



Payments in the fashion and luxury industry

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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 GORGOGLIONE
BAIN & COMPANY

Manager

8 years of experience in Consulting

Member of Financial Services and Digital Payments Practice

Member Retail – Luxury Practice

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



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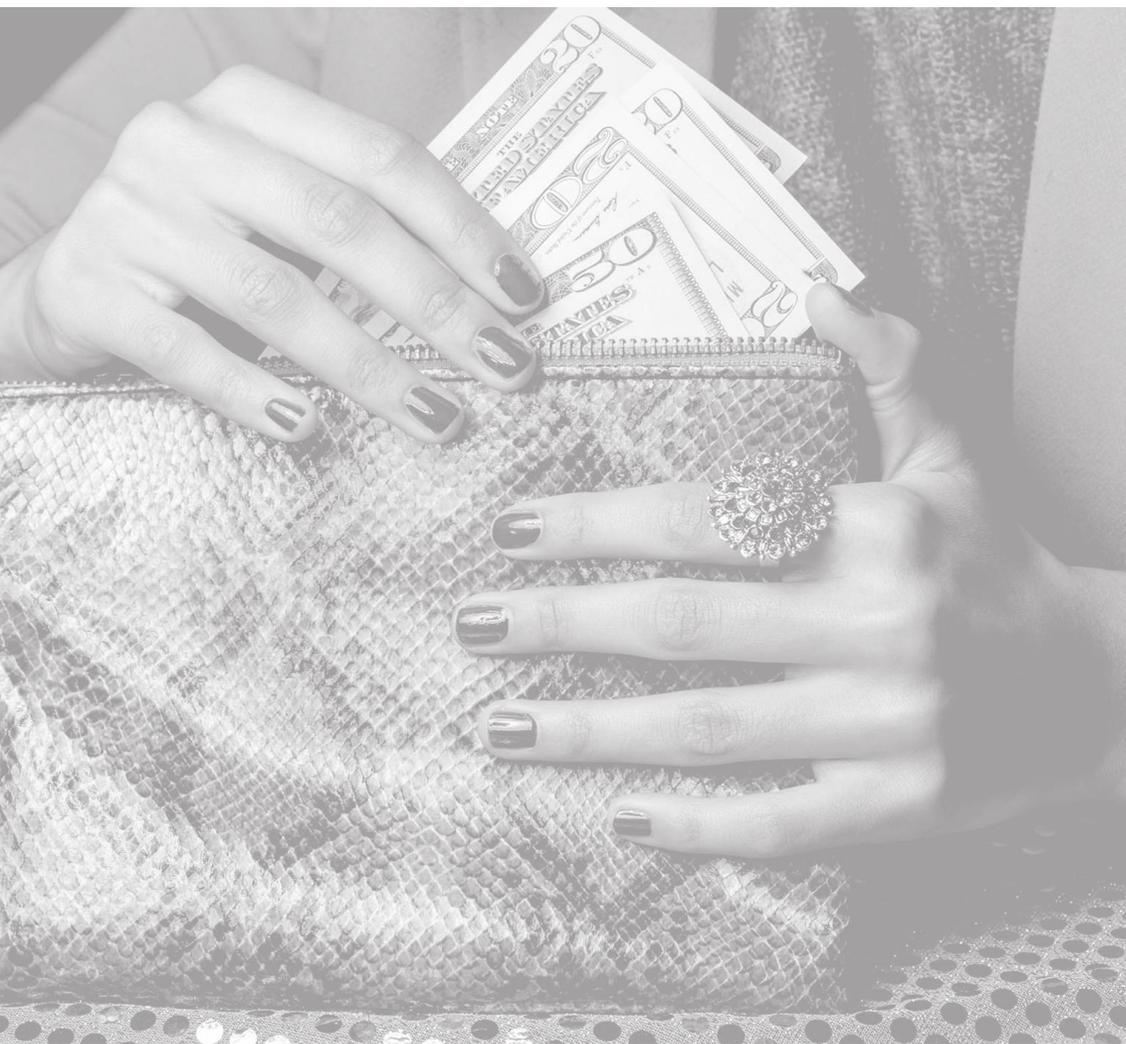
Unique market observe and expert



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



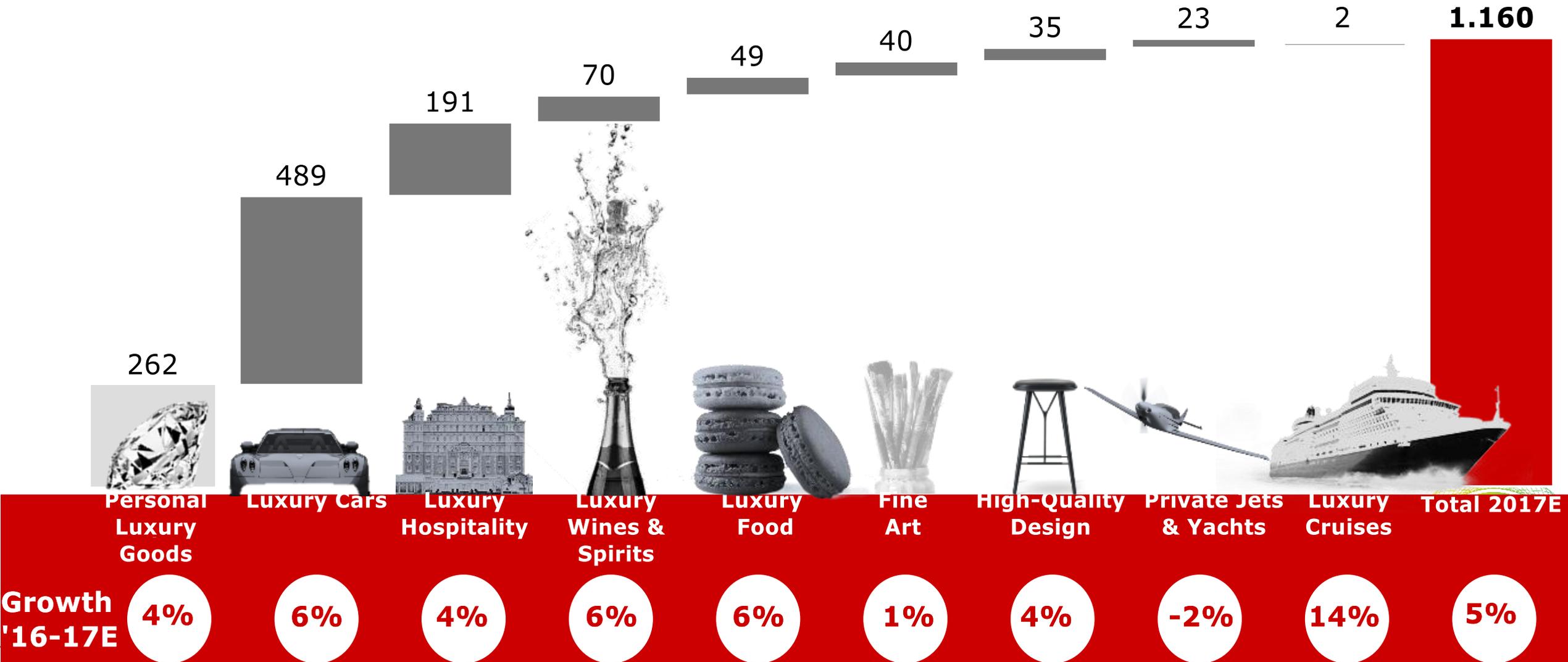
OBJECTIVES OF TODAY'S PRESENTATION



- 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

NEW
NORMAL

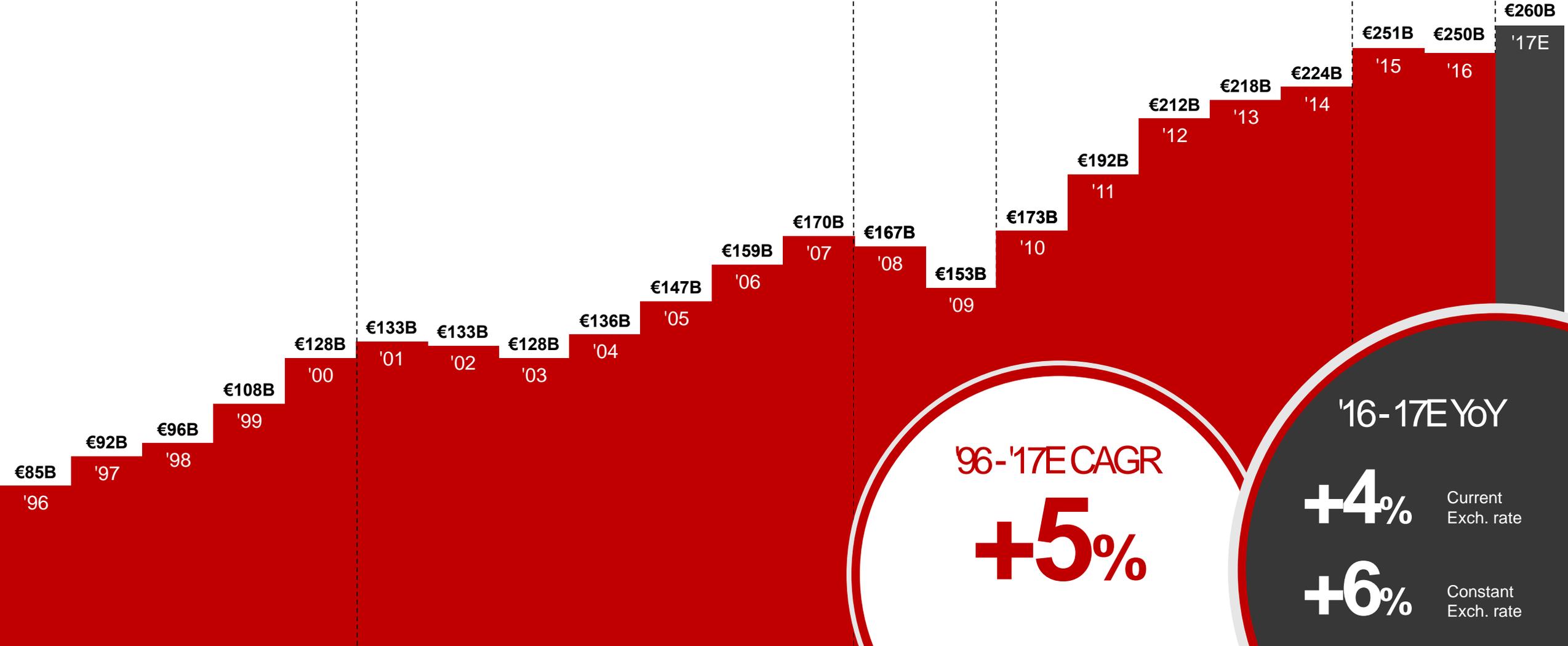
SORTIE DU TEMPLE

DEMOCRATIZATION

CRISIS

CHINESE BULIMIA

REBOOT



WHAT'S NEXT?



A NEW PARADIGM OF GROWTH

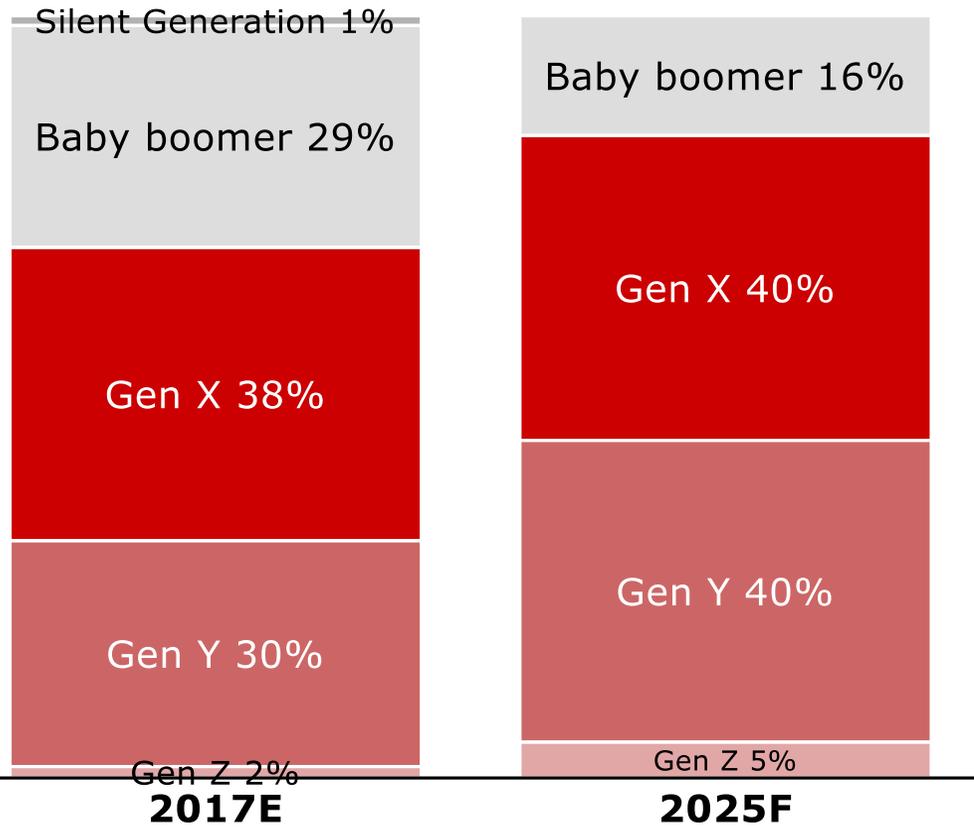
WHAT'S NEXT?



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

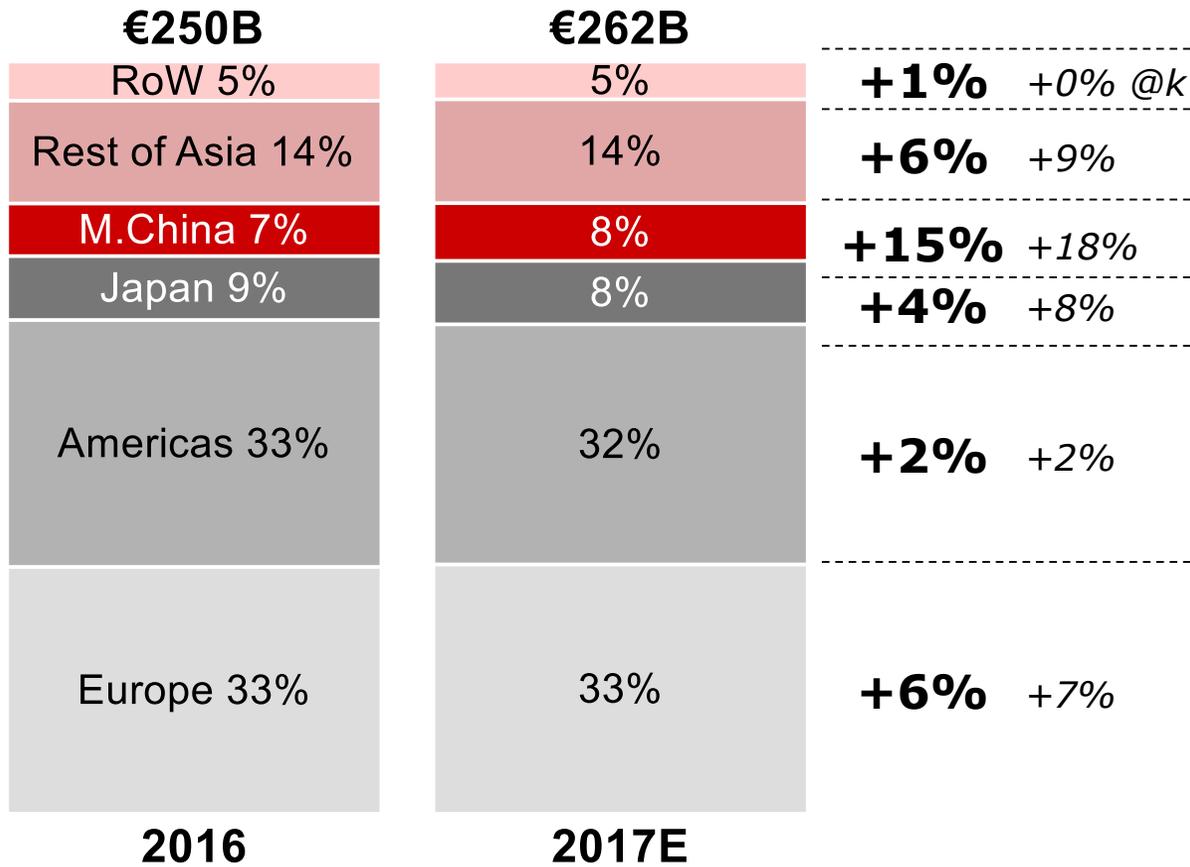


UNIVERSAL

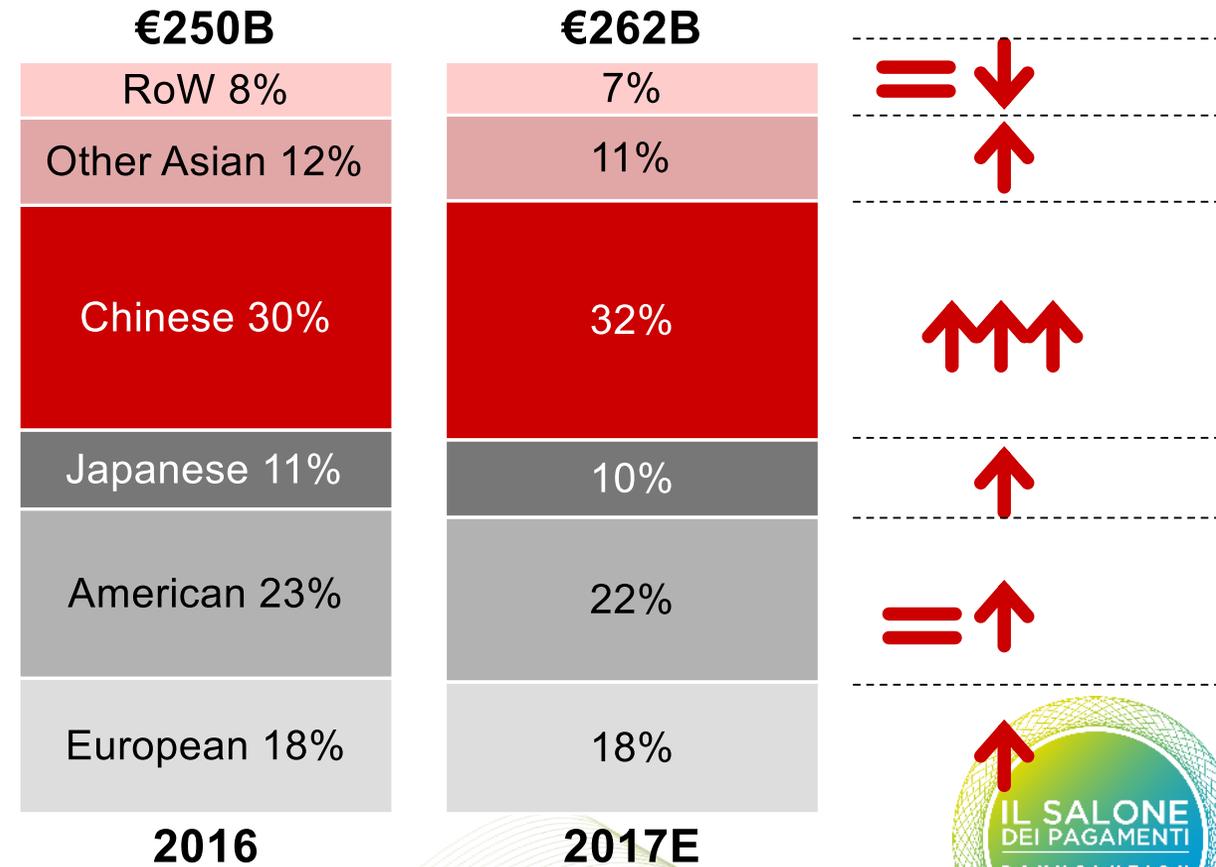


...FUELED BY THE RAISE OF THE CHINESE MIDDLE CLASS

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%

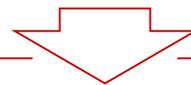
Proportion of **Luxury brands** with an **official We Chat account**, used to re-direct We Chat users to e-shopping, personalized website, ...

>40%

Chinese customers choosing WeChat as channel for **buying luxury goods** – 2nd 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

FUNCTIONS
(IMPROVING LIFE)



MATERIALS



STATUS



AESTHETIC



EXPERIENCE

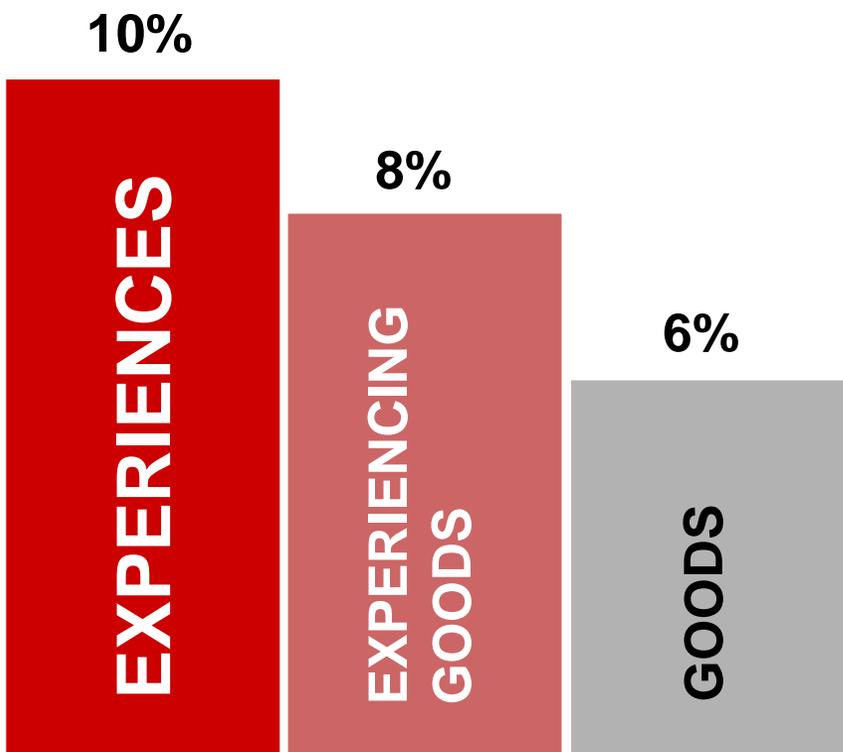


POINT OF VIEW

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”



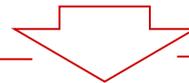
No matter what you need, we're here for you.

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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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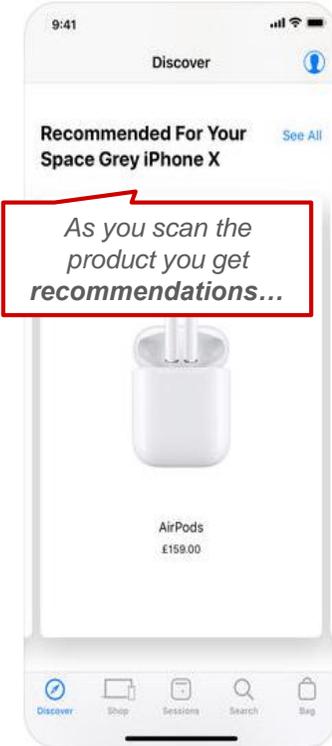


... WHERE ALSO TRANSACTIONS SWITCH TO ONLINE

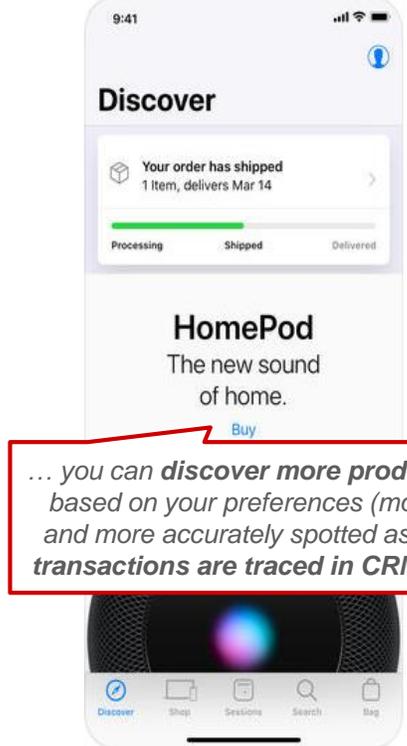
Instead of paying at cashiers, **clients scan products through their phones** and **pay directly in the apple-store application**



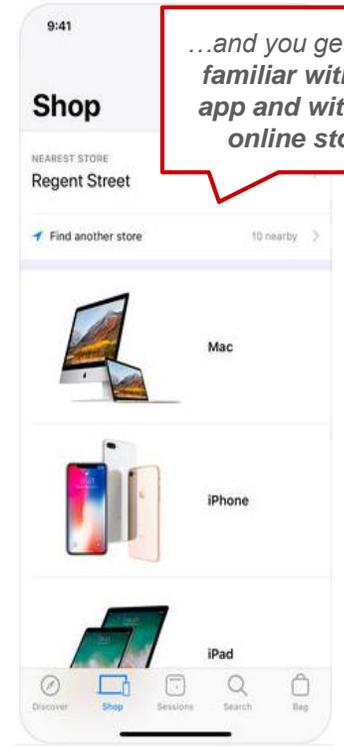
Buying becomes secondary to learning



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



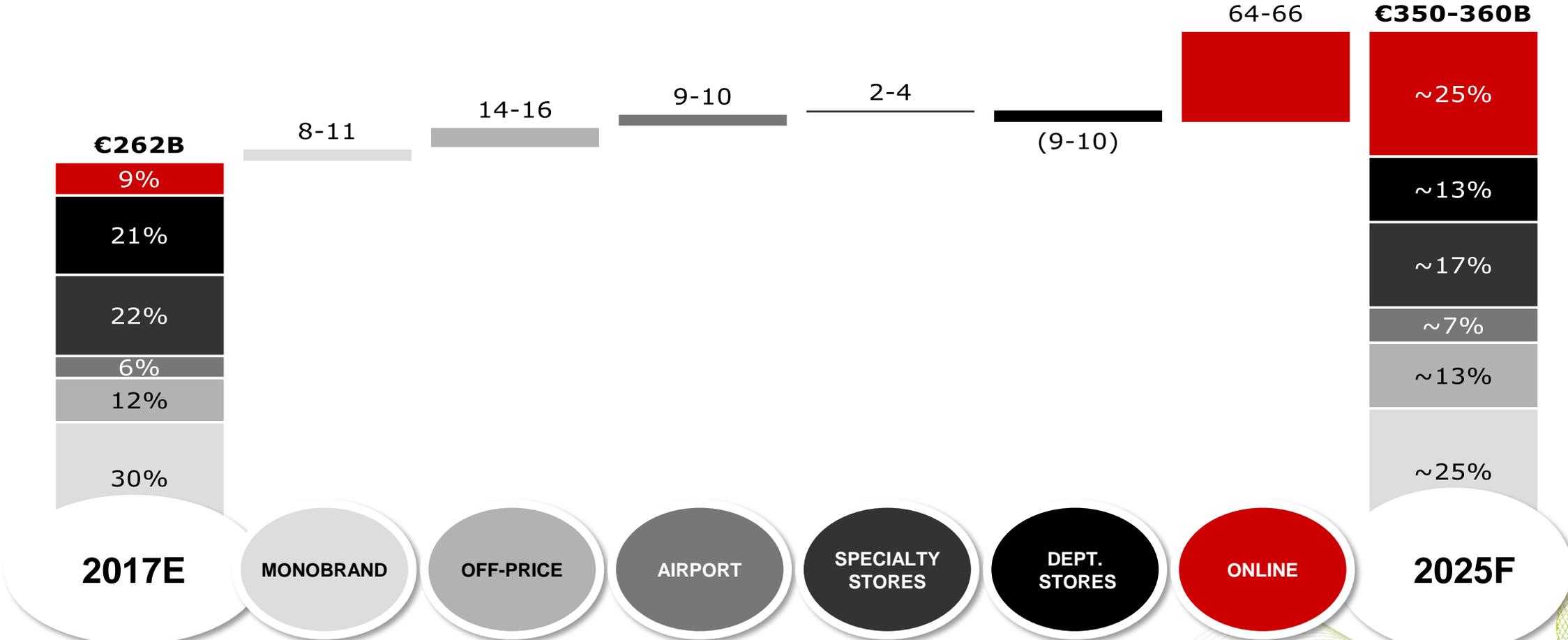
WHAT'S NEXT?



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

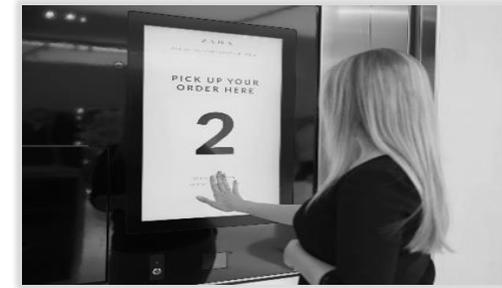
From online back to physical



AUGMENTED REALITY



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



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

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WHAT'S NEXT?



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



IL FUTURO
PASSA DA **QUI**

#SalonePagamenti2018 #payvolution