

The Future of Luxury Retail

4 essential tech innovations
for luxury retailers in 2024



verizon^v
business

As part of this Future of Luxury Retail series, we spoke to four experts – including futurist Howard Saunders, technologist Matthew Drinkwater, retail expert Natalie Berg, and Verizon Retail CTO James Hughes – to understand the key technological innovations that are reinventing the retail industry.



“If we think about the Apple store, a vast majority of the footfall tends to be from people who already own Apple products. The existence of shops is about more than just turning over product. It is something else. After all, they’ve already got the iPhone. They’ve already got the MacBook. They’re entering these stores for something more”

– Howard Saunders

The retail industry is undergoing rapid transformation. A shop today will look very different in just five years’ time. But what’s driving this reinvention of the industry?

Today’s shoppers value experiences over things. They’re used to shopping on their terms, with the ability to buy ‘things’ (from high-end handbags to designer loafers) anywhere they have their smartphone in-hand. They’re also used to the personalised experiences they get with online shopping, and they increasingly expect the same kinds of targeted, personal experiences in store.

To keep up with this shift in consumer behaviour, retailers are using technology to transform how they operate and engage with customers. There are many changes happening at once, and therefore many technologies in play.

To better understand this transformation, we spoke with several experts in the field, including Natalie Berg, a retail analyst; Matthew Drinkwater, a technology expert from the London College of Fashion; Howard Saunders, a futurist; and James Hughes, Retail CTO at Verizon Business. They told us about the four most essential innovations they’re seeing, and how connectivity is helping to transform experiential retail.

“It’s a really exciting time to be a part of this industry, retail is being redefined, reimaged, repurposed right before our very eyes.”

– Natalie Berg

The technological developments that are happening in luxury retail are exciting. The real question is: how can you gain the foresight to be on the leading-edge of this revolution?



Experiences are worth more than things.

The spending power of two digitally native generations, Millennials and Gen Z, is growing.

78% of millennials¹ value experiences over things, and this tendency is magnified in Gen Z.² Consequently, we're seeing a significant shift in consumer preferences when it comes to luxury retail.

As James Hughes says, this change is down to experiential retail.

“It’s a type of retail marketing where customers are offered experiences that extend past what you would traditionally find in a retail store. There is a new opportunity, a stage really, to tell stories, and to elevate a brand’s reputation with experiences that you can’t have elsewhere. Everything from AI to AR will play a role.”

– James Hughes

Experiential retail, explained.

In a luxury clothing store, the product-focused experiences include:

- Virtual try on capabilities
- Advice from AI-assisted salespersons
- Personalised product recommendations

Visual engagements and other experiences:

- Art (often interactive art)
- Virtual reality
- Live music
- Cafés and lounges
- Large video display walls

“Connected experiences are changing everything we know on how consumers engage with luxury fashion,” says Matthew Drinkwater, a 3D expert who heads the technology division at the London College of Fashion.

In a study by North Carolina State University,³ it was identified that realism is a key factor in determining whether viewers engage with virtual reality. The more realism we can add to retail experiences, the more engaging they become, and the more consumers will begin to enjoy what retail has to offer.

“We’re using much better connectivity to deliver experiences that feel more realistic.”

– Matthew Drinkwater



¹ Amazon Web Services (Director). (n.d.). Fueling the experience economy. <https://aws.amazon.com/>. Retrieved March 6, 2024, from https://eventbrite-s3.s3.amazonaws.com/marketing/Millennials_Research/Gen_PR_Final.pdf

² Gen Z is more frugal and experience-focused than millennials. (n.d.). WARC. <https://www.warc.com/newsandopinion/news/gen-z-is-more-frugal-and-experience-focused-than-millennials/en-gb/41136>

³ Cheng, Y., Wang, Y., & Zhao, W. (2022). Shared Virtual Reality Experiences during the COVID-19 Pandemic: Exploring the Gratifications and Effects of Engagement with Immersive Videos. *International Journal of Environmental Research and Public Health*, 19(9), 5056. <https://doi.org/10.3390/ijerph19095056>

4 essential innovations to look out for.

Our experts identified the four innovations to watch in 2024 – which are set to reshape the luxury retail space with compelling experiences enabled by technology.

1. Multi-sensory environments

Augmented reality (AR) is a technology that overlays digital content onto real-world environments using 3D rendering, and it's becoming a huge part of experiential retail. AR has the ability to impact the experience of shopping in an exciting way. One example is Louis Vuitton's collaboration with artist Yayoi Kusama. The brand has used Snapchat's landmarker lens to overlay Kusama's famous colourful polka dots on famous landmarks. The fashion brand used this activation to promote Kusama's newest collection – experimenting with new technologies to extend their creativity.

2. AR try-on

AR try-on is a digital technology that enables customers to virtually try on products before purchasing. It works in two different ways.

- The first uses life like renderings to let shoppers see clothes in rich detail. This allows them to see how any item looks on them, making it a more personalised experience and helping them with their purchase decision.
- The second uses technology that empowers designers to create realistic images of their designs. This helps customers to better understand what the finished product looks like, enhancing the shopping experience again.

One example is the collaboration between Gucci and Snapchat.⁴ The companies launched an AR shoe try-on allowing users to realistically try-on four pairs of trainers, after which they could click straight through to the purchase page from a button within the lens. This collaboration proved a real



success for Gucci driving traffic to their website and generating positive return on advertising spend (ROAS).

As with any new technology, AR try-on does have its obstacles. As Matthew Drinkwater says:

“One of the challenges we experience when we're trying to model clothes in a digital experience is getting the material to move as it should do. We call that ‘cloth simulation’, rendering a garment in real time to replicate how that garment would move in the real world. It's hugely challenging, computationally heavy, and the amount of data that must be transferred is very large.”

– Matthew Drinkwater

⁴ Gucci success Story | Snapchat for business. (n.d.). <https://forbusiness.snapchat.com/inspiration/gucci-ar-tryon>

3. QR codes and product provenance

Recent technology advances mean consumers now can see the entire supply chain and provenance of items in store.

“We're seeing more retailers, particularly in fashion, look to things like QR codes,” says Natalie Berg, NBK Retail founder. “This gives customers the opportunity to learn more about the product and of course it’s fantastic for traceability too.”

– Natalie Berg

This traceability feature proves useful for consumers, giving them an insight into the sustainability of items. By simply scanning a QR code, they’re able to understand more about a product – seeing the full story of where the raw materials came from, where the item was stitched together, and what route it’s taken to arrive in the store.

A good example of this is LA clothing brand Reformation.⁵ They introduced QR codes in a campaign a few years back when launching their partnership with tech company FibreTrace. This partnership allowed for the brands’ consumers to trace their supply chains. By simply scanning the QR code, shoppers could see the lifecycle of their denim jeans, which were made with fibres from Good Earth Cotton at the world’s first climate-positive farm in Australia.

It’s a useful tactic for retailers. With this storytelling, they can satiate consumers’ desire for sustainable creation, and demonstrate they understand their customers’ values.

4. Social retail and app integrations

Some of the most pioneering work in this space took place in Schengen, China, where Burberry tried out new technological techniques to connect with its customers in its largest Asian market.

Burberry discovered that 80% of its customers engage with a digital touchpoint in advance of shopping in person.⁶ So, the company decided to bring the digital end of shopping in-store. To this end, Burberry partnered with WeChat, the most popular social media and messaging app in China. Burberry enlisted Tencent, a Chinese technology company, to craft this WeChat integration, which would animate its highly experimental Schengen store.

This plug-in now offers unique content and personalised encounters for each shopper. Viewed through the app, the physical retail environment is enriched with an added layer of digital exploration, granting access to exclusive product insights, audio guides and individual appointments with shop assistants. By scanning a product’s QR code,⁷ customers can instantly access more information about the merchandise – and further recommendations. Shoppers can even use the plug-in to book a table (and order exclusive items) at Thomas’s Café, a unique eatery that celebrates the intersection of English and Chinese tea culture, and hosts live events, talks, and performances.

For added colour, shoppers are guided through this digital layer of the store by an electronic creature that evolves (kind of like a Pokémon) as you interact with the space, unveiling fresh characters and exclusive attire along each shopper’s journey.



⁵ MMXIX, P. (2023b, December 15). QR codes in sustainable fashion. POMP MMXIX. <https://pomp.store/blogs/journal/qr-codes-in-fashion>

⁶ WeChat Revenue and Usage Statistics (2024) - Business of Apps. (2024, January 10). Business of Apps. <https://www.businessofapps.com/data/wechat-statistics/>

⁷ Burberry. (n.d.). Burberry Open Spaces Shenzhen | Official Burberry® website. <https://uk.burberry.com/c/burberry-open-spaces-shenzhen/#a-window-into-our-world>

Customers want more than a purchase.

If there's one thing these innovations show us, it's that technology is going to do a lot more for the retail industry than in the past.

At the heart of the technologies we've talked about in this piece, there are 3 things that will ultimately impact customer experience: exciting innovations, convenience (enhancing the shopping experience), and storytelling. Technology in retail should be useful and practical. But it should also be exciting. It should be intriguing and inspiring. So, from product provenance to realistic try-on to app integration, we're able to better understand that it's more than just purchasing products, it's about telling stories, curating experiences, and exciting consumers.

The most successful businesses will be the ones who are considering these changes and building them into their strategies as they move towards a place where the role of technology in retail grows bigger and bigger.

Learn more about how Verizon can help you explore and adopt the technology that's reinventing retail at [verizon.com/gb/retail](https://www.verizon.com/gb/retail)



