should strategically decide which role to play in each touchpoint

PLAYING DEFENSE

HYPER-SPECIALIZATION

Definition of a focused role for each touchpoint & guidance of customers to the optimal one



- Identify prevalent journeys & optimize each touchpoint
- Re-design processes, people, trainings, incentives & tech

WHAT'S NEEDED

PLAYING OFFENSE

HYPER-PERSONALIZATION

All touchpoints are empowered to play every role & can be adapted in real time to customers' needs



- Collect data on each customer (in store, online & 3rd party)
- Learn to recognize each customer & adapt TPs in real time

Altagamma & BCG Team for the 9th edition of the study



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Thank you.

