

January News | The Global Luxury Market at a turning point | Edouard de Mézérac on the State of Luxury Today | Artefact's Report on Data & AI for Luxury

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AI IN THE LUXURY SECTOR: AN INDUSTRY AT A TURNING POINT.

Hyper-personalization, improved supply chain management, product creation: AI is reshaping how luxury brands engage, operate, and innovate.

- **60% of luxury brands** are using or testing AI sales forecasting solutions; 50% are testing stock allocation solution (Bain&Co).
- **44% of luxury companies** use AI to perfect customer segmentation to deliver more personalized content (Bain&Co).
- Generative AI could add up to **$275 billion of profit** to the apparel, fashion, and luxury sector by 2028 (McKinsey).

The State Of Luxury Today The transformative power of data and AI.

Edouard de Mézerac, Artefact's Managing Partner, Global Lead of Luxury & Beauty and Global Lead of Industry Practices, spent eight years in Asia, where he developed deep expertise in the region's AI-driven luxury ecosystems. Significantly different from Western systems, China's AI is defined by an abundance of data from its large population, and one-stop social media platforms like WeChat that differ from more decentralized Western models. Edouard and

the Artefact teams have collaborated with many major luxury groups across China, the US, and Europe, giving a holistic view of the luxury industry.

“The luxury sector is at a turning point. The key to success is aligning data initiatives with business priorities, investing in the right talent, and moving beyond short-term experiments to build scalable, impactful solutions. The brands that master this will be the ones that create deeper, more meaningful connections with their customers while optimizing operations for the future.” states Edouard.

Learn more about AI use cases in the luxury sector in this interview of Edouard:

- **Customer experience**: Integrating digital and retail data for seamless customer journey and enhanced personalization.
- **Operations**: Using data-driven demand forecasting to optimize inventory management.
- **Sustainability**: Improving supply chain visibility and reducing environmental impact with AI-driven forecasting.
- **Sales tools**: Streaming applications for sales advisors and improving customer engagement with AI-powered clienteling.

Today, luxury brands are also launching new generative AI solutions and the challenge remains in scaling these innovations while establishing robust data governance frameworks.

Read The Transcript

The Artefact Report on Data & AI for Luxury How data and AI are transforming luxury: A paradigm shift.

Luxury companies are following three key trends to ensure future success:

- **Digital evolution**: A strong online presence and personalized experiences are vital as digital touchpoints increasingly shape purchasing decisions.
- **Sustainability focus**: Consumers demand eco-friendly brands, driving the need for sustainable practices.
- **AI Innovation**: AI and Gen AI unlock new opportunities for creative storytelling and immersive engagement.

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Five success factors for luxury business transformation that leverage data & AI.

Success Factor #1: Identify the right clients.

Success Factor #2: “Prescribe” the right product offerings.

- **Predicting customer preferences** might be enough for retailers, but **catering to luxury client preferences requires a progressive approach**.
- Beyond simply suggesting products based on past patterns, **AI and data** help brands **to integrate strategies focused on upselling and cross-selli**ng to increase customer **lifetime value and affinity**.

“Marketing leaders face a tough challenge: budget cuts paired with outdated measurement tools.They need insights and strategies that go beyond the limits of traditional approaches.”

Success Factor #3: Spend smarter with immediate AB incrementality testing.

- Rigorous **incrementality measurement** protocols and **end-to-end marketing measurement** enable brand/marketing leaders to better handle budget cuts.
- **Eliminating budget inefficiencies** enables marketers to build new agendas to **test and learn** on new campaigns.
- Luxury players can also **centralize campaign performance measurement in a single cockpit** that displays the same measurement framework across the globe.
- These marketing tactics have shown from **10 to 20% efficiency gains on budgets.**

Success Factor #4: Create tool-empowered omnichannel experiences

- Seamless integration of **personalized physical and digital experiences** define omnichannel. Sales associates empowered with **digital clienteling tools** can better interact with customers, make smarter decision, and deliver customized experiences to each customer to **boost conversion**.
- The tool **i**ntegrate**s** all **offline and online sales activities**, enabling the sales team to increase conversion, **whether customers or not are physically in the boutique**.

“Success in the luxury business lies in a commitment to continuous improvement, as cultural craftsmanship and data-driven innovation

create unparalleled experiences.”

Success Factor #5: Adopt a continuous improvement approach to business

- With **standardized performance measurement**, business monitoring routines can be fed with **actionable KPIs**.
- By empowering business users to autonomously explore data, employees can step out of their comfort zone and **recognize untapped opportunities**.

A three-step approach to data & AI transformation in luxury.

Faced with challenges of stagnant growth, fierce competition, and increasingly demanding consumers, Artefact recommends that brands take the following three concrete steps to develop a successful luxury data and digital transformation strategy:

- **Accurately assess your data and digital maturity** and define a clear vision for your transformation with **measurable success metrics**.
- **Identify concrete use cases** that fit with your strategic roadmap and can generate value in the short term to create excitement.
- **Build robust enablers** by investing in the technical infrastructure you need and ensure you have **the right tools, system, and talent** to support your data and digital initiatives.

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