Luxury Industry
- Challenges in Digital Era

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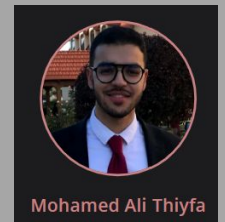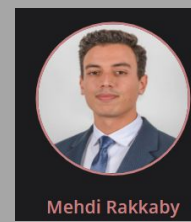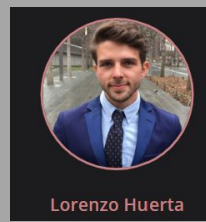
Over-production
Waste of resources

Today, we have an overproduction problem in the Luxury industry. In 2018, 30% of the fashion goods produced went unsold.Luxury brands cannot sell their unpopular products at any price to preserve their image.As a consequence, they end up with a considerable amount of products they can't sell, nor destroy…

KEY QUESTION

The Customer Journey is key for the success of the solution: adaptability, quality service and customization

I **choose my outfit(s)** and **my delivery date** (possibility of free fitting)

I get **free delivery** to my home or office

I **enjoy my outfit(s)** for the chosen duration

I **send back** my outfit, with a label that we send you

The **dry cleaning** is **offered**. We take care of everything!

SOLUTION

Proposing a Subscription rental service for unsold items

- A Digital rental service platform where consumers can rent unsold garments.
- It would offset the cash loss of unsold items thanks to rental revenues.
- It creates a better suited operating model for the environment, but also for the company. We aim for an improved brand image and a more responsible business model.

CHALLENGES

- Design./ Define the implantation plans
- Think about the related potential risks
- How to decide the products collection that can be rented
- Investigate customers willingness on renting/spending
- Design the pricing scheme

OPPORTUNITIES

- Work on a real project with a hot topic
- Have feedbacks from Onepoint consultants
- Have inspirations and insights on our work during the whole process from all three professors

The Luxury Product

MARGAUX LAUTIER

BERENGERE DE ROQUEFEUIL
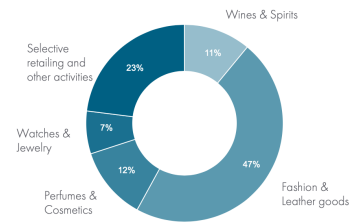
GIANPIERO PICCO

ANNE GUILLOT

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CONTEXT

The luxury industry is increasingly affected by the augmented and virtual reality. Therefore, the sales of physical goods will keep on being negatively impacted by the rising interest of luxury consumers into digital goods, especially when considering that Gen Z is becoming the greatest share of the market.

Nowadays, luxury brands are creating product portfolios to tackle these new digital and virtual trends but none has already developed a successful product for the luxury perfumes and cosmetics market.

Since the perfumes niche represents 12% of total sales of the LVMH group, we identified the need to offer a unique solution to their luxury clients.

REVENUE BY BUSINESS GROUP
as a % of total revenue

- Wines & Spirits — 11%
- Fashion & Leather goods — 47%
- Perfumes & Cosmetics — 12%
- Watches & Jewelry — 7%
- Selective retailing and other activities — 23%

KEY QUESTION

How can LVMH become the first mover in the fragrance and perfume market within the Metaverse?

SOLUTION

Global demand for fragrances and perfumes is rising. Young generations are developing digital habits of favoring virtual meetings over physical ones. Our aim is to enable these new generations to fully embrace themselves in the Metaverse. We're giving a new sense to the metaverse.

An olfactory add-on to your personal VR headset will enable you to smell what we called "the *metasense*" (the metaverse version of your perfume). This will be possible through an exclusive partnership between LVMH and the OVR company. This will enable your avatar to smell others' *metasense* and allow your avatar's *metasense* to be smelled. It's about turning the metaverse into reality.

CHALLENGES

To put this project into place, we faced numerous challenges. Some of these were technical, such as finding a suitable way within the market to enable people to smell fragrances into the Metaverse from a practical point of view; while some others were more economical difficulties, such as finding a way to properly size the market of interest and understand the value that this product could generate, once entered into commerce. Overall, these issues have been challenging, but we feel that we really learned a great deal from this project and understood how to tackle real problematics that consultants constantly face.

OPPORTUNITIES

This proposal is a significant opportunity for LVMH for the following reasons. First, the luxury fragrance market makes up 15% of the global luxury industry, worth €117 billion Second, the metaverse industry is growing at a CAGR of 43,3% during 2020-2028. Third, this proposal is an opportunity for LVMH, which could consider acquiring the OVR company. Lastly, LVMH would benefit from the first mover advantage.

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Luxury Fashion Know-How (Skills)

Sanjar KHANKEL   **Nicolò ORIGLIASSO**   **Alessandro RONCHI**   **Saad AIT MANSOUR**   **Hanru YANG**

How to preserve craftsmanship and know-hows for the future?

We went through the detailed in-bound value chain in order to find areas of improvement for future development strategies. From creation, sourcing, development, and production, we were able to provide a solution for each of these last steps in order to improve or stick to the futuristic way of doing fashion luxury. Our main concern is to offer higher and convertible quality depending on the variety of our customers, but also to keep the heritage, the craftsmanship, and the signature of the brands.

What skills needed for the next Craftsman?

New Profiles that will Shape the Future of Luxury!

Introducing new technologies to each of the value chain steps:

- Creation: Implementation of the **Tilt Brush** for design purposes
- Sourcing: Purchasing new materials such as **Micro-silk** and **Mylo.**
- Development: Investing on **Euveka** for prototyping and **AI motion capture** for Craftsmanship preservations.
- Production: Hoping on the new trend that shapes luxury nowadays, 3D Printing, for materials and full-on outfits.

All solutions presented require a certain expertise in a mix of various backgrounds resulting in the following profiles to be hired for the sake of Luxury Fashion's Future: - **Artisan Digital Designer**   **- Fashion Software Engineer**   **- Tailor 3D Technician.**   **- Clothing Textile Chemist**

CHALLENGES

- Wide scope at first
- Data mining on public websites
- Variety of schedules, thus few availabilities of the team
- Work coordination among the teamwork
- Lack of exchange with the client on a regular basis
- Mastering the basic keywords of the project

OPPORTUNITIES

- Discovering a new industry
- Learning about new technologies
- Networking with people
- Inter0cultural exchange of ideas
- Getting familiarized with consulting firm's daily life
- Plenty of room for innovation and creativity for problem solving skills