

Luxury brands turn to in-store tech to boost fashion retail

Data-collecting displays and smartphone signals help Parisian outlets track what tempts customers



A woman walks past a Louis Vuitton store: smartphone frequency detectors could identify shoppers as they pass brands' displays © Reuters



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A tour bus is depositing 50 or so passengers on the pavement next to the *grands magasins* — Paris's fabled department stores, Galeries Lafayette and Printemps. As they stream into the stores, any brand would love to know who they are and what makes them notice one product over another.

A new batch of French entrepreneurs is hoping to make that dream a reality for luxury houses.

Tech start-ups and [luxury retail](#) consultants say top brands across the luxury sector are quietly pushing to bring the advantages of the web into their retail stores. Parisian *grands magasins* and flagship stores on the Champs-Élysées have been testing smartphone frequency detectors and connected merchandising displays to experiment with [collecting data](#) from shoppers as soon as they approach their retail store — much like online retailers have for years used “cookies” planted in web browsers.

Such customer intelligence could be the key to understanding why a particular shopper gets back on the bus with a parcel from Gucci rather than Louis Vuitton, or vice versa, and gives brands an edge in a fiercely competitive luxury sector.

“A lot of brands want to break down the barriers between their digital and physical presence,” says Clémence Dehaene, co-founder of Retail & Digital 2.0, a start-up that integrates motion sensors, screens, and other high-tech elements in luxury retail displays.

The start-up’s interactive retail stands — which have been used for fragrances by Dior and Armani — use motion-activated screens to tell customers about the products they pick up. Motion sensors feed data about the customers’ interaction back to the brand.

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Clémence Dehaene, Retail & Digital 2.0

Ms Dehaene says metrics like these could revolutionise the craft of merchandising, allowing retailers to modify ineffective displays without waiting to register a drop in sales.

“If a brand manages to mix the efficiency of digital with the emotional aspect of a physical store then they have a real card to play,” she says.

Another start-up, Retency, provides retailers with antennas that detect the unique frequencies of individual smartphones. The firm can use these antennas to track a customer's movements through a retail store and even to identify them on future visits as soon as they walk through the door.

One French leader in luxury leather goods recently used the technology to track all the people who passed their window display at one of Paris's department stores. The brand did not want to be named as it could be perceived by some shoppers as intruding on their privacy.

The smartphone frequency detectors enabled the brand to estimate the proportion of people who entered the department store after seeing the display, as well as how many ended up making a purchase from their brand's point-of-sale.

"Luxury brands have a lot of information about their clients" — both through "cookies" gathered during online shopping and information collected at the register — "but don't make the connection [between a shopper and their customer profile] until checkout," says Isabelle Bordry, co-founder of Retency. "It's essential for physical retailers to have access to the same information as they would online."

Other companies can track visitors anonymously using the unique "fingerprint" emitted by smartphones, but Ms Bordry's retail ambitions go much further.

Retency claims it can identify the smartphones of shoppers who make a purchase by cross-referencing sales records with the data from the smartphone frequency antennas.

But French regulations require authorisation from customers for brands to use this "de-anonymised" data. Ms Bordry says Retency is working with stores to get this permission included in the agreements for store loyalty programmes. For customers with a loyalty card, brands could know about shoppers' presence as soon as their smartphone is detected in any of the brand's stores.

The technology gives brands feedback on their retail efforts, and helps them fine-tune promotions in real-time.

Ms Bordry says large screens in stores could soon be programmed to match shoppers' known preferences. The screens could even adapt to the interests of first-time visitors to a store without identifying them, based on the time they spend in different departments or looking at a particular product (as tracked by Retency's antennas). The technology will be in stores by December, she says.

While such tools could improve the retail experience for customers as well as brands, the reluctance of Retency's luxury clients to be identified is telling, given that the sector depends on discretion. Clients may be uncomfortable about such aggressive use of their personal data.

"I don't mind when a salesperson contacts me personally from the stores where I'm a client, but that's because I gave them my information," says Adrienne Joseph, a customer at the LVMH-owned department store Le Bon Marché.

But if a retailer were collecting data about her behaviour without her knowing it? "I would really not like that," she says.

While she has accepted that online retailers may collect a lot of information about her, she says she would miss the feeling of anonymity she has when she goes into a department store.

"The respect of privacy is a key aspect of the luxury business," says George-Edouard Dias, a former L'Oréal executive whose start-up, QuantStreams, works with luxury brands on managing data and customer relationships. If customers receive too many messages from a store, or the messages become too precisely targeted, they may feel like a brand has been spying on them, he says.

Smartphone frequency detectors and connected displays could identify that one point in the store is a “hotspot” where traffic tends to halt. “That could be because the clients like the display, or because they are lost and confused,” says Mr Dias. “There is a lot of room for error in the interpretation.”

Brands should also beware of misusing information on previous spending to divide customers into the rich and the poor, said Paul Duffour, a luxury retail consultant with the MAD Network. “The luxury business has historically understood that a small customer will grow into a big one.”

Metrics from motion sensors

“Internet of things” start-up Retail-Digital 2.0 integrates screens, speakers and motion sensors in its connected retail displays. Customers are given the option to see or hear information about products when they pick them up. The motion sensors on the displays also serve to feed information back to brands about the number of times a product was picked up and for how long — providing metrics that could take the guesswork out of merchandising. Brands could have refined insight in real-time to guide decisions on packaging and how merchandise is arranged, and get a better sense of the return on investment for the window displays and installations they purchase from department stores.

Retency says its smartphone frequency detectors analyse the unique “fingerprint” of the signals emitted by individual phones. After assigning numbers to each visitor’s phone, the start-up can track people’s movements through a store. By cross-referencing sales records with the smartphones next to the register at that time, Retency says it can match individual customer profiles with their smartphone’s signal — allowing them to be identified during future visits.