

Seamless *digital splendour*

How luxury retailing is embracing digital innovations to raise customer insight and experiences to a new level

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Connecting with luxury retail's most valuable customers

Appetite for the finer things remains strong among customers able to prioritise luxury spend – with the average number of purchases increasing from 3.79 to 3.95 and per-customer spend rising by 5.9% year on-year.¹ Much of this strength comes from engaging and retaining existing customers. Take high-end clothing retailers as an example; here, a retained customer was worth twice as much as a new customer in 2023.¹

How will digital innovation help brands deepening connections with their most valuable customers? We delved into the trends shaping the future of the luxury retail customer experience and conducted research² with 500 luxury goods shoppers to find out.

We've discovered that customers still crave the in-store experience, with 34% more likely to attend one-off in-store events or permanent experiences. This is supported by our data

insight,¹ which saw annual spend in physical luxury retail locations shift from 49.8% to 52.1%.

However, the lines between the physical and digital worlds are blurring. Almost two-thirds (64%) of consumers we surveyed saw the ability to buy online and return in-store as something luxury retailers should offer as standard – and 43% use social media to research luxury goods. Consumers are looking for seamless experiences that move between their real and online lives effortlessly.

This report explores how brands are embracing innovation, such as digital collectables, virtual experiences and augmented reality, to enhance their customer experience. We also discuss how technologies are allowing brands to expand their personalisation for customers, expand the scope for exclusive rewards and experiences and, ultimately, strengthen customer loyalty.

¹Barclaycard data, March 2024

²Barclaycard-commissioned YouGov consumer research (January 2024)





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Turning customers into collectors

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Driving loyalty, enhancing experiences and unlocking revenue through digital collectables

Assessing the financial value of digital collectables such as non-fungible tokens (NFTs) can be tricky in a volatile market in which prices fluctuate wildly.

However, look beyond their potential as investments, and it's clear there's an appetite for the exclusivity, creativity and even security they can inspire.

That's why some of the world's most exclusive brands use digital collectables to drive loyalty, create great customer experiences and unlock new revenue streams.

Bewildered by NFTs? Check out our quick guide





Gamify exclusivity to drive loyalty

NFTs could be a perfect fit for your loyalty-driving activities, particularly as they are often linked to wider online communities.

Take Louis Vuitton's VIA project,³ which aims to inspire engagement in both the digital and physical worlds. Purchasing one of their beautifully designed 'Treasure Trunks' doesn't just bag the buyer a desirable digital artwork. It also acts as a passport to exclusive Discord channels (a popular platform hosting public and private virtual communities) and future product drops – both digital and 'phygital'. Some future collectables will even have a physical twin, which can only be purchased by those who already have the digital version.

While the €39,000 (£33,400) price tag suggests an exciting new revenue stream, the NFT's ultimate value – for both brand and buyer – will likely come from gamifying and rewarding engagement. Digital collectables can build a deeper, more personal connection with a brand – regardless of price – by turning customers into collectors and collectors into a community.



³Source: [Louis Vuitton VIA International](#)



Most attractive propositions

Features and services that make luxury retailers attractive⁴



Forget the non-fungible; *focus on fun*

We asked luxury goods shoppers about a range of new retail technologies, from NFTs to artificial intelligence (AI) to augmented reality (AR), to find out how they influenced their online and offline shopping habits.

Our research shows there is enthusiasm among luxury customers for the exclusive rewards that come with many membership and loyalty programmes.⁴ 37% said these exclusive perks would encourage them to shop with a particular retailer, and 42% said they expected luxury retailers to offer them as standard.

However, enthusiasm for digital collectables currently remains limited, with only 13% saying they would be more likely to make a purchase if it came with a free NFT. A further 23% said they don't know what an NFT is, which suggests there's an opportunity to increase enthusiasm for them by clearly communicating how they work, their value and the various ways in which they can help consumers connect with your brand.

⁴Barclaycard-commissioned YouGov consumer research (January 2024)



Collaborate to reach new audiences

Creativity has always been at the heart of NFT technology, with each exclusive token tied to an artwork.

Collaborating with artists and creators to make your own artwork also presents an opportunity to connect with new audiences outside of your traditional market.

These collaborations could be as extensive as the Gucci Metaverse⁵ – which features a series of digital galleries showcasing everything from cutting-edge art to installations on the brand's history – or as exclusive as the Balenciaga hoodie⁶ with its own built-in soundtrack from avant-garde electronica band Archive. Projects such as these provide an exciting extension of the mutually beneficial relationships that have always existed between brands and artists.

⁵Source: [Gucci Metaverse](#)

⁶Source: [Balenciaga is giving its clothes their own exclusive soundtrack](#), Vogue Business, Nov 2023





Connect your digital and in-store experiences

Products don't have to be the only point at which the digital and physical worlds meet – NFTs can also be integrated into your in-store shopping experience.

Selfridges has already experimented with selling NFTs and digital fashion in their Oxford Street store.⁷ Projects like this could help retailers drive footfall by providing a unique and evolving experience, offering exciting new digital products and helping customers stay connected with their brand outside of the in-store experience.

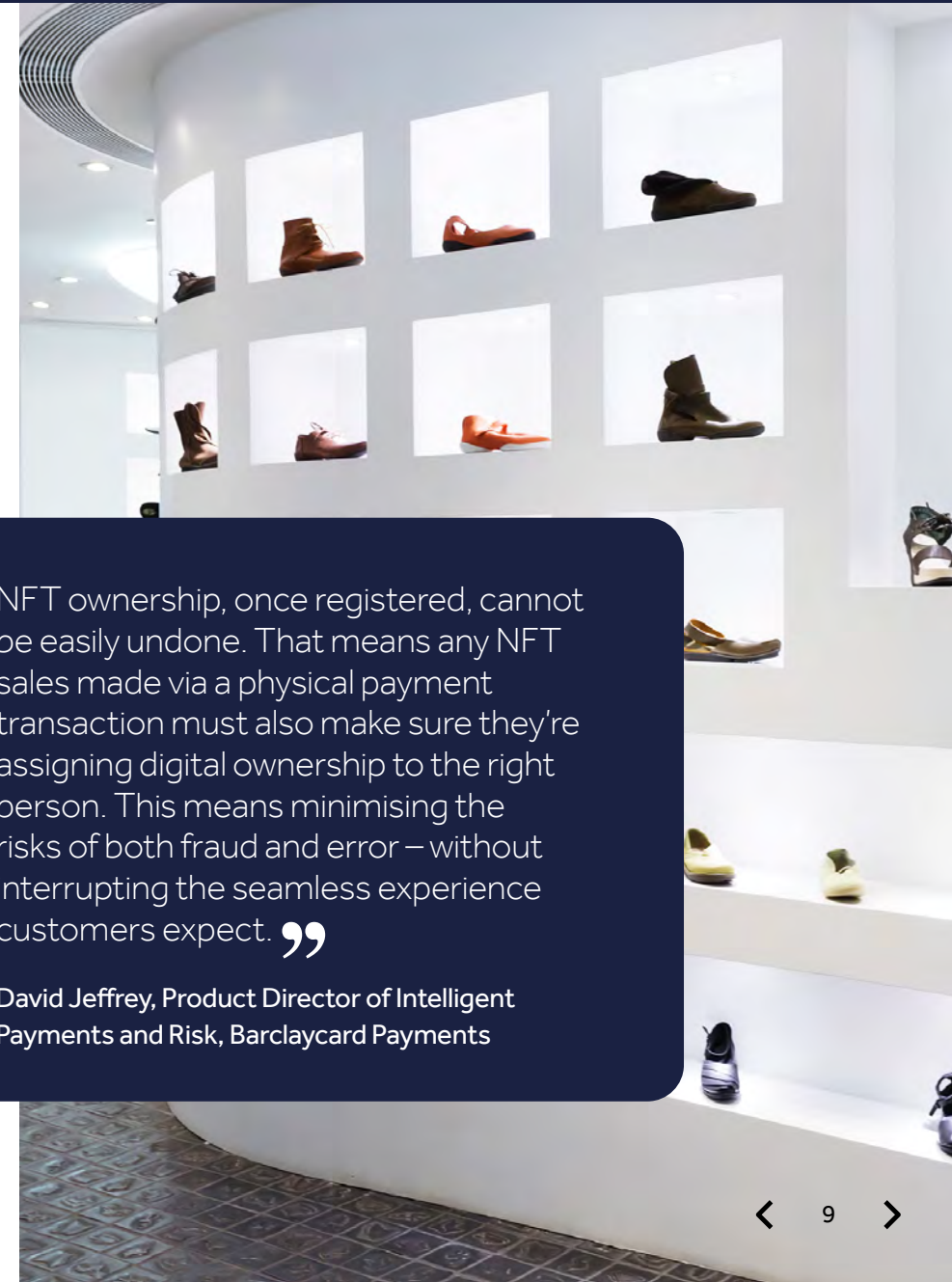
Of course, working out how to securely bridge the payment gap between online and offline commerce comes with specific challenges. The Selfridges pop-up required a workaround that allowed customers to purchase an NFT with a credit card rather than through a traditional online purchase requiring registration.

Genuine customers do not want their luxury experience interrupted by laborious and time-consuming fraud checks during payment. Nor do retailers want valuable digital assets allocated to the wrong owners in perpetuity. This means AI-driven data processing – of the type found in Barclaycard Transact – will potentially become even more critical. Solutions such as this can help discern whether a transaction is high-risk at high speed, allowing you to detect fraud more quickly and process genuine customer transactions without the need for two-factor authentication.

“ NFT ownership, once registered, cannot be easily undone. That means any NFT sales made via a physical payment transaction must also make sure they're assigning digital ownership to the right person. This means minimising the risks of both fraud and error – without interrupting the seamless experience customers expect. ”

David Jeffrey, Product Director of Intelligent Payments and Risk, Barclaycard Payments

⁷Source: [Selfridges is now selling NFTs in-store](#), Creative Review, Jan 2022





Use NFTs to prove authenticity and ownership

Alongside these challenges, the immutable nature of NFTs means they also offer some opportunities to protect your brand and customers.

A combination of NFTs and near-field communication (NFC) technology, for example, could help you prove authenticity throughout the life cycle of a product. NFC allows product data to be placed on a chip and integrated into products. This chip can then be scanned by electronic devices such as smartphones, enabling users to view this data.

Last year, Dior integrated a scannable NFC chip into their B33 men's sneakers,⁸ which paired with a blockchain-based certificate of authentication. Unlike a physical certificate of authenticity, which can be faked or lost, the digital certificate is

tied to the sneakers themselves. It can also be transferred to a new owner if they are sold on, so second-hand buyers know they're the real thing.

With cost- and climate-conscious consumers helping the resale market grow all the time, NFT authentication can offer protection for second-hand buyers. As a result of that increased security, it can also help boost initial sales to buyers who have one eye on resale value. It can also help maintain a closer relationship with both current and future owners – not to mention making it harder for counterfeit goods to flood the market, helping protect the integrity of the brand.

⁸Source: [Dior B33 Sneakers](#)



Make sure customers always trust your brand

It's important to consider whether NFTs fit your brand rather than simply focusing on the technical possibilities and challenges.

While the technology is evolving in exciting ways, the broader focus is still on the financial worth of NFTs – which can fluctuate dramatically. This arguably presents certain risks for businesses built on a long history, strong heritage and customer-first approach – which describes many retailers and brands in the luxury retail market.

We've seen how blockchain-based digital collectables can enhance customer relationships. But, as they become part of the retail experience, there may be a need to offset any broader sense of volatility by ensuring you're consistently offering the high level of security and refined customer experience your customers expect, whether they're shopping digital collectables or haute couture.

“As financial investments, NFTs have proven volatile. And, while the tech may have other exciting uses, any retailers integrating them into products or experiences will need to ensure it's not at the expense of existing customers feeling safe and secure when interacting with their brand. It's about balancing market-leading technological innovation with the risks of leaning too far into market-reactive assets.”

David Jeffrey, Product Director of Intelligent Payments and Risk, Barclaycard Payments





A quick guide to NFTs

What is an NFT?

A non-fungible token (or NFT) is a unique digital asset. Some common formats are digital artworks, virtual clothing items and music tracks. But, in theory, they can be anything digital.

How do they work?

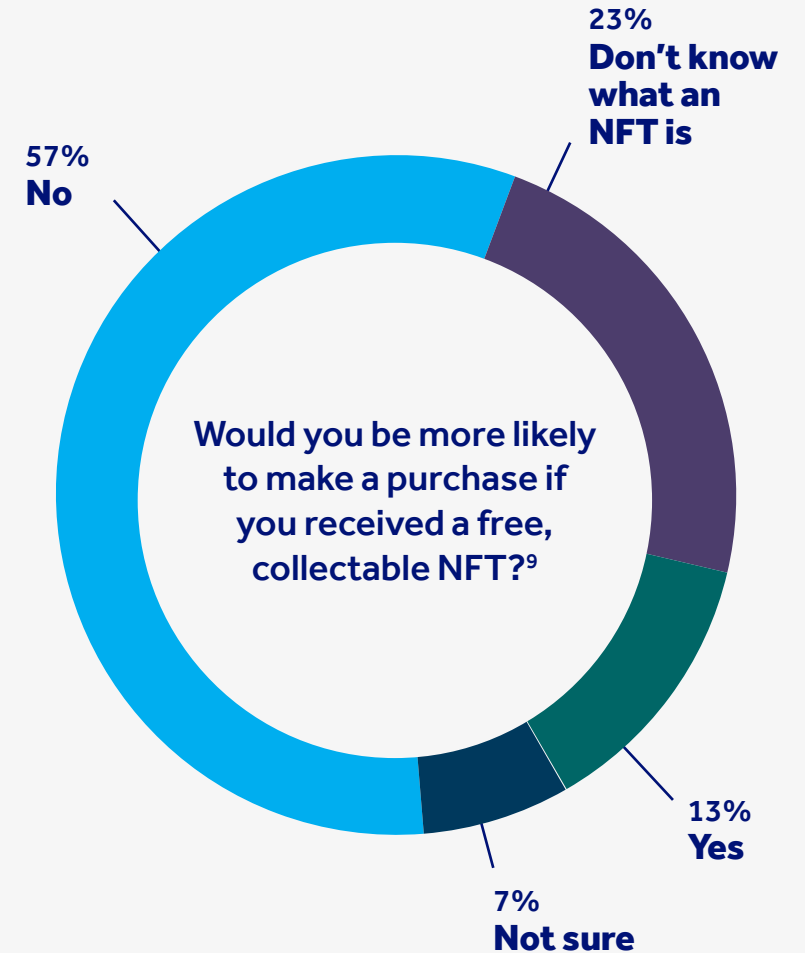
Each digital asset is associated with a unique code, which is stored on a blockchain – essentially, a decentralised ledger hosted across a network, tracking who owns each asset. Information on this ledger cannot be changed – only added to – making it a highly secure way to track what happens to that asset over time.

What's the difference between fungible and non-fungible?

In the simplest terms, fungible tokens (such as cryptocurrencies) are not unique, meaning they can be swapped or divided at a set rate, in the same way as any pound can be exchanged for another (in physical and digital forms), broken down into pennies, or exchanged into other currencies.

A non-fungible token is unique, indivisible and cannot be reproduced. While ownership can be transferred, which means they may have a monetary value, this doesn't change the unique nature of the asset. Owning an NFT is closer to owning a physical artwork (a unique item that may be worth money) than it is to having money in the bank.

⁹Barclaycard-commissioned YouGov consumer research (January 2024)





Key takeaways

- The process of paying for NFTs and other digital collectables needs to minimise fraud and error – to make sure digital ownership is being allocated to the right person – without compromising seamless customer experience.
- If these measures are in place, digital collectables could help you drive customer loyalty through exclusive, inspiring content and artistic collaborations.
- Customers are currently more excited by the exclusive perks in general, rather than NFTs specifically – suggesting there’s still potential for growth if their benefits can be properly communicated.
- NFTs could also be used to authenticate your products and foster customer relationships in the resale market.
- However, with NFTs still proving to be relatively untested financial investments, you also need to ensure security and stability throughout the payment and ownership process. This will help make sure customer trust in your brand isn’t eroded through association with a volatile market – keeping the focus on fun and connection, rather than finance.



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Creating the immersive retail experiences customers expect, online and in-store

Today's consumers expect shopping and spending with you to be seamless – wherever they choose to do it.

That's why, as the line separating physical and digital retail experiences continues to blur, more retailers and brands aim to erase the boundaries between different platforms and touchpoints, creating a singular immersive experience.

Whether welcoming customers into a virtual universe, finding your place in theirs or simply helping them browse and buy on social, there's now an emphasis on bringing the worlds of brand and customer together – wherever they meet.



Transcend the traditional online store experience

Existing eCommerce sites and online marketplaces have made features such as video, 360-degree views and zooming in on product details commonplace.

This means your immersive online retail spaces must offer something extra if you want to stand out.

Iconic NYC retailer Macy's is showing how it can be done with their [mstylelab](#)¹⁰ – where the stated goal is “blurring the lines between the physical and digital worlds through innovative fashion experiences”.

In practice, this means combining gamification (customers collect stars to unlock new areas where

they can find style inspiration and buy complete outfits), personalisation (create and share your own digital fabric), and online browsing and try-on options.

While none of these features are entirely new, by bringing them together in a specially created digital world, customers spend more time immersed in the brand – making it closer to the experience of visiting their store while still embracing the unique possibilities of online.

¹⁰Source: [mstylelab - Color Me Cool](#)

¹¹Barclaycard-commissioned YouGov consumer research (January 2024)

67%

don't expect to engage with a retailer in the metaverse in the next year¹¹

12%

didn't know what the metaverse was¹¹



The future is a connected physical and digital experience

In our research, we asked regular luxury shoppers about about a range of new retail technologies, from non-fungible tokens (NFTs) to artificial intelligence (AI) to augmented reality (AR), to find out how they influenced their online and offline shopping habits.

Consumers are very clear about what the in-store experience offers that the online experience cannot – at least for now. 47% chose seeing and touching products as the main benefit of in-store shopping, while 27% chose trying on items. Other potential benefits – such as taking the items away instantly (7%) or talking to staff (5%) – were chosen much less frequently.¹²

This suggests immersive digital needs to try to recreate these tactile experiences if it is to become a preferred method of shopping. It also explains the relatively slow rate of consumer engagement with brands on platforms such as the metaverse

– compared with the ‘research, buy and return if necessary’ model that has made shopping through feed-based social media increasingly popular.

A 2022 McKinsey & Company report on tech trends outlines the various ways in which immersive digital experiences will one day be able to mimic these physical effects – from on-body sensors to haptic gloves that recreate the sensation of touch – but estimate that these could still be another 8-10 years away from mass, scalable adoption.¹³

What are the main benefits of buying products in-store?¹²



¹²Barclaycard-commissioned YouGov consumer research (January 2024)

¹³Source: [McKinsey Technology Trends Outlook 2022](#), McKinsey & Company, August 2022



Immerse yourself in their world

While the full tactile, immersive shopping experience may still be a few years away, consumers are keen to find new ways to engage with brands and retailers through tech.

With the rise of social shopping, customers are scrolling and searching on social media as part of their browsing experience.

Helping them seamlessly turn browsing into buying places your brand in their existing

online world – rather than trying to tempt them into yours.

Of course, the increasing popularity of socialising in virtual universes such as Minecraft and Roblox – particularly with younger consumers – offers plenty of opportunities to do both.

Gucci is just one brand steadily expanding its presence in this area – bringing the principles of gamification, personalisation, product browsing and purchase to curated spaces on Roblox,¹⁴ ZEPETO¹⁵ and China's QQ. In 2023, they even used these locations to stage virtual fashion shows¹⁶ – hosting a simultaneous Milan Fashion Week experience across three digital platforms for the first time.

¹⁴Source: [Gucci - Welcome to Gucci Town](#)

¹⁵Source: [Gucci - ZEPETO X Gucci](#)

¹⁶Source: [Why Gucci Is Taking Its Blockbuster Cosmos Exhibition To The Metaverse](#), Forbes, Nov 2023



Help them spend while staying immersed

Inviting your customers into a virtual world is the same as inviting them into a store, and you shouldn't expect them to have to leave if they want to buy something.

That's why you must make the payment process seamless: so they can browse and spend without navigating to different areas or sites.

Our research shows that 74% of consumers still prefer to pay with a debit or credit card when shopping online, with Apple Pay (25%), PayPal (22%) and Google Pay (10%) still proving less desirable.¹⁷ Offering options matching these preferences requires retailers and their payment providers to think more creatively and ask themselves key questions about user experience.

At what point in the experience do they associate a card with their account or avatar? If creating an avatar or profile requires facial recognition, could this also be used to verify the user's identity? How can you make sure every transaction is fast and secure without interrupting the flow of their experience?



¹⁷Barclaycard-commissioned YouGov poll of 500 UK consumers



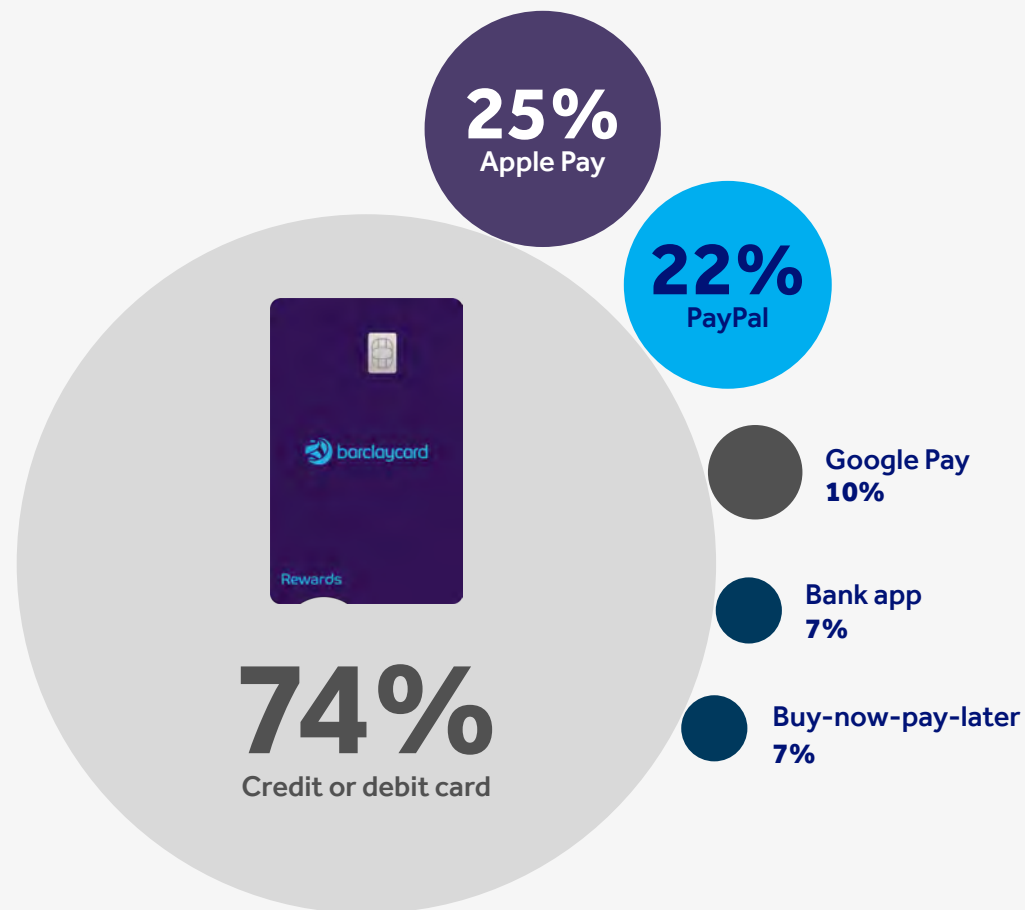
Barclaycard Payments can help you answer these questions by creating the consistent payment experience your customers expect across various payment types and touchpoints – from in-store to virtual showroom to social feed – all with built-in fraud protection to help you keep customers safe and stay compliant with the latest regulations.

“ Today’s retailers must balance security with a seamless experience. If consumers can’t pay where and how they want, it makes it harder for them to stay immersed in the shopping experience. If they can’t do it safely, it’s unlikely they’ll want to. ”

David Jeffrey, Product Director of Intelligent Payments and Risk, Barclaycard Payments

¹⁸Barclaycard-commissioned YouGov consumer research (January 2024)

How do you prefer to pay for high-value items or luxury goods online?¹⁸



Respondents also said: bank transfers (6%), Amazon Pay (4%), Samsung Wallet (4%), digital currency such as cryptocurrency (3%), prepaid card (3%), cheques (2%), QR codes (2%) and other (1%)

Don't forget the power of the *feed*

While innovations in virtual worlds may grab the headlines, it's important to remember that many customers still choose to immerse themselves in your brand through feed-based social platforms.

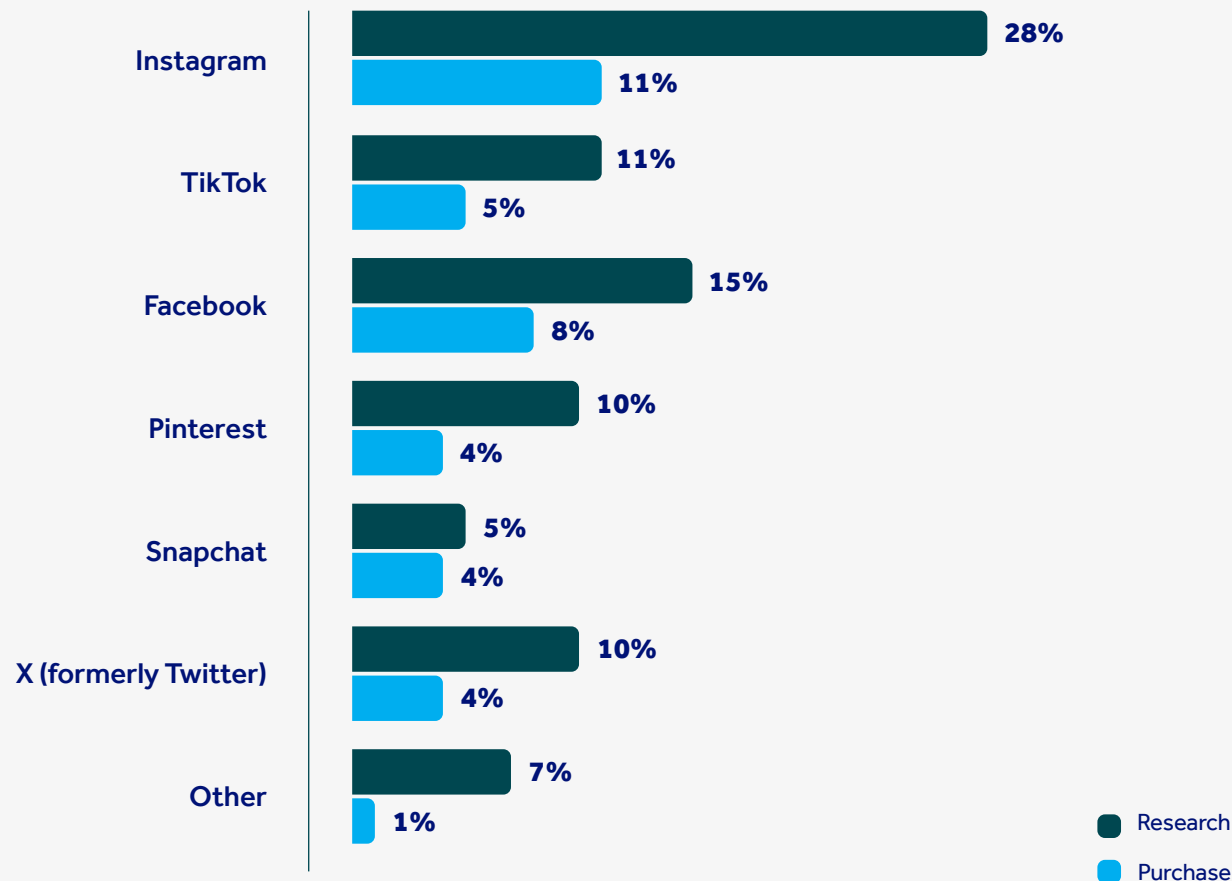
Our research found that 67% of consumers said they didn't expect to engage with a retailer in the metaverse in the next 12 months – and 12% said they didn't know what the metaverse was.¹⁹

In contrast, Instagram (28%) and Facebook (15%) were the most-used social media platforms for researching luxury goods. Video-first platforms were also commonly selected, with TikTok on 11% of overall respondents and YouTube garnering 13% of responses specified within the 'Other' category.

When it comes to turning that browsing into buying, platforms that place video content in the foreground also appear to have the most significant impact, with Instagram (11%), Facebook (8%) and TikTok (5%) once again leading the way.¹⁹

¹⁹Barclaycard-commissioned YouGov consumer research (January 2024)

Which social media platforms do you use for inspiration to research or purchase luxury goods?¹⁹





This requires us to think about immersion in broader terms, rather than simply working out how to tempt customers into existing or specially made 3D worlds. Whether they're seeking out influencers on Instagram, watching product tutorials on YouTube or sharing Pinterest boards with friends, your customers are still immersing themselves in your brand – even if they don't have a personalised avatar to prove it.

“By making sure your existing social platforms and partnerships create opportunities to learn, browse, share and buy, you make it easier for them to experience the wider world of your brand – by bringing it into theirs.”

Kirsty Morris, Managing Director of Client Experience and Market Development, Barclays Transaction Banking





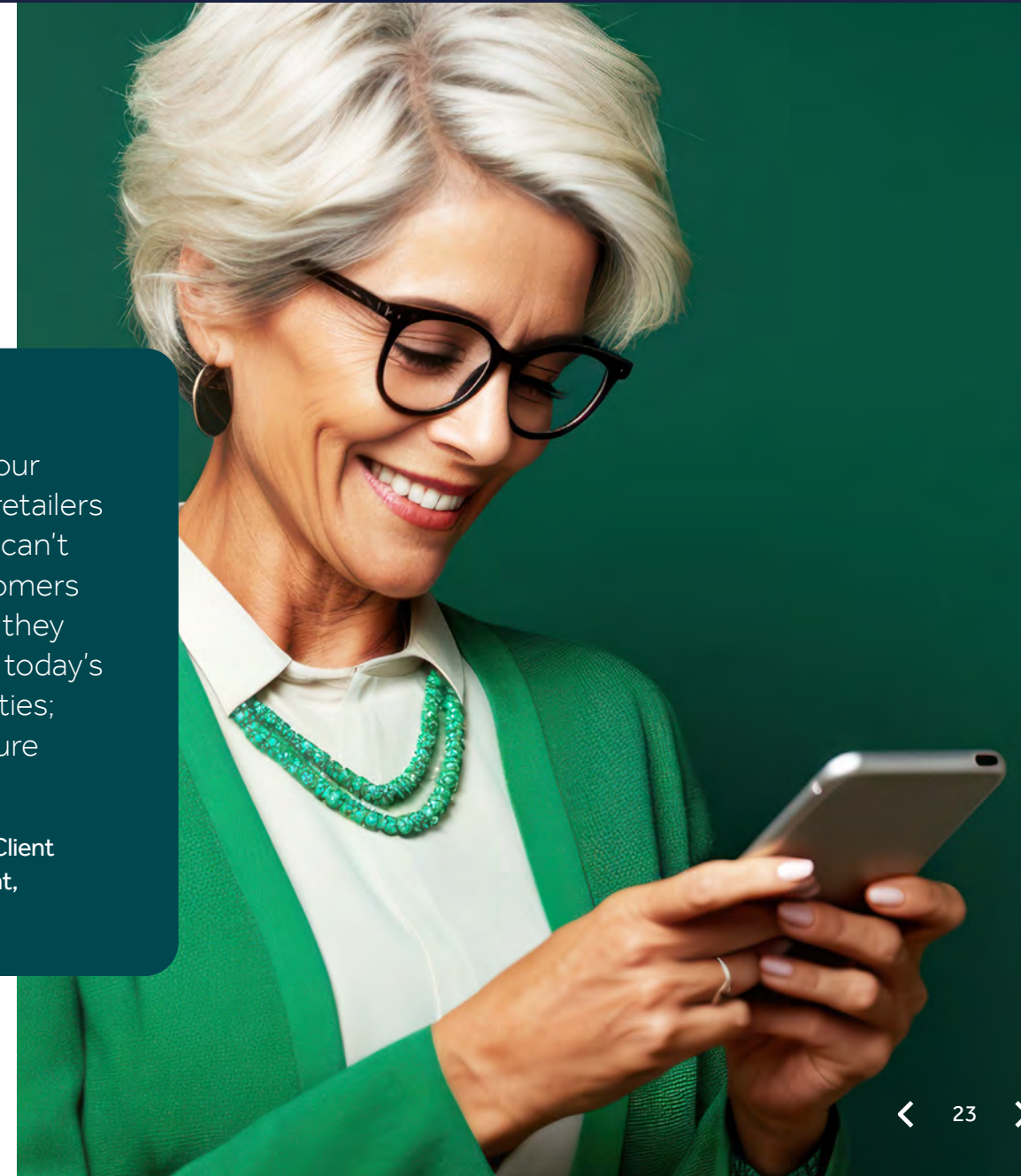
Unlock the potential of smooth in-app payments

Just as the payment process must be integrated into virtual worlds to ensure seamless immersion, consumers also expect to be able to shop and pay on feed-based social media without leaving the platform.

With innovations such as TikTok Shop²⁰ making it easier for users to purchase directly from the video they are watching, it's clear that there is a trend towards ironing out any friction between searching, browsing and payment processes to make it as easy as possible to buy and sell in-platform.

“The days of simply offering a clickable purchase link in your profile bio are numbered. If retailers and their payment partners can't find a way to help their customers browse and buy seamlessly, they won't just be missing out on today's social commerce opportunities; they'll be missing out on future customers.”

Kirsty Morris, Managing Director of Client Experience and Market Development, Barclays Transaction Banking



²⁰Source: [TikTok Shop](#)



Create seamless *experiences* for complete immersion

Seamless omnichannel retail isn't new. But with every platform added – virtual, social or both – you increase complexity and risk, particularly if you want customers to be able to move between them without interrupting that all-important sense of immersion.

As consumer habits evolve, however, immersive experiences will become more commonplace and even more expected. Therefore, retailers and brands must find ways to overcome those challenges and unlock the opportunities they offer to create a greater sense of connection. Whether you're creating new worlds for them to explore or finding a place in theirs, finding new and exciting ways to bring you and your customers together is essential.

Key takeaways

- You must offer the same safe and seamless payment experience across all channels if you want customers to remain immersed in your brand.
- Curated virtual worlds create exciting opportunities to connect with customers through a combination of gamification, personalisation and traditional eCommerce.
- True brand immersion requires us to seamlessly connect these with other touchpoints – such as in-store and social media experiences.
- Finding ways to invite and immerse yourself into the customer's world – through existing virtual and social platforms – is equally important and effective.





Boxes of *delight*

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Sustaining and strengthening customer relationships in the subscription market

Subscription boxes have become all the rage, delivering everything from makeup to meal kits right to our doors.

Globally, the market for subscription boxes grew by 17.2% from 2023 to 2024, and is expected to be worth an astonishing \$71.77bn by 2028.²¹

But, careful not to dilute their prized image, luxury brands have been cautious about jumping on the potentially lucrative bandwagon. However, new research²² suggests discerning luxury customers are intrigued by subscription models.

Could subscriptions provide the key to deepening relationships between purveyors of fine goods and those with the means to enjoy them?



²¹Source: [Subscription Box Global Market Report 2024](#), ResearchAndMarkets, 2024

²²Barclaycard-commissioned YouGov consumer research (January 2024)



Understanding the consumer appetite

Our research²³ suggests the subscription model remains a niche interest for luxury consumers. Just 13% said they belonged to a luxury subscription service or scheme.

Customers who sign up for luxury subscription services do so for a range of reasons. To attract an audience with varying needs, and to keep them interested and paying over time, retailers may benefit from offering an array of perks, such as exclusive product releases or member-only event invites.

While meeting these high expectations could be a challenge, with 83% of consumers still not signed up for any luxury subscriptions, it suggests there's plenty of growth potential in the market for those who can get it right.

What do you consider to be the main benefits of a subscription service?²³



²³Barclaycard-commissioned YouGov consumer research (January 2024)



Make your subscriptions ‘extra’

As you might expect, cost is unlikely to be the primary driver when customers are weighing up a luxury subscription.

Given the nature of the high-end market, factors such as exclusivity, inspiration and strengthened brand affiliation likely carry greater influence.

The Hermès Tie Society²⁴ is almost entirely built around these principles. Members get a new necktie – personally selected according to their preferences – every one, two or three months. They also get member services, such as expert

laundering, reshaping and repairs, and access to exclusive events – including tie collection ‘premieres’ at Hermès’ flagship NYC store.

The most interesting aspect of the Tie Society may be that it’s impossible to join online, sacrificing convenience from the very beginning for exclusivity and driving customers in-store.

²⁴Source: [Hermès to Launch New Subscription Service](#), Forbes, 2017



Make your subscriptions easy

While convenience may not be the only factor when deciding whether to sign up, members are still likely to expect a seamless customer experience once they've joined.

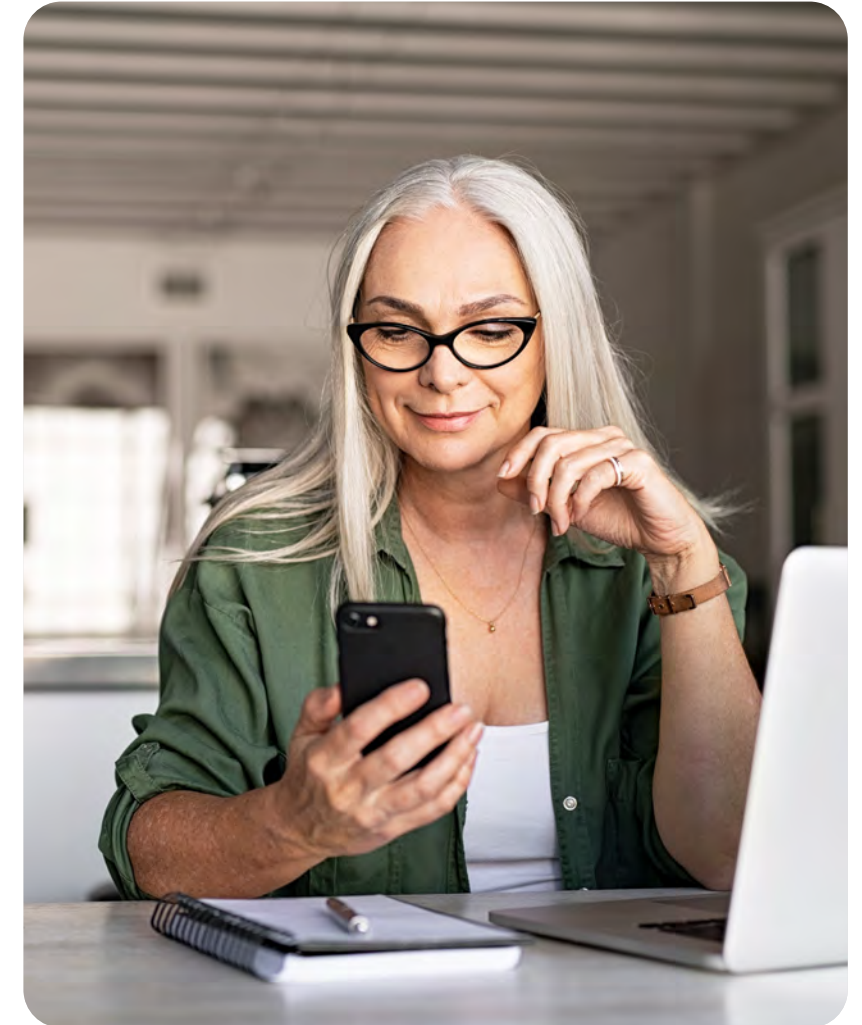
Over a third (39%) of the subscription holders²⁵ in our survey cited the convenience of products arriving at home as a benefit, while 19% said the same about simple, automated payments.

As a seamless experience is paramount, retailers in this space need to offer an array of frictionless payment methods to suit each customer's preferences – all held to the highest security standards expected of luxury purveyors.

Managing recurring transactions should float through backchannels, leaving clients blissfully unbothered save for excitement at each new delivery.

“Subscription customers are still attracted by the fundamentals of the model: delivery to their door and automated, fixed payments. If retailers can't provide this seamless customer experience, they'll find it difficult to keep subscribers, no matter how exciting and exclusive the other benefits.”

Chantal Willis, Director of Strategic Account Development, Barclaycard Payments



²⁵Barclaycard-commissioned YouGov consumer research (January 2024)

Personalise customer experience through data

By nurturing regular, hopefully long-term relationships with your customers, subscriptions can also be a valuable way for you to get to know them better – and to use that knowledge to ensure you're providing the experience and products they want.

Liberty describes its innovative cosmetics subscription, The Beauty Drop,²⁶ as “your personal beauty bank account”. Subscribers deposit £20 a month, which can then be spent in-store or online – or saved towards a larger purchase. Subscribers also get four ‘Discovery Boxes’ a year, filled with specially selected products they may not have tried, and access to the obligatory members-only offers, rewards and events.

More than simply guaranteeing monthly income, enticing customers this way gives Liberty access to a wealth of data on each subscriber. This insight from their spending habits helps create a more personalised service. This, in turn, enables them to fill each ‘Discovery Box’ with new products that might interest them – turning their subscription into the ultimate form of personalised direct marketing.

²⁶Source: [Liberty - The Beauty Drop](#)

“ By combining the rich data you gather through subscriptions with purchase and payment insights from your financial services partners, you gain an even fuller view of customer behaviour regardless of spending channel. This collective intelligence positions retailers to surprise and delight clients across all brand touchpoints, both on- and offline. ”

Rohan Kumar, Head of Client Insights, Barclays Global Transaction Banking





Embrace the possibilities of sustainability

As consumers become increasingly aware of the environmental and social impact of their purchasing behaviour, subscriptions offer luxury brands a prime opportunity to demonstrate progressive values through renewable usage models.

We see promising consumer sentiment in spaces such as fashion rental, as services such as Rent the Runway²⁷ appeal to shoppers increasingly drawn to temporary ownership. And with scrutiny rising across retail's ecological footprint, pre-owned platforms like Selfridges' RESELEFRIDGES²⁸ have captured interest from both buyers and sellers keen to prolong luxury lifecycles.

The climate is clearly ripe for the eco-conscious evolution of subscriptions. Curating renewable products, sustainable materials and circular systems could further strengthen brand affinity among the environmentally aware. And for those who believe luxury need not come at the expense of the planet, subscriptions could nourish customer relationships through aligned values.

²⁷Source: [Rent the Runway](#)

²⁸Source: [Selfridges - RESELEFRIDGES](#)



Luxury subscriptions: challenges and *opportunities*

As we've seen, signing your customers up for a subscription could deepen your relationship – but only when it makes them feel understood through increased personalisation, empowers them to control their own experience, and offers something they can't get through online or in-store shopping – such as added convenience, exclusive products or a closer alignment with their values.

As an example, the member's club chain Soho House lets its members pay through its House Pay²⁹ platform. Easier tracking of customer spend across its international locations allows the brand to deliver highly personalised recommendations that boost customer loyalty.

For luxury retailers who can harness the power of customer data, there is the potential to provide the secure recurring payments necessary for a consistent experience.

Armed with these capabilities, subscriptions could offer significant growth possibilities in an area where customers are increasingly engaged and coming back for more, every month.



Key takeaways

- While the subscription model has become more commonplace in retail, luxury customers' high but diverse expectations mean that personalisation and a smooth customer experience is key to keeping them invested.
- Combining exclusivity, personalisation, brand connection and a flawless customer experience can be a winning formula when honing your subscription model.
- Collecting regular data on subscribers can help you build a more complete picture of who they are and what they want – leveraging payment insights from your financial services partners to supplement subscription learnings for enhanced personalisation.
- Though convenience may not drive luxury sign-ups initially, it remains vital for retaining subscribers. Ensure seamless deliveries and payments without disrupting the luxe experience.
- Luxury clients expect a very high level of discretion and security. Subscription payment systems must deliver seamless functionality behind the scenes while ensuring complete data protection.

²⁹Source: [Soho House - House Pay](#)



Even better than the
real thing

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Using AR to create seamless, connected experiences and drive sales, both online and in-store

Frictionless omnichannel customer experiences require more than simply allowing customers to buy across multiple touchpoints.

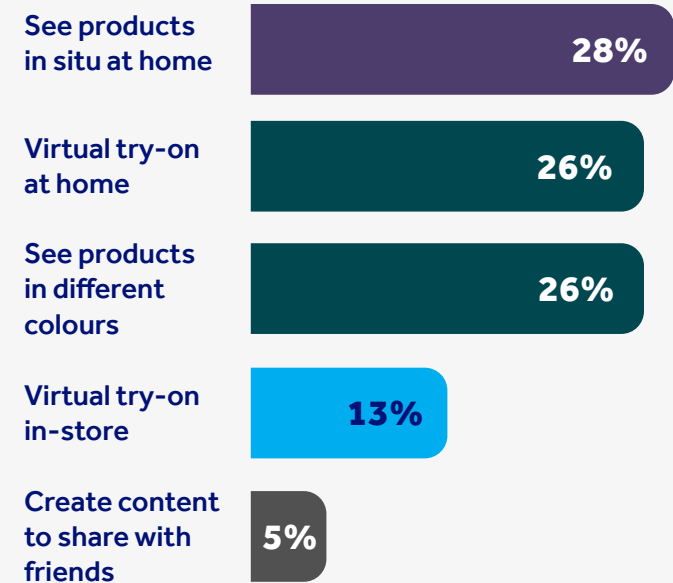
These touchpoints must also feel connected, creating a unified journey rather than a collection of individual ones.

While this is arguably easier to achieve across eCommerce platforms, connecting in-store and online experiences can present challenges: delivering on customers' different expectations and goals when shopping in physical, digital and virtual worlds; understanding how these different shopping experiences interact; and, of course, helping customers pay how and when they want

at any stage of the journey. Each of these must be addressed if retailers are to create a seamless, satisfying and singular customer experience.

With the rise of augmented reality (AR) technology – such as smartphone filters that allow users to visualise products in situ, view clothing in different colours, or map their way through a store – it's becoming easier to overcome these challenges and create a coherent, immersive journey for those dedicated customers who like to shop with you everywhere.

Which of these AR experiences would you like to see offered by retailers?³⁰



³⁰Barclaycard-commissioned YouGov consumer research (January 2024)



Understand your customers' expectations across channels

We asked luxury goods shoppers about a range of new retail technologies, from non-fungible tokens (NFTs) to artificial intelligence (AI) to AR, to find out how they influenced their online and offline shopping habits.

Our research³¹ suggests luxury consumers still recognise and value what's unique about the in-store experience, with 47% identifying 'seeing and touching products' as the main benefit and 27% picking out 'trying on items'. Of the other suggested benefits – including in-store service, talking with staff, or even being able to take items away that day – none ranked above 7%.

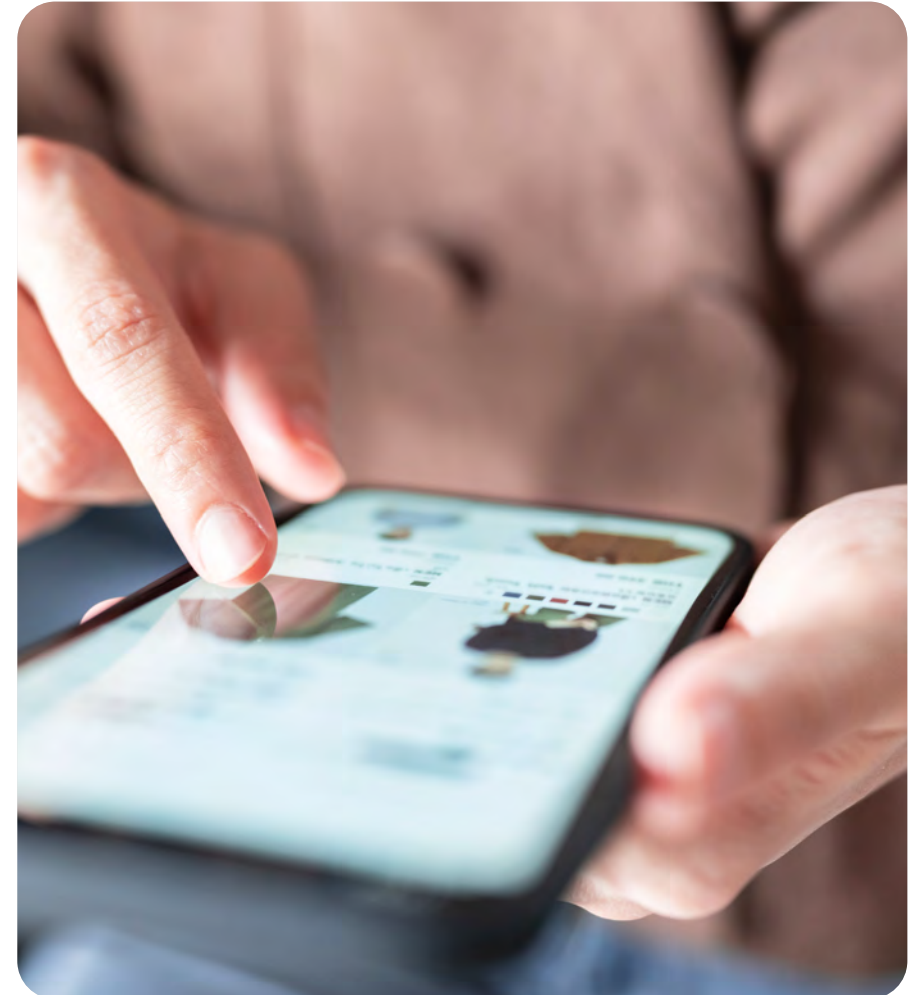
When asked about the AR experiences they would like to see offered by retailers, tech that helps recreate these preferred benefits came out on top. 28% of consumers said they'd like AR to help

them visualise products in situ at home, and 26% said they'd like virtual try-on-at-home options. A significant number (13%) also said they'd like to see virtual try-on options in-store, which suggests consumers are already interested in AR's potential to bring together the virtual and physical shopping experiences across various channels.



28%

would like AR to help them visualise products in situ at home³¹



³¹Barclaycard-commissioned YouGov consumer research (January 2024)

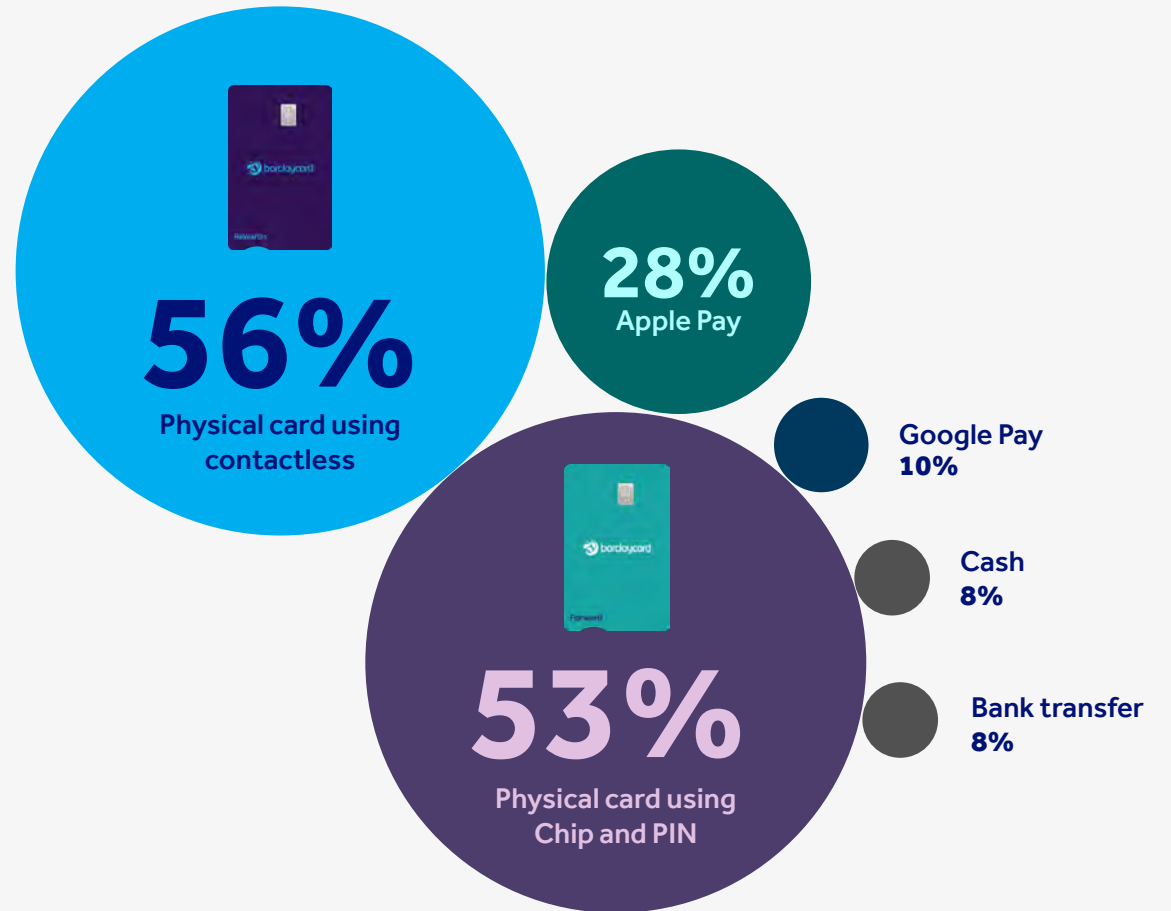


Help them pay the way they want to – wherever they shop

Our research³² also indicates that luxury customers expect a choice of payment methods from their retailers, with 61% citing it as something they expect to be offered as standard.

And, while Apple Pay was the most popular digital wallet at 28%, customers still prefer to pay for high-value goods with physical credit or debit cards in-store – either using contactless (56%) or Chip and PIN (53%). They also expressed similar opinions when shopping online, with 74% saying they preferred to pay for high-value goods with a credit or debit card, compared to 25% for Apple Pay, 22% for PayPal and 10% for Google Pay.

How do you prefer to pay for high-value items or luxury goods in-store?³²



Respondents also said: bank app (7%), buy-now-pay-later (7%), digital currency such as cryptocurrency (3%), prepaid card (3%), Samsung Wallet (2%), cheques (2%), QR codes (2%) and other (1%)

³²Barclaycard-commissioned YouGov consumer research (January 2024)



Integrating this choice of payment options into AR customer experiences could present some challenges, with apps potentially needing to link with cards previously stored on the customer's smartphone – and have biometric verification already enabled – to allow seamless payments through fingerprint or facial recognition. However, with a range of payment options being expected by luxury consumers, and cards still being their preferred choice for now, these challenges must be met if AR is genuinely going to augment rather than simply provide novelty.

“ When integrating payments into AR experiences, retailers need to balance security, payment options and user experience to achieve their goal. Will customers want to jump straight into an immersive experience even if they must navigate back out to pay later? Or will a few extra seconds spent setting up payment options at the start make conversion more likely in the long run? There's no one-size-fits-all answer, as it will depend on what role AR is playing in the broader customer experience. ”

Kirsty Morris, Managing Director of Client Experience and Market Development,
Barclays Transaction Banking



Bringing the store experience home

Gucci added AR try-on for mobile app users in 2019. Louis Vuitton has let customers visualise virtual versions of real-life items from their Object Nomades collection in their homes since 2021.

This suggests retailers are already using AR to meet the expectations of customers who like to shop online. This was borne out by a recent Vogue Business and Snap whitepaper, which found that 77% of consumers were already familiar with virtual try-on as a digital tool within luxury fashion. This put virtual try-on in second place, behind the most widely recognised digital fashion tool: AI chatbots (87%).³³

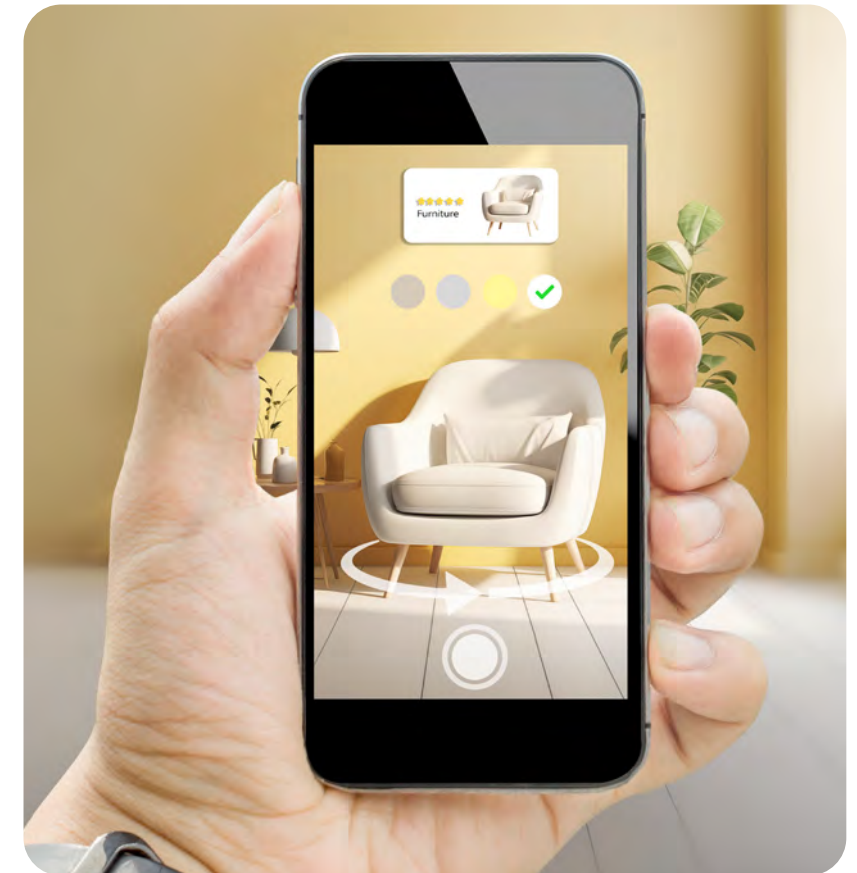
By integrating these two familiar technologies, future-focused retailers can find new ways to make the experience more immersive for their digital customers. A study from Klarna suggests 34% of consumers want virtual 'personal shoppers' to provide recommendations based on their fashion

style and taste when they shop online, and 23% would rely on AI to advise which clothes best fit their body and fashion style.³⁴ Integrating an AI-based large language model (LLM) into this process – essentially using language-based data to learn, predict and create responses that sound 'human' – could even lead to this advice and recommendation being delivered in a conversational tone, further replicating the in-store customer service experience.



77%

were already familiar with virtual try-on as a digital tool within luxury fashion³³



³³Source: [What luxury fashion consumers want from augmented reality](#), Vogue Business, August 2023

³⁴Source: [Next gen shoppers are ready for AI, AR and robots](#), Fashion United, May 2023

Using AR to create a VIP experience

Beyond simply meeting expectations, AR is also being used to delight customers.

Whether that's online fashion giant ASOS using it to bring models into customers' homes, the Burberry Beauty Virtual Studio moving beyond product try-on to include face-mapping makeup tutorials, or Dior's fun and festive butterfly filters that allow customers to interact with the aesthetic of their broader seasonal campaign.

Such creative uses of AR can encourage customers to spend more time immersed in your brand, which could foster positive associations and relationships – and may also lead to more sales.

A study by PathIntelligence found that a 1% increase in in-store dwell time can lead to a 1.3% increase in spend.³⁵ By using AR to extend dwell time, in-store and at home, retailers are more likely to see interest in their brand and products converted into sales.

³⁵Source: [Time is Money](#), Path Intelligence





Making it easy for customers to turn interest into purchase

This relationship between dwell time and purchase can quickly be interrupted by points of friction in the customer experience – especially when it comes to making payments. However, AR has fundamental features that can make it simpler for customers to buy in-store or online.

Consumers are increasingly used to staff bringing an electronic point of sale (EPOS) to them, or using a self-service checkout, when shopping in-store. However, offering payments via AR takes this one step further, freeing customers from having to find a payment point – or even a staff member – before making their purchase. Being able to simply point your smartphone at the item you want to buy and be taken to a virtual checkout, or even pay directly in-app, could really help drive conversions. Particularly at busy times, these moments of hesitation can lead to lost sales.

“Features intrinsic to some AR experiences, such as facial recognition, can make it easy to verify customer identity when purchasing – without interrupting an immersive experience. If they’re already using a filter to try on a new outfit or test a new shade of lipstick, for example, there’s no reason the path from consideration to purchase can’t be smoother than ever.”

Managing Director of Client Experience and Market Development,
Barclays Transaction Banking





Personalise the in-store experience with AR

AR doesn't just open possibilities for more immersive experiences at home; it also presents exciting opportunities to create new ones in-store.

M&S³⁶ is trialling wayfinding that guides time-poor customers to the products they want. H&M³⁷ has installed digital mannequins in its Barcelona store to help people of different body shapes, sizes and colours see what their clothes will look like. Coach³⁸ has installed AR window displays that bring virtual try-on to the NYC streets. As these examples show, AR clearly offers exciting opportunities to encourage personalised in-store interactions at every stage of the customer experience, from awareness to purchase.



³⁶Source: [Space of the week: M&S, eon visual media](#), November 2022

³⁷Source: [H&M Barcelona Flagship, Outform.com](#)

³⁸Source: [Coach AR Window](#), SHOWSTUDIO, November 2023



Use AR to match your customers' evolving values

The deeper personalisation made possible by AR will only become more essential to the customer experience as consumers of all generations become more digitally savvy and socially conscious.

When you consider that AR potentially allows those with mobility issues to try on clothes more easily and for anyone experiencing social anxiety to avoid the physical changing room, it's hardly a surprise that fashion shoppers of all ages are embracing it. For example, the Vogue Business and Snap whitepaper³⁹ found that consumers aged 45 and over were 8% more likely to say virtual try-on allows them to "try on garments and accessories regardless of my body type or budget", while those over 55 were 30% more likely to say that virtual try-on "helps make fashion feel more accessible".

Similarly, consumers are already aware of how AR could help them shop more sustainably – whether that's using AR filters to pull up relevant information on products or minimising the risk of returns. According to the same study, 53% of respondents say they like the fact that virtual try-on's capacity to lessen returns has sustainability benefits.

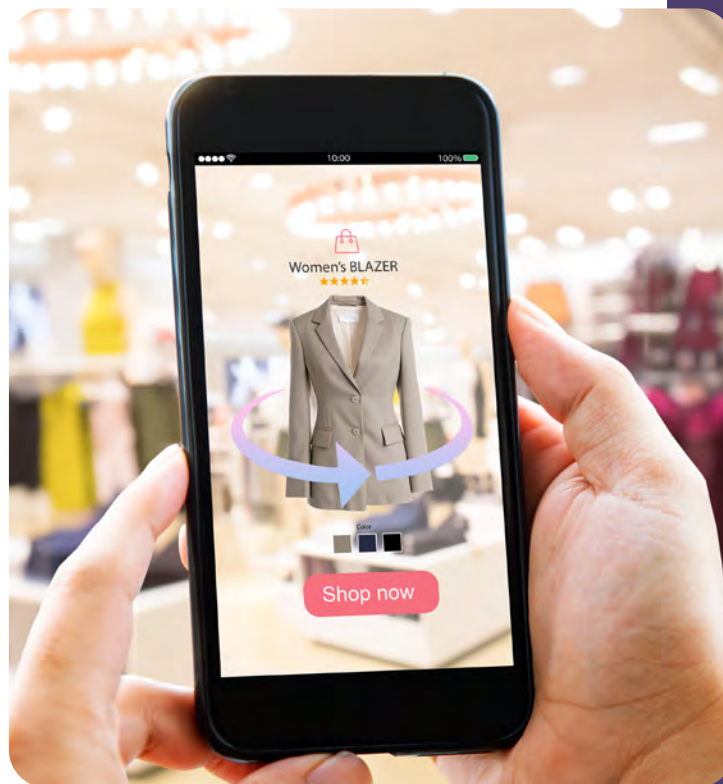
³⁹Source: [What luxury fashion consumers want from augmented reality](#), Vogue Business, August 2023



Unifying your customer experiences through AR

As the growing adoption of virtual try-on shows, augmented reality already offers exciting opportunities to bridge the gap between your in-store and online shopping experiences.

Beyond its potential to simply bring the in-store experience home, AR could also unlock immersive brand experiences that help you combine the two into a singular, consistent customer journey – built around individual customers' personalised shopping and payment preferences.



Key takeaways

- AR has the potential to help you connect digital and physical customer experiences, while integral features of some AR experiences – such as facial recognition when using virtual try-on or the ability to point your smartphone at an item and pay online – could also allow for more seamless payments, whether shopping at home or in-store.
- Consumers have already embraced virtual try-on offered by AR, making it one of the most widely recognised digital fashion technologies⁴⁰ – and, as our research suggests, one of the AR features consumers are most keen to see retailers offering.⁴¹
- Retailers have an opportunity to see where AR could add even more value to the customer experience, increase dwell time and smooth the path to purchase.
- AI-generated personalised styling advice, product tutorials and interactive campaign experiences are just some of the ways AR could potentially enhance a personalised, joined-up customer experience, both online and in-store.
- AR also has the potential to weave inclusion and sustainability benefits throughout the customer experience – meaning it'll become ever more important as these factors become central to consumer decision-making.

⁴⁰Source: [What luxury fashion consumers want from augmented reality](#), Vogue Business, August 2023

⁴¹Barclaycard-commissioned YouGov consumer research (January 2024)



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How technology can bring personalisation to luxury shopping experiences

Luxury goods retailers have long set the standard for in-store personalised experiences, offering exclusive and individual services that make customers feel valued.

Our research found that although 31% of luxury goods shoppers still favour an in-store experience, more customers prefer interacting with luxury brands via their website (41%) or an online marketplace (21%).⁴² This proliferation of choice and channels makes creating a unified and personalised shopping and payment experience challenging. However, by harnessing data and the latest technology, brands can deliver more personalised experiences at scale to drive value, loyalty and potentially better margins – setting new standards for powerful and individual customer experiences.



41%

shop for luxury products most often on a retailer's website⁴²

31%

shop for luxury products most often in-store⁴²

⁴²Barclaycard-commissioned YouGov consumer research (January 2024)



Data: the cornerstone of *personalisation*

In our research with FT Longitude, we found that almost half (49%) of senior UK business leaders said that better insights into customer habits would give them a significant competitive advantage – and 51% saw their payments data as a major untapped source of valuable customer insight.⁴³

Once external payment data is added to a retailer's own data, it opens new possibilities to understand lapsed, current and potential customers. "Enhanced payment data can help businesses identify market trends, growth opportunities and customer behaviours," says Rohan Kumar, Head of Client Insights, Barclays Global Transaction Banking. "It starts with what a business is trying to achieve. Data insight then informs their strategic decisions, whether they need to know where to open new stores, which brand partnerships will win over more customers or how to optimise their loyalty programme."

Brands are seeing value in a data-first approach, with the likes of Hugo Boss investing heavily in data collection and analysis to meet ambitious growth targets.⁴⁴ That means using data, for example, to identify which products will sell, what the ideal price points are or how to drive better marketing strategies.

Companies are also using quizzes, gamification and value-added services to help capture information customers are willing to share, known as zero-party data, enabling them to offer greater personalisation and support higher levels of clienteling.

⁴³FT Longitude and Barclaycard Payments surveyed 500 senior UK business leaders (December 2022 and January 2023)

⁴⁴Source: [Metyis campus inaugurated](#), Press Release, Hugo Boss Group, June 2023



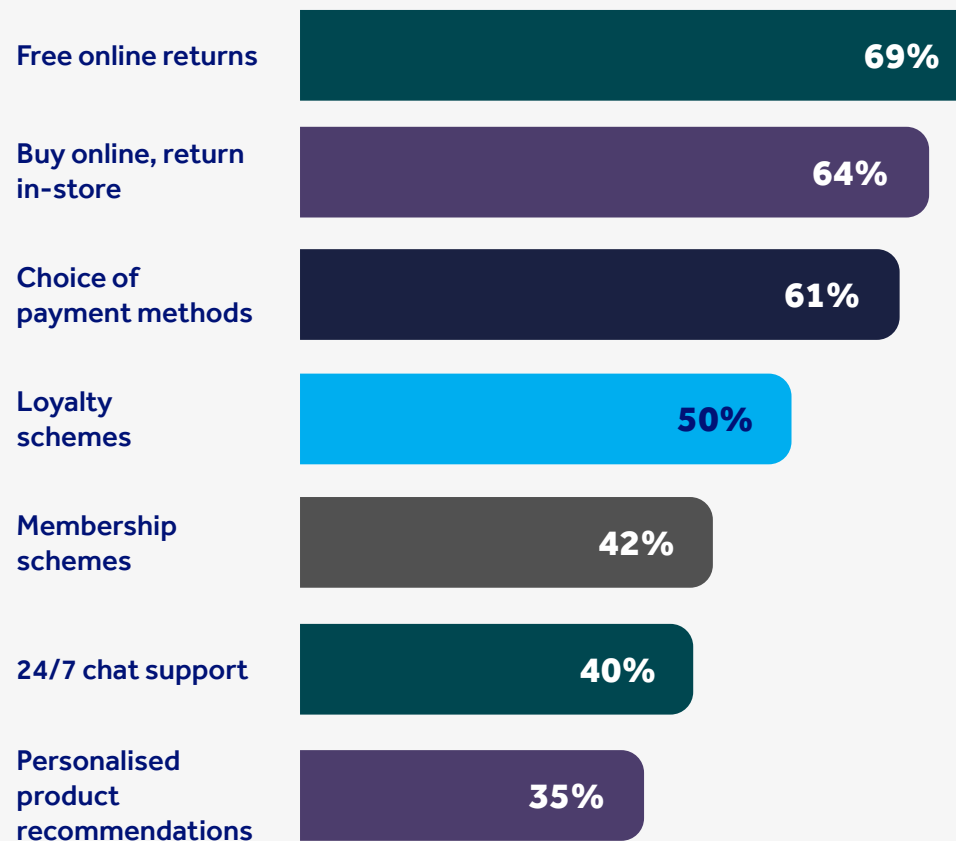
Superhuman personal shoppers: the AI curation experience

For consumers without access to a personal shopper, it's easy to be overwhelmed by choice, especially online. To address this, companies are using generative AI to create intelligent chatbots to understand customer needs and make personal recommendations. For example, KNXT's chatbot Madeline⁴⁵ can make suggestions for something daring to wear at a beach wedding and explain why the choices might work.

"It's not just technology for technology's sake," says Kirsty Morris, Managing Director of Client Experience at Barclaycard Payments. "Our research⁴⁶ shows that over a third (35%) of consumers think a personalised experience should come as standard. A quarter (25%) of shoppers are swayed by brands that offer that personalised experience."



Which of these experiences would you expect to be offered as standard by luxury retailers?⁴⁶



⁴⁵Source: [Madeline by KNXT](#)

⁴⁶Barclaycard-commissioned YouGov consumer research (January 2024)



AI can also help free up staff from routine admin or simple customer queries. For example, IKEA's AI chatbot, Billie, will answer questions about opening hours, reschedule deliveries and help customers with missing items.⁴⁷ Customer service staff are then redeployed to more value-added roles, such as personal design consultant.

For luxury brands, technology enables them to deliver a tailored one-to-one experience wherever the customer wants, whether in-store or online, human or AI-driven, or a mixture of these elements. For example, ZEGNA's digital ecosystem, ZEGNA X, has seen a 75% uplift⁴⁸ in customer spend by combining AI-generated recommendations with in-store associates.



⁴⁷Source: [AI and Remote Selling](#), Press Release, Ingka Group, June 2023

⁴⁸Source: [The united future of generative ai and retailing](#), Fashionbi, July 2023



Going beyond recommendations with individual treatment

Marketing personalisation can now be achieved on a greater scale than ever – using data and technology to talk to customers as unique individuals with unique tastes.

Offers and pricing can be tailored to customers and their circumstances. For brands that offer embedded finance, such as loans, there's further opportunity for richer datasets and even more tailored marketing.

"Payments are a critical, but often overlooked, part of the customer experience," says Kirsty Morris, Managing Director of Client Experience at Barclaycard Payments. "While the aim of other moments is to be memorable, ideally the payment experience should be as invisible and forgettable as possible. That means keeping it fast and smooth – which happens behind the scenes. Take a fraud

screening solution such as Barclaycard Transact. It uses personalisation and machine learning to optimise acceptance while weeding out fraud, speeding up the customer's overall experience."

One of the simplest ways to make payments personal is to let customers use their preferred payment method. Over a third (37%) of luxury goods shoppers⁴⁹ say being able to pay their way is a reason to shop with a merchant – with 61% believing that it should be standard.

⁴⁹Barclaycard-commissioned YouGov consumer research (January 2024)





Supporting innovation through payments

For some consumers, long-term sustainability is an important factor when purchasing luxury items.

A cost-per-wear approach to clothing is gaining popularity (a trend exemplified and sometimes sent up by the 'Girl Maths' phenomenon on TikTok). It's moving younger consumers away from fast fashion towards better-quality and, therefore, often more expensive brands.

Personalisation can also be about letting customers make their mark, from the bespoke engraving offered by Diptyque or the customisable packaging designed by K-beauty brand Clio. Our research shows that over a fifth (22%) of shoppers want tailored products⁵⁰ – and with that greater personalisation comes increased value and an increased premium.

Payments can put quality and style within reach of aspirant consumers with buy-now-pay-later (BNPL) instalment plans or other forms of flexible credit. In fact, payments have an enabling role across all innovations. "Whatever the personalisation or innovation, paying has to be simple and secure," adds Kirsty. "Whether it's delivering a new experience, a move into a new market or managing new suppliers – it's important to have flexible payment partners to help you succeed."

⁵⁰Barclaycard-commissioned YouGov consumer research (January 2024)





A bright future for *personalisation*

While luxury retailing has long been synonymous with exceptional personal service, the move to a truly omnichannel customer experience creates opportunities as well as challenges. The sector is embracing the power of data and technology to set new standards in personalisation and customer care.

“The seamless integration of personalised shopping experiences with sophisticated payment solutions is becoming increasingly crucial,” adds Rohan. “Payment data is helping shine a spotlight on customers’ desires and behaviours, which is fuelling understanding and insight. It’s also allowing businesses to optimise payments at every touchpoint – bringing convenience, speed and security to make sure nothing breaks the spell of a high-end shopping experience.”

Key takeaways

- Payment data can help brands understand their customers, market and competition, which can help shape personalisation strategies
- Luxury brands can use data and technology to build on their heritage of personalisation – unifying their customer experience across channels
- Brands need to deliver value to customers in exchange for the data they gather – and have a plan on how to use that information for their benefit
- AI chatbots offer an opportunity to free up staff as well as create curated recommendations at scale – and enhance the work of personal stylists





Digital savoir-faire

Digital innovations look set to enhance the customer experience virtues that have long been the traditional hallmarks of luxury brands – increasing their capacity to deliver distinct, personalised and exclusive experiences. This time, if done right, it's being delivered seamlessly and securely across multiple channels to suit their customers.

What unites these experiences is a brand's ability to collect and analyse customer data to create strategic insight as well as to provide greater personalisation. It's no wonder that more brands are turning to partners such as Barclaycard Payments to help them understand their most important customers and find the most effective ways of connecting.



Why Barclaycard Payments?

As a provider of acquiring, issuing and gateway services, we're uniquely positioned to help luxury retailers prioritise their spending and deliver outstanding payment experiences.

We offer ambitious businesses end-to-end capabilities, expert collaboration and data-driven insights.

Being responsible for 8.7 billion transactions a year, including those of 17 million UK customers, means we can access an unrivalled consumer and transactional deep data set. Through our data analytics service, we can help you understand your customers better, navigate the current market and shape the future of your business.

Now more than ever, an optimised payment strategy needs to go beyond accepting customer payments. As an award-winning business payments provider, our performance insights can help you uncover efficiencies in how you work with suppliers, help you strengthen your supply chain, improve margins and increase your agility.

Because luxury shoppers are increasingly expecting a true omnichannel experience, we're developing end-to-end capabilities that enable your customers to pay how they want across all your touchpoints: from in-store to mobile commerce, across borders and payment types – all with built-in fraud protection and regulatory support from one of Europe's leading banks.





Ready to embrace the future?

Get in touch with your Barclaycard Payments Relationship Manager,
or request a callback from our payment specialists [here](#).

(Please quote 'luxury retail report' in your enquiry description.)



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