



# Payments in the fashion and luxury industry

Fabio Colacchio, Valentina Gorgoglione

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**BAIN & COMPANY** 



# WHO WE ARE

## Speakers



FABIO COLACCHIO  
BAIN & COMPANY ⌚

### Principal

~15 years of experience, of which ~7 in consulting

Member Retail – Luxury Practice

Key member of Customer Strategy and Marketing Capability practice



VALENTINA GORGOGGLIONE  
BAIN & COMPANY ⌚

### Manager

8 years of experience in Consulting

Member of Financial Services and Digital Payments Practice

Member Retail – Luxury Practice

BAIN & COMPANY ⌚

## Guest speaker



ALESSANDRO VIOLA  
**nexi**

### Head of Corporate Sales

~17 years of experience

Main sectors covered: Luxury, Hotellerie, Grocery, Utilities

Previously Basilichi Marketing and Sales Director, Retail Distribution Director (SIKA AG), Beiersdorf, L'Oreal



# BAIN & COMPANY HAS UNRIVALLED EXPERTISE IN LUXURY

## Unparalleled experience

- Working with all key sector players
  - Leading global Luxury Groups
  - Major fashion houses
  - Other luxury good producers (jewelry, watches, furniture, etc.)
  - Specialty chains, department stores and luxury
  - Distributors
  - Private equity funds



## Unique market observe and expert



*Lens on the worldwide luxury consumer*  
Relevant segments, behaviors and consumption patterns  
Nationalities and generations compared





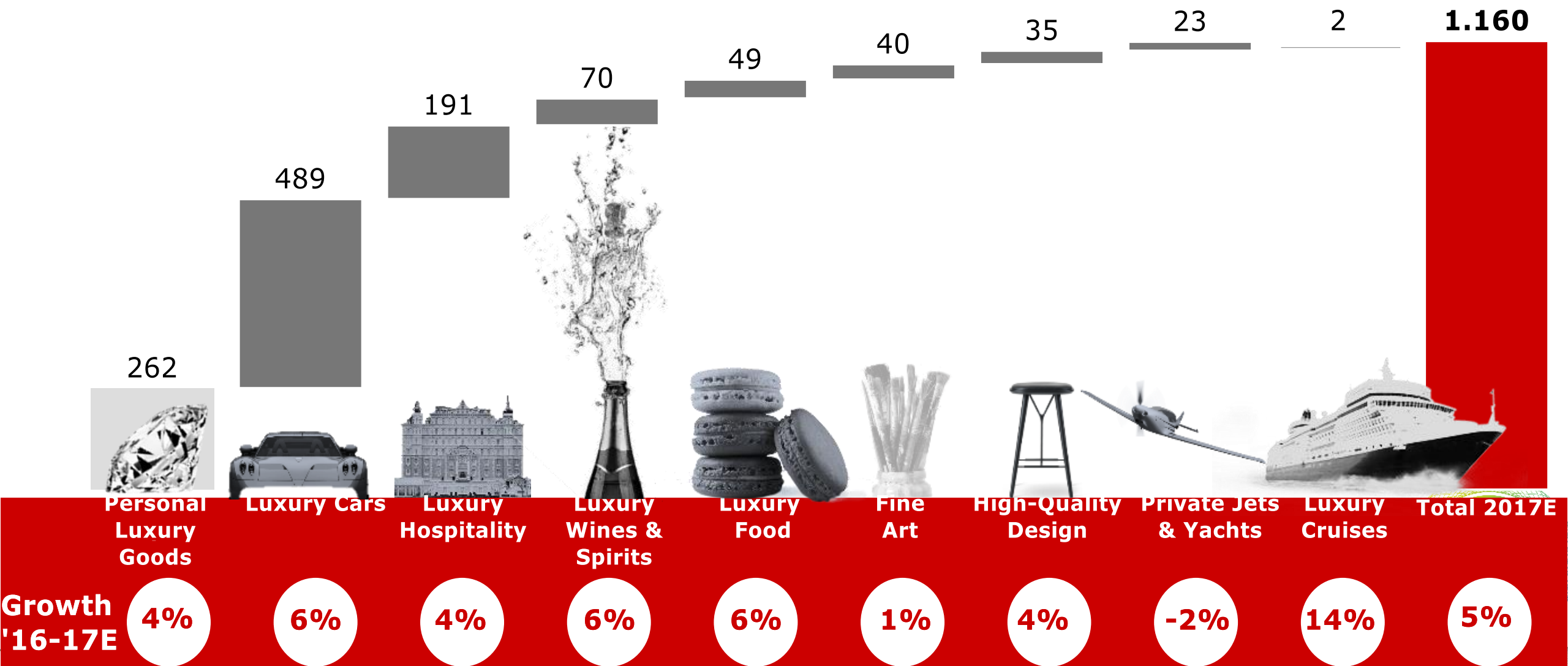
# OBJECTIVES OF TODAY'S PRESENTATION



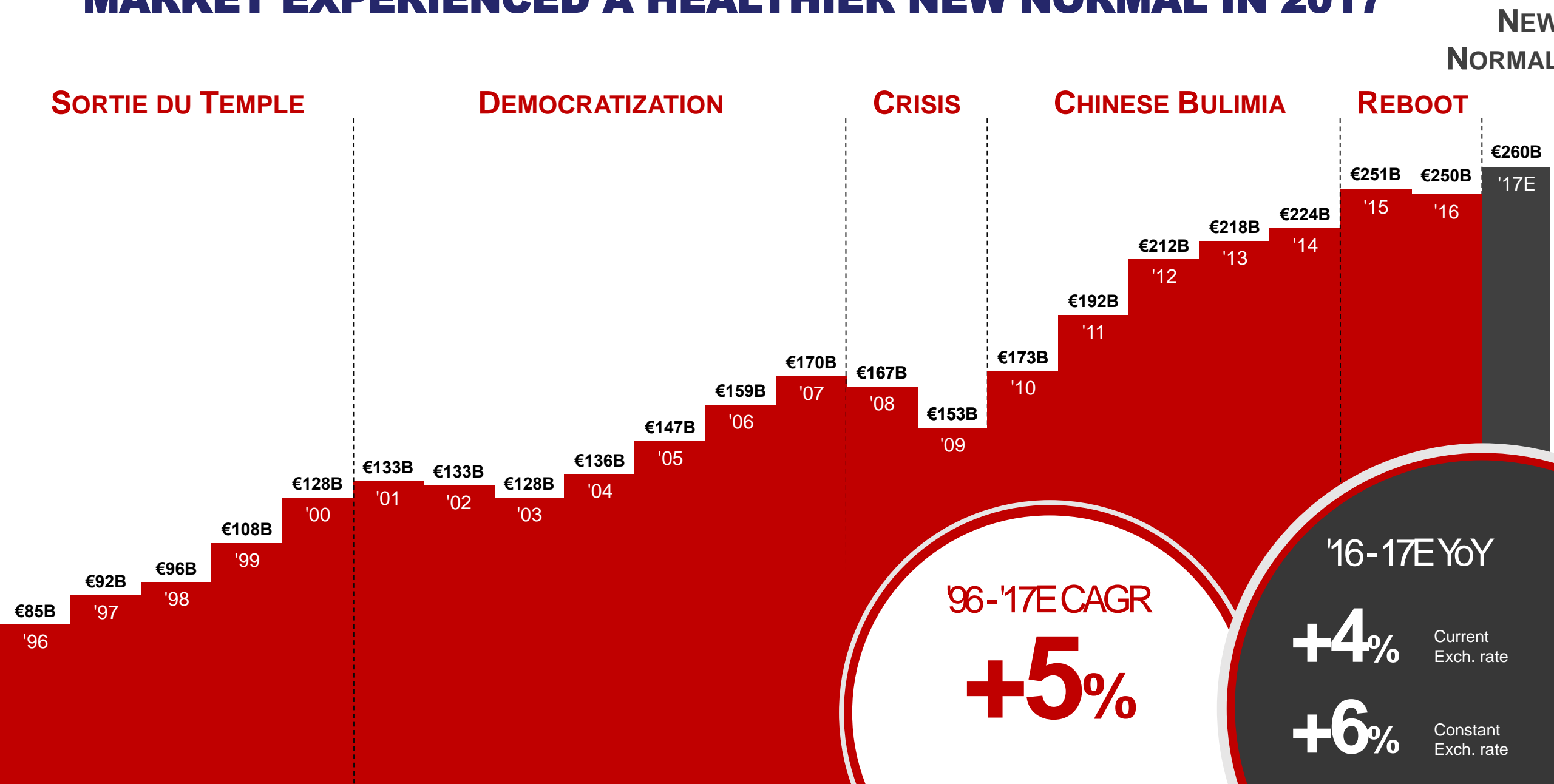
- Share some insights of how payments fits into the evolving paradigm of luxury wave of change
- Discuss how players in the Payments industry can help luxury companies to switch the gear

# A LARGE AND GROWING POOL OF MARKETS

GLOBAL LUXURY GOODS MARKETS 2017E | €B



# PERSONAL LUXURY GOODS: AFTER 2016 STAGNATION, THE MARKET EXPERIENCED A HEALTHIER NEW NORMAL IN 2017



# WHAT'S NEXT?

## A NEW PARADIGM OF GROWTH



A NEW  
CUSTOMER



A NEW  
VALUE  
PROPOSITION



A NEW  
ROUTE-TO-  
CUSTOMER

# WHAT'S NEXT?

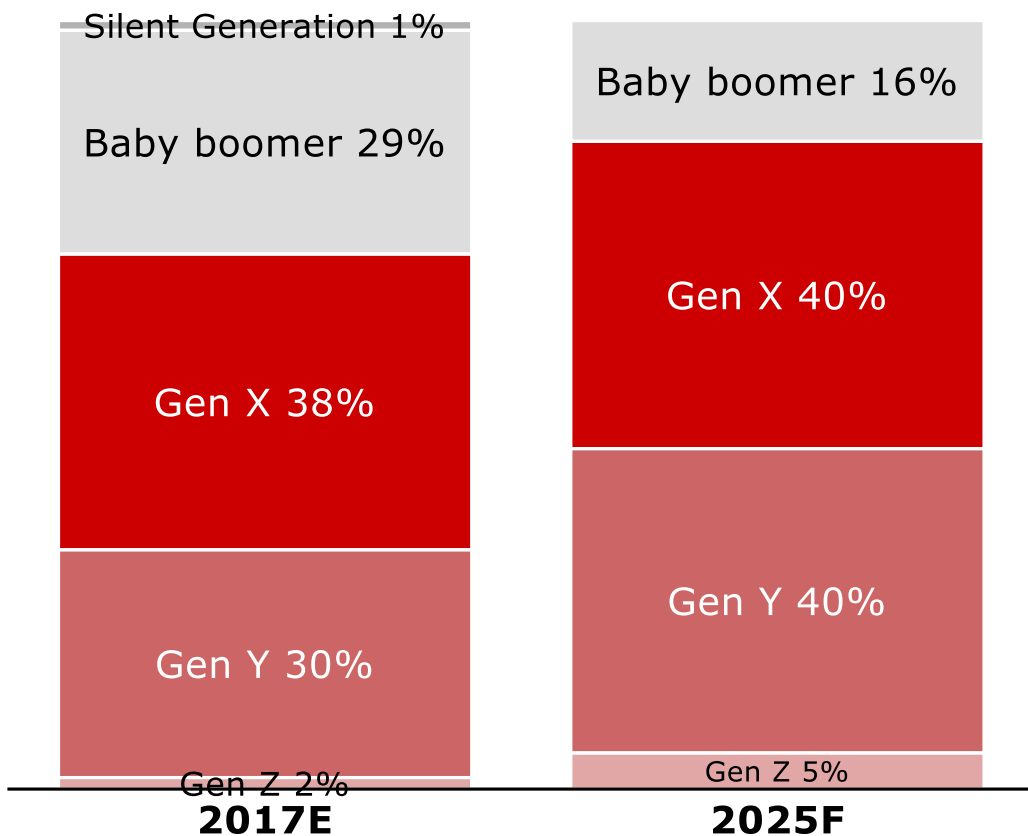


# MILLENNIAL & CHINESE



# MARKET ACCELERATING TOWARDS YOUNGER GENERATIONS...

## PERSONAL LUXURY GOODS CONSUMERS BY GENERATION | €B



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## The **millennial state of mind**

**FLUID**



**SOCIAL  
NARCISSIST**



**MINDFUL**



**UBIQUITOUS**



**NOMAD**

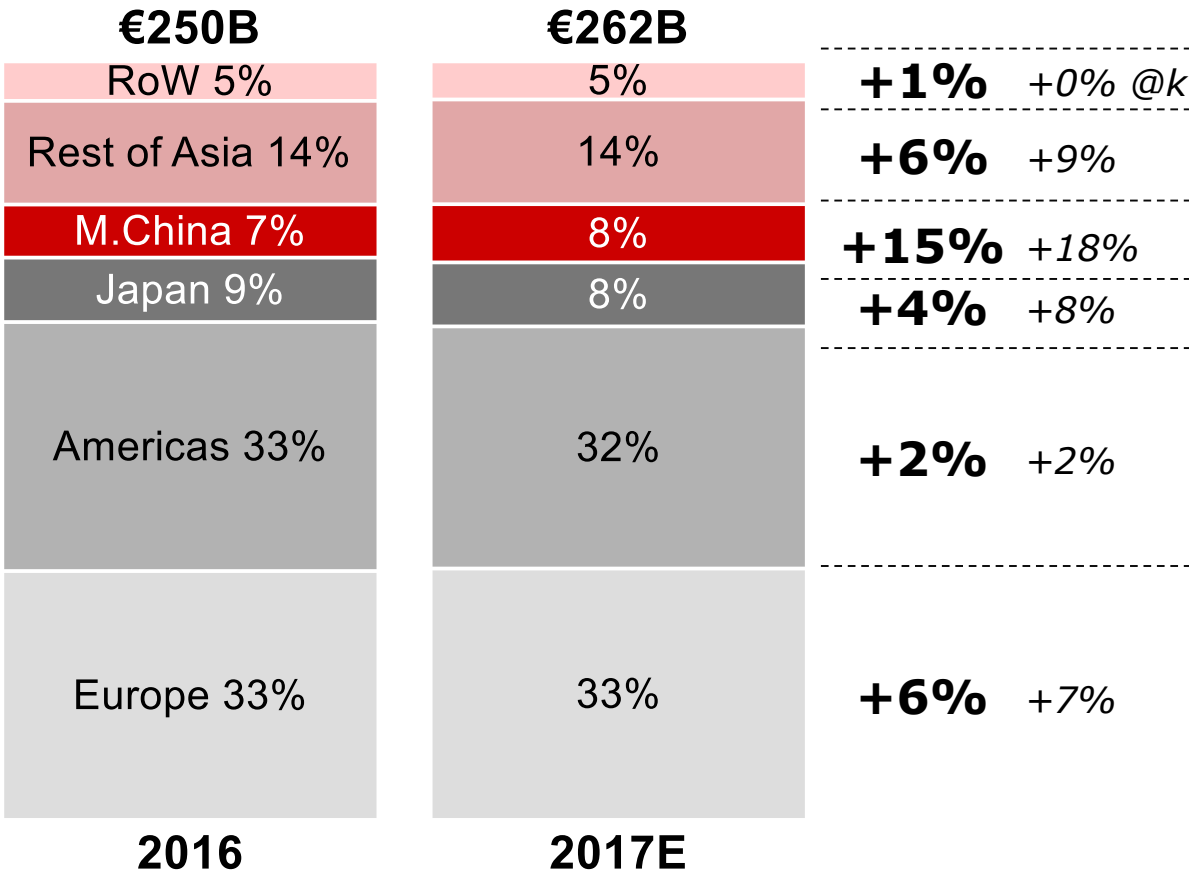


**UNIVERSAL**

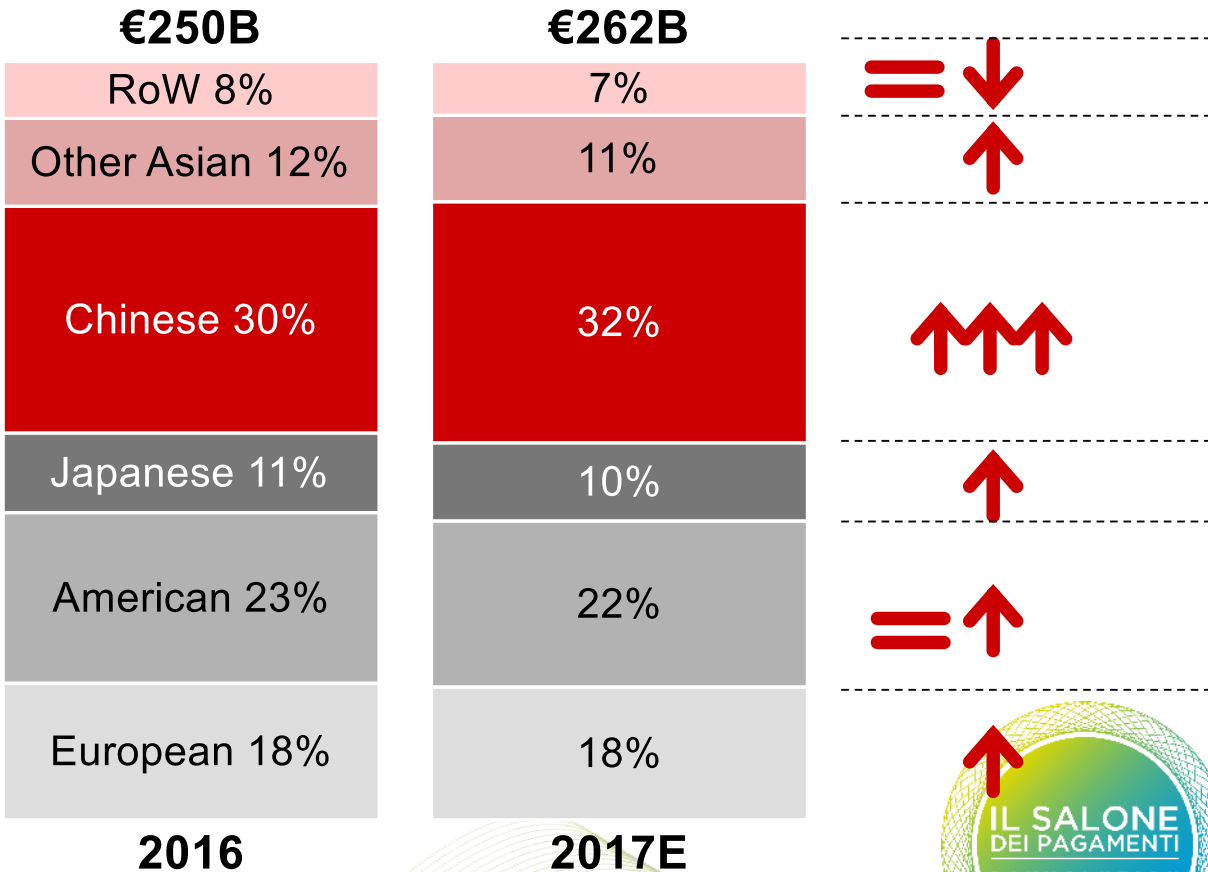


# ...FUELED BY THE RAISE OF THE CHINESE MIDDLE CLASS

## PERSONAL LUXURY GOODS MARKET BY GEOGRAPHY | €B



## PERSONAL LUXURY GOODS MARKET BY CONSUMER NATIONALITY | €B



# WE CHAT: #1 CHINESE SOCIAL MEDIA INTEGRATING E-COMMERCE AND PAYMENTS



WeChat Pay



**38B** messages sent over We Chat **every day**



**1B** estimated **active users per month** –  
**>10X** ApplePay



**1M** average **transactions per minute**



**+25%** **YoY growth** of social **payments transactions**

# LUXURY BRANDS ARE ALREADY ON TOP



WeChat Pay

~90%

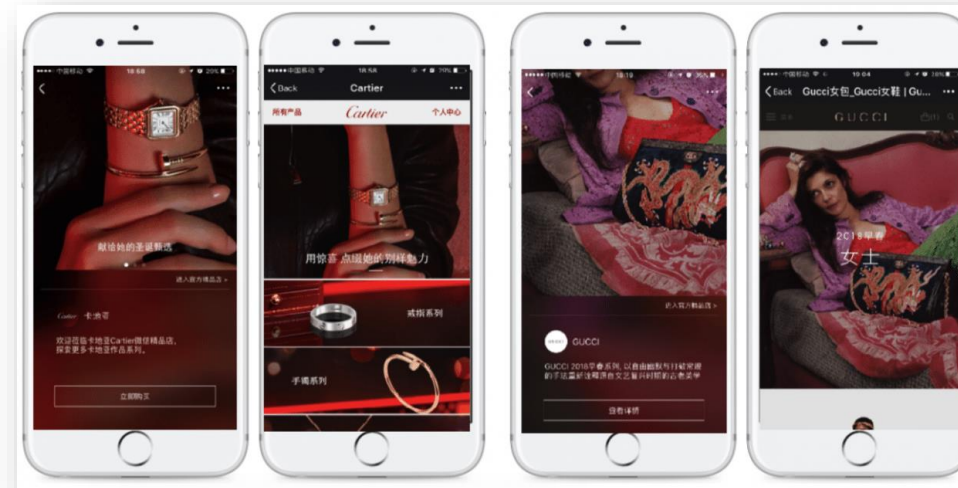
Proportion of **Luxury brands** with an **official We Chat account**, used to re-direct We Chat users to e-shopping, personalized website, ...

>40%

**Chinese customers choosing WeChat** as channel for **buying luxury goods** – 2<sup>nd</sup> channel vs. Brand.com

25

Countries in which **Luxury brands** can already accept **We Chat payments** out of China (e.g. USA, Australia, South Korea, Japan)



**Italy behind, eventually closing the gap**

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# WHAT'S NEXT?



# POST- ASPIRATIONAL & EXPERIENTIAL



# LUXURY AND LIFESTYLE ARE TRANSCENDING THE TYPICAL DRIVERS OF ASPIRATION (INTEGRATING NEW ONES)



CRAFTSMANSHIP

MATERIALS

STATUS

AESTHETIC

EXPERIENCE

POINT OF VIEW

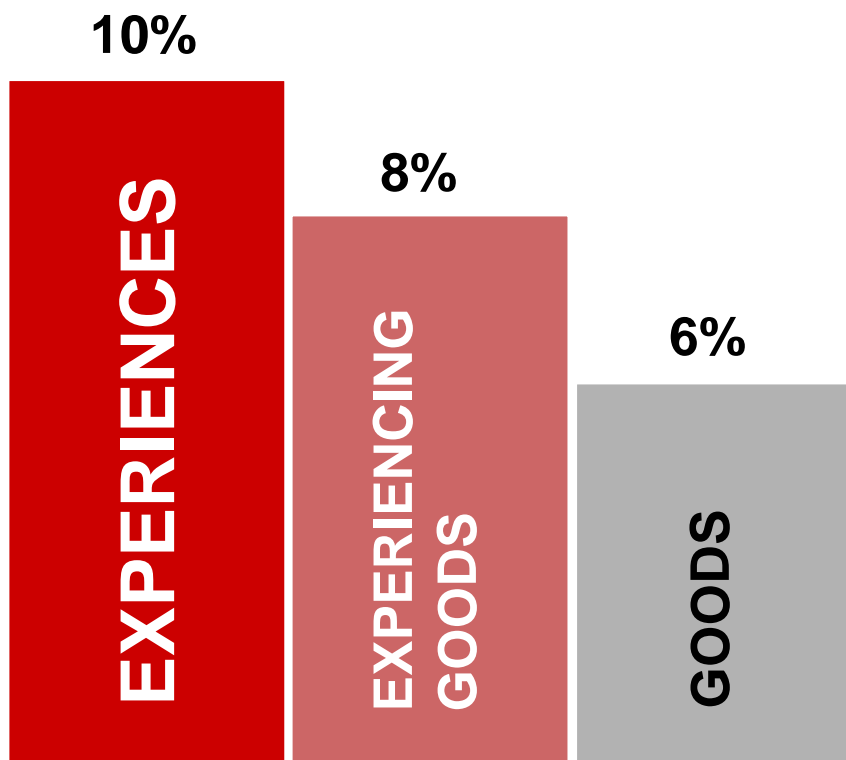
FUNCTIONS  
(IMPROVING LIFE)

EMOTIONS  
(DELIGHTING LIFE)

IDEAS  
(CHANGING LIFE)

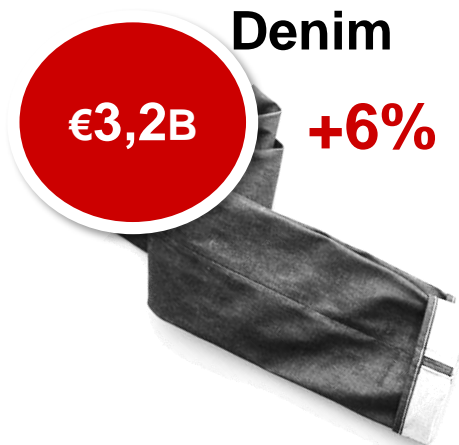
# LUXURY MARKET GROWTH HAS BEEN SUPPORTED BY THE EXPERIENTIAL CONTENT AND BY THE CREATIVE AND POLITICAL POINT OF VIEW

GAGR 10-17E OF  
LUXURY **PRODUCTS & EXPERIENCES**



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LEGITIMATION & **ELEVATION OF NEW LIFESTYLES**  
(STREETWEAR EXAMPLE)



# EXPERIENCE BEFORE POSSESSION: A NEW CONCEPT OF “AGORA” STORE ...



## PHYSICAL STORES AS “AGORA”



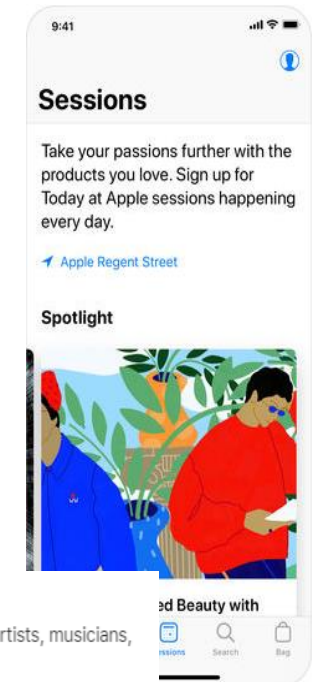
No matter what you need,  
we're here for you.

Forgot your Apple ID or have a question about an app or service? Want to make a Genius Bar reservation? We have several convenient Apple Support options for you to choose from.



Inspiration is now in session.

Join us for hands-on sessions and connect with influential artists, musicians, developers and entrepreneurs.



Physical stores become “communities”, where customers can meet,  
“experience” products and cultivate their passions

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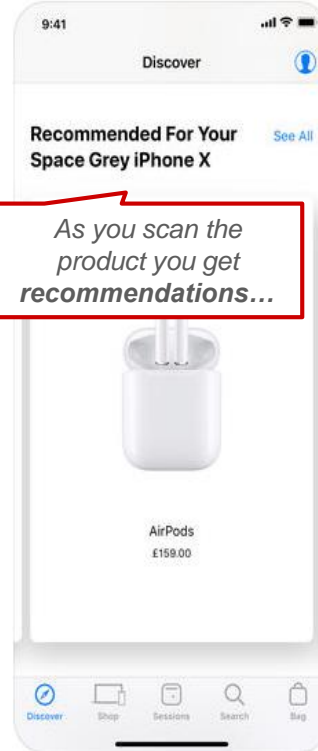


# ... WHERE ALSO TRANSACTIONS SWITCH TO ONLINE

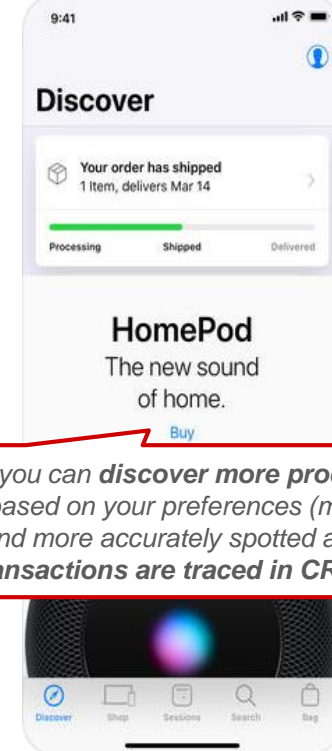
Instead of paying at cashiers, **clients scan products** through their phones and **pay directly in the apple-store application**



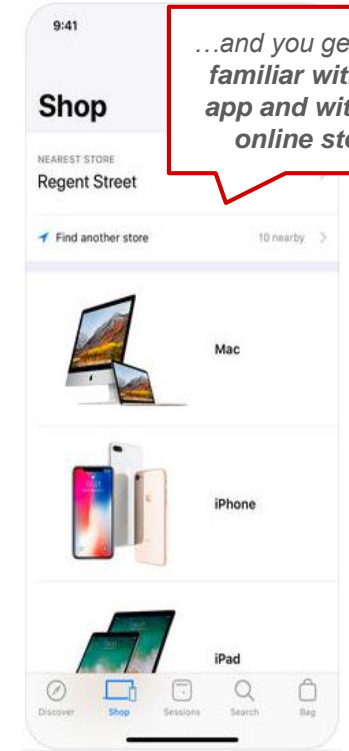
*Buying becomes secondary to learning*



*As you scan the product you get recommendations...*



*... you can **discover more products** based on your preferences (more and more accurately spotted as all transactions are traced in CRM)...*



*...and you get more familiar with the app and with the online store*

**Payment is diverted to the online App-store, enhancing learning experience**

# WHAT'S NEXT?

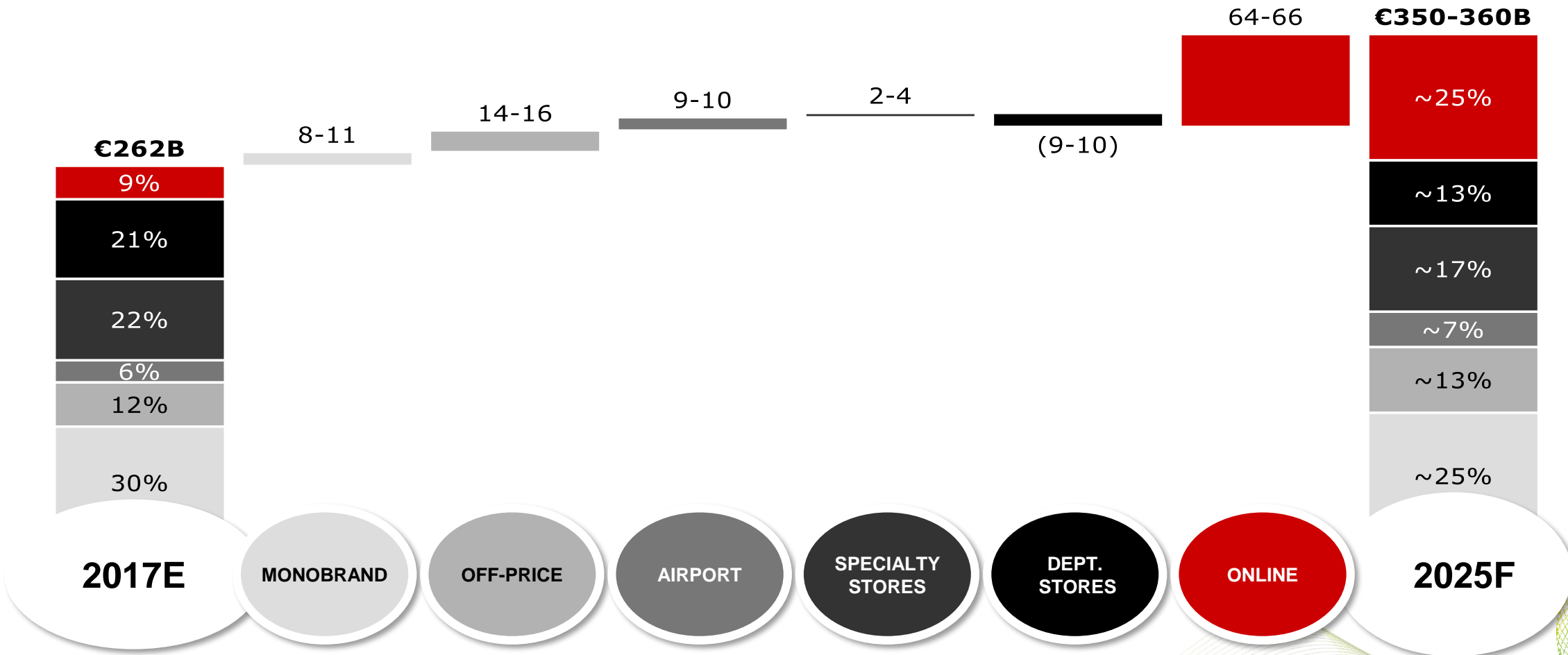


# DIGITAL & ECO-SYSTEMIC



# ONLINE WILL SERVE AS A STRATEGIC PLATFORM FOR ALL CHANNELS FUELING THE GROWTH OF THE LUXURY MARKET

PERSONAL LUXURY GOODS MARKET BY CHANNEL (€B | 2017 -2025)



# DIGITAL ECOSYSTEM: HOW ZARA MANAGED TO SHIFT PAYMENTS FROM PHYSICAL CASHIERS TO ONLINE REALITY **ZARA**

From physical to online



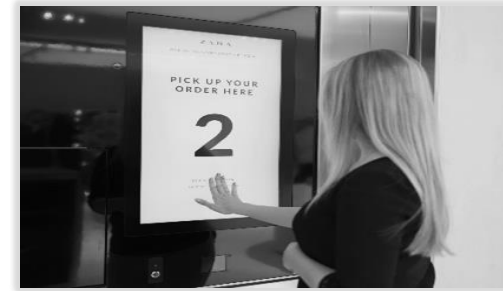
**AUGMENTED  
REALITY**



**BARCODES AND QR CODES TO  
RE-DIRECT ON ZARA.COM**



From online back to physical



**PICK-UP  
POINT WITH  
BAR-CODES  
FOR ONLINE  
PURCHASES**



**AUTOMATED  
COLLECTION  
AND  
DELIVERY**

**Fast fashion brands have proved ability to pioneer,  
while luxury brands still struggle**

# WHAT'S NEXT?



**HOW THE PAYMENTS  
INDUSTRY  
IS FACING THE  
EVOLVING  
PARADIGM?**



**IL FUTURO  
PASSA DA QUI**

#SalonePagamenti2018 #payvolution