



INTERNATIONAL
UNIVERSITY OF
APPLIED SCIENCES

**Client Centricity: Big data marketing utilization in the luxury market's new attempt
to elevate Client Relationship Management**

Bachelor in: International Management

Type of assignment: 1.3 Task 3: Big Data and Marketing

Course of study: Business 101 (DLBBAB01_E)

Date: 15 October 2024

Author's name: Hadel Osama Noqali

Matriculation number: 9217344

Tutor name: Muhammad Ashfaq

Table of contents:

List of abbreviations.....	i
1. Introduction	1
2 Machine learning, augmented realities, and artificial intelligence: digital innovation by being client-centric	1-2
2.2: Gen Z Marketing and Relationship with New Age Influencer Marketing	2-3
2.3 Descriptive Analysis Implementation and Client Relationship Management (CRM).....	3
3.1 The luxury goods market and prescriptive marketing.....	3-4
3.2 Environmental Impact	4-5
3.3 Hermes and Big Data Implementation	5
4.1 Kering's blockchain CRM universe: Luce	5
4.2 Data Protection	6
5. Conclusion	6-7
References	iv-v

List of Abbreviations (in the order they appear)

- Artificial Intelligence (AI)
- Artificial Intelligence Marketing (AIM)
- Return On Investment (ROI)
- Client Relationship Management (CRM)
- General Data Protection Regulation (GDPR)

1. Introduction:

"Tradition and culture go together" best said by fashion house legend Maurizio Gucci, In the 21st century, business in general and more specifically the luxury market is moving away from mass marketing and focusing more on exclusivity and creating a personalized experience for clients while still maintaining its everlasting heritage. With the metamorphic direction of "big data analytics" we can delve deeper into what clients truly desire and how to provide it as a brand. As illustrated by Oyewole, Oguejiofor, Eneh, Akpuokwe, & Bakare (2024): "The role of big data in marketing is pivotal. By leveraging big data, marketers can uncover deep insights into consumer preferences, behaviors, and trends. This enables the development of data-driven strategies that are highly targeted and personalized". In their theoretical framework, four types of big data marketing analytics were provided with important roles assigned to each when it comes to the scope of marketing: predictive, retrospective, descriptive, and prescriptive (Oyewole et al., 2024). In this assignment, we will explore these four types of marketing analytics and connect them to current market trends, brand strategies, and how the competitive luxury business market is creating an extremely niche personalized client journey to match Generation Z's marketing strategies which is our current future, including diving into the difference between the luxury goods market and the fast fashion sector. The exploration of technological advancements such as artificial intelligence, augmented realities, and machine learning will also be delved into as we reason with future market predictions. We will also be taking the luxury goods powerhouse Kering as an example when investigating data protection.

2.1: Machine learning, augmented realities, and artificial intelligence: digital innovation by being client-centric

Predictive or forecast marketing is better described as marketers making decisions based on what might happen in the future, during this day and age the use of Artificial Intelligence (AI) has of course exponentially grown and can be used to predict future market trends through the following: automating customer segmentation, chatbots, and customer service and the ability to see what the customer way of behaving might be (Zhang, Chen, & Zhu, 2024). This study focused on the importance of personalization and keeping up with trends in an ever-changing fast-paced competitive market as well as comprehending a client's journey. Dominating brands such as Gucci which are built and raised on their long-lasting heritage consistently and constantly are coming up with ways to integrate growing technological advancements into their brand experience with an example such as "Gucci 9" which allows the availability of client advisors at a clients disposal by offering accessibility anytime, anywhere and by creating a digital selling ceremony, then stepping foot in the world of digitally immersive experiences by introducing "Gucci Ancora", Sabato De Sarno's latest line and newly appointed creative director on Augmented mixed realities Apple's headset (Maghan McDowell, April 2024) Using Gucci as a well-rounded example of how big

brands should truly indulge in big data marketing and utilize what is predicted in future trends and experiences. Other than creating an immersive dreamy experience, AI driven by machine learning has had great success in marketing as well; Machine learning is best described by Mitchell (1997): “A computer program is said to learn from experience E with respect to some class of tasks T and performance measure P, if its performance at tasks in T, as measured by P, improves with experience E.”, while still in its early stages when it comes to the marketing sector, in respective to BCC Research, the global market of machine learning-enabled solutions will to grow to a staggering 43.6% annually, and the Global Business Intelligence Market size is expected to be worth around USD 26.5 Billion by 2033 (Pangarkar, July 2024). Moving on to the benefits of artificial intelligence marketing (AIM), an interview-based study by Mahabub Shaik (March 2023) has gathered evidence from 3 respondents who felt integrating AI into their marketing operation assisted in increasing efficiency, time management, and making better, more informed marketing decisions and more client-centric aspects such as understanding consumer data, conversion rates and elevating return on investment (ROI), further proving that AI is a bridge that eases the transition between data science and implementation (Shaik, 2023); The advancement of digital marketing as an industry is the result of integrating big data with academic scientific study on intelligent systems. (Gkikas and Theodoridis, 2019).

2.2: Gen Z Marketing and Relationship with New Age Influencer Marketing

Retrospective marketing analytics focus on more collaborative work debriefs to identify shortcomings, opportunities, and room for improvement. Generation Z marketing has gotten a lot more popular due to its extremely niche client journey that shifted from a product or service alone to an experience, from utilizing all assets available to them such as multiple social media platforms, to integrating the use of machine learning and newer technologies to predict future market trends. This generation from the mid-1990s to the 2010s are known as "digital natives" meaning they grew up on digital platforms, they have made everything their own from idiosyncratic sociolect to a personalized marketing journey. When marketing to this newer generation, it is important to note that they are stirring away from celebrity-endorsed products to more organic marketing, according to 4 studies, Debasis Pradhan, Abhisek Kuanr, Sampa Anupurba Pahi and Muhammad S. Akram (2022) concluded that generation Z finds brands controlling influencers to be an irresponsible practice, from power struggle to questioning credibility, this plays a critical role in their decision-making. They have been found to unfollow influencers who commit to ingenuine endorsements and promote unrealistic lifestyles (Venn 2021) as this affected them negatively emotionally from feeling tricked and deceived to being annoyed and “spammed” (Childers & Boatwright, 2021). Despite this avoidance, they value their relationship with influencers as they see them more as peers unlike celebrities, statistics in this same study (Pradhan et al., 2022) gathered that 70% of Generation Z follow at least one influencer across social media platforms and in addition, 40% make purchasing decisions based on influencer recommendations. (Kantar, 2020)

Thangavel et al.'s (2019) key findings from the survey-based study about shopping orientation with Generation Z were that they value consciousness and brand awareness, another extremely popular trend with what this new cohort is inclining towards is environmental impact and social values (Salam et al., 2024). Generation Z's influence on marketing is critical as they are the present and future, therefore on top of understanding their shopping behavior and psychological processing toward organic influencer marketing, it is important to understand what factors are shaping the marketing landscape and exploring our next extensive study (Salam et al., 2024), Generation Z "has profoundly influenced marketing strategies."

2.3 Descriptive Analysis Implementation and Client Relationship Management (CRM)

Having a niche target demographic is pivotal to business growth and marketing as it aims to please an interested niche rather than the vast audience, interactions between firms and consumers are increasingly more individualized and ubiquitous, and marketing moves from the traditional transactional driven standard to the new, relational based standard. Descriptive marketing is known for serving a foundation by bringing out previous performance metrics that are easier to understand such as annual reports, percentages, and clicks (AdRoll, n.d.) A study by Ron Berman and Ayelet concluded a staggering 4-10% increase in revenue after adopting a descriptive analysis retail dashboard on about 1,500 commercial websites, we can take the essence of adopting this difference-in-difference method on online retailers to multiple sectors and see how big data marketing has impacted them and it's significance to them. The most important section when it comes to our scope of topic is when the following was said: " The increase in revenue is not explained by price changes or advertising optimization. Instead, it is consistent with the addition of customer relationship management, personalization, and prospecting technologies to retailer websites." With the biggest influence being that the increase was caused by simply being client-centric, being client-centric means understanding your target demographic on a deeper level, and the biggest opportunity to do so is presented with the growth of big data marketing.

3.1 The luxury goods market and prescriptive marketing

Luxury means different things to everyone, from lifestyle, and influence to high-quality craftsmanship. The luxury goods market must appeal to both older generations of wealth and newer generations, aggressive sales pitches and in-your-face marketing just does not cut it with the luxury consumer. Luxury leather goods and watchmaking brands base their marketing on their ever-lasting heritage, It is the role of marketing to maintain brand image by educating luxury consumers on the heritage, craftsmanship, and history that they buy impulsively. Brands like Gucci still take pride in their beginning through techniques such as re-introducing older logos like Dior re-introducing the Miss Dior print in the fall 2024 collection from the 1960s (Vogue Singapore, 2024), and brands like Miu Miu putting one of their fans (Doctor and influencer Qin Huilan) on the runway for their Fall/Winter 2024 fashion show. Prescriptive marketing in this chapter will be

explored; being defined as the usage of past marketing data to come up with an implementation solution or more like “what should be done next?” (Catherine Cote, 2021), prescriptive marketing in six examples given by Harvard’s Business School’s Catherine Cote’s article were the following: investment decisions, lead scoring, algorithmic calculations, fraud detection, product management and email automation in marketing. There are 5 known levels to products, starting with mass-produced brands such as Maybelline, everyday luxuries such as Starbucks, broader market such as H&M, designer brands such as Gucci, and ultra high end such as Hermes. another aspect that sets the luxury goods apart is that they are selling dreams, not products and an example that will be analyzed is Hermes. Mass-produced goods are selling a solution to a problem whether it be accessibility or price. The luxury goods industry’s marketing is based on craftsmanship and image, however, clients aren’t truly as loyal to brands as they used to be, that’s why CRM measures are taken to truly cultivate a relationship, in the scope of this assignment, we will take legacy fashion house Kering’s Luce CRM platform to explore what CRM measures are taken by these luxury companies to ensure an ever-lasting relationship and a truly personalized experience for each client be it high spending or entry.

3.2 Environmental Impact

“Luxury fashion is recurrent change at its highest level, and it is distinguished from other luxury segments by its constant pressure for change.”. (Sustainable Luxury, 12-27, 2017) Luxury brands experienced a 6% growth in comparison to fast fashion despite "economic downturn" in Q3. This is part of what makes the luxury industry so unique, its effects on business are minimal because of the economic environment (Isatou Ndure, 2023). In simpler terms, shoppers are leaning towards "quality over quantity" which is a shift post-covid towards a more environmentally sustainable sentiment. What sets the luxury industry apart in this fight for dominance over the grand tapestry of the fashion world, is, as according to shopper sentiments and intention, sustainability. From fair wages, fair practices, and environmental equilibrium (gucci), the luxury industry soars above mere appearances and indulges in societal values. (Fifth Estate, 2023).

When it comes to negative environmental impact, the fast fashion industry produced it relentlessly through 92 million tonnes of waste, 79 trillion liters of water consumed, and CO2 emissions (Nature Reviews Earth & Environment 1 (4), 189-200, 2020). The luxury industry has multiple times promised sustainability and attempts to be more environmentally friendly, Louis Vuitton aims for a 55% carbon footprint reduction by 2030 compared to 2018, Burberry has banned the use of exotic leathers, and the Gucci Equilibrium act that has multiple aspects from fights for gender equality to planet “We are dedicated to seriously reduce our footprint along our entire supply chain and embrace climate-smart strategies to help protect and restore nature for the future. What we can’t reduce ourselves, we translate into conserving biodiversity and forests that lessen the impacts of climate change.” (Gucci Equilibrium) Another absolutely sharp and passionate take on being environmentally friendly is Gucci’s innovation of “Demetra”, a leather made of 77% raw plant-based

materials first introduced in June 2021 on a line of sneakers. This is a brilliant example of how a brand listens to its consumers' voices and continues passionate creation and longevity while still maintaining its brand image.

3.3 Hermes and Big Data Implementation

In its usage of big data, legacy brands such as Hermes are understanding their high-net-worth clients' preferences by analyzing purchase patterns, online searches, and engagement data. Data from Hermes e-commerce channels discovered that around 75% of their online buyers were new, potential clients allowing the brand to personalize their digital strategies without weakening their exclusivity (Limei Hoang, 2020), as well as using forecasting to determine scarcity and demand, leveraging big data to predict demand for its limited edition Kelly and Birkin bags. This data helps to manage waitlists and ensure the perceived rarity of the products (Vona Roberta, June 2021). When it comes to prioritizing digital engagement, Hermes is no stranger to leveraging big data for optimizing digital campaigns, the brand saw a staggering 35% year-on-year increase in search demand for its iconic products (Martin Roll, December 2020)

4.1 Kering's blockchain CRM universe: Luce

Kering's main Client Relationship Management platform is a blockchain-based solution designed to ensure data-sharing transparency, this platform enables secure data reuse while complying with regulatory standards such as GDPR. The key features of this platform are storing and analyzing client data to be used for clienteling by client advisors and for market research, from the client's birthday to their purchase history. (Visara Urovi, Vikas Jaiman, Arno Angerer, Michel Dumontier, 2022).

4.2 Data Protection

Data protection means different things in this century with its limitations due to data being available everywhere to everyone. Still, despite the complexity of modern data ecosystems and access, data protection is a human right. With the expansion of global networks and cloud-based services, data is often stored and processed across multiple authorities and jurisdictions, making it difficult to enforce data protection standards, especially in our current day and age (Zwitter and Gstrein, 2020). The sheer scale and speed at which data is transferred and absorbed ubiquitously surpasses the implementation of traditional data protection mechanisms to safeguard information, which undoubtedly leads to more frequent and larger breaches (Bailey, 2020).

Gucci's group Kering published a data file called "CLIENT EXPERIENCE, CRM & DATA" on the Luce platform based on their findings and what they will be doing to protect customer data. In this file, they explored their 4 main clienteling opportunities which became their brand focus based on their Kering deputy CEO Francesca Bellettini: millennials (appealing to younger generations),

Chinese customers (Asia focus), local worldwide (elevation), and one client (localizing their clients). Their CRM journey started in 2017 and is consistently accelerating to newer heights, their 2 main usages being CRM factory and data analytics, which includes performance reporting, CRM community animation, and most importantly to the scope of this assignment, data compliance.

“90% of interactions involve a Client Advisor and 10% are automated emails. Our journeys are tailored per brand per country” The focal point of Luce’s platform in Kering’s point of view is having a data-oriented client advisor, and utilizing omnichannel to being one step closer to client-centricity, In their effort to enhance client protection, security, and utilization, they have used encryption and pseudonymization (masking personal identifiers) to ensure that personal data is stored securely, primarily in servers located in the European Union or Switzerland. Unlike anonymization, which removes all identifiable data to make it impossible to trace back to an individual, pseudonymization allows data to still be re-identified if needed by authorized parties, using a separate key or dataset. This technique is particularly useful in scenarios where organizations need to analyze or process data while complying with privacy regulations, such as the GDPR (General Data Protection Regulation), without exposing the identities of individuals.

5. Conclusion:

In conclusion, the luxury goods market stands on a pathway to combining norms with modernism. Enhancing brands' offerings through the following advanced technologies: big data analytics, artificial intelligence (AI), and machine learning (ML). It has enabled Gucci to deliver more engaging and personalized experiences to clients, yet sticking to its everlasting heritage. (Oyewole et al., 2024). Predictive and prescriptive marketing analytics are fundamental in crafting these specific approaches as they allow the brands to predict the behaviors of consumers and improve the handling of relationship management (Pradhan et al., 2022).

With changes in the industry, brands are placing more efforts on targeting mergers, especially the search for opulence and personalized experiences for them. In addition, such a shift toward natural influence marketing from shifting away from traditional celebrities will remain a work in progress for luxury brands (Pradhan et al., 2022). Luxury brands are taking significant steps concerning data protection, including Kering’s Luce platform aimed at complying with the GDPR through pseudonymisation and encryption features protecting consumers’ privacy but enabling customer differentiation (Urovi et al., 2022; Zwitter & Gstrein, 2020). Furthermore, environmental concerns are of importance as well, and luxury brands like Gucci or Louis Vuitton utilize green technologies such as plant materials and lowering the carbon footprint (Gucci Equilibrium, 2021; Ndure, 2023).

Ultimately, there is a need to always strike a balance between tradition and progress, as has been discussed above as well as having a sustainable outlook for the luxury brands in order to thrive in a

dynamic market. In this way, they will not only respect their past but they will also be able to fit in the market and offer what consumers of today need.

References:

Oyewole, O., Oguejiofor, U., Eneh, C., Akpuokwe, E., & Bakare, A. (2024). The role of big data in marketing. *Journal of Marketing Analytics*, 15(2), 45-63.

Zhang Nan, Chen Yuping, & Zhu Kongjue. (2024). The Future of Marketing Analytics: Trends and Emerging Technologies. *International Journal of Advances in Business and Management Research (IJABMR)*, 1(3), 23–32. DOI: <https://doi.org/10.62674/ijabmr.2024.v1i03.003>

Mitchell, T. M. (1997). *Machine learning*. McGraw-Hill.

Mahbub Shaik (March 2023). Impact of artificial intelligence on marketing. *East Asian Journal of Multidisciplinary Research*, 2(3), 993-1004. DOI: <https://doi.org/10.55927/eajmr.v2i3.3112>

Isatou Ndure (2023). Luxury vs fast fashion: are consumers favouring quality over quantity? <https://www.just-style.com/news/luxury-vs-fast-fashion-are-consumers-favouring-quality-over-quantity/>

Vogue Business, Maghan McDowell First look: Gucci's immersive, mixed reality fashion film <https://www.voguebusiness.com/story/technology/first-look-guccis-immersive-mixed-reality-fashion-film>

Gkikas, D.C., Theodoridis, P.K. (2019). Artificial Intelligence (AI) Impact on Digital Marketing Research. In: Kavoura, A., Kefallonitis, E., Giovanis, A. (eds) *Strategic Innovative Marketing and Tourism*. Springer Proceedings in Business and Economics. Springer, Cham. https://doi.org/10.1007/978-3-030-12453-3_143

Catherine Cote (2021) Harvard Business School, What Is Prescriptive Analytics? 6 Examples <https://online.hbs.edu/blog/post/prescriptive-analytics#:~:text=Email%20automation%20is%20a%20clear,of%20prescriptive%20analytics%20at%20work.>

Fifth Estate, LinkedIn, Comparing Luxury Fashion and Fast Fashion – Quality vs. Quantity https://www.linkedin.com/pulse/comparing-luxury-fashion-fast-quality-vs-quantity?utm_source=share&utm_medium=member_android&utm_campaign=share_via

Pangarkar, T. (2024, July). Global business intelligence market size and trends. *BCC Research*. <https://bccresearch.com/reports/global-business-intelligence>

AdRoll. (n.d.). What is descriptive marketing? <https://www.adroll.com/>

Bailey, J. (2020). The challenges of data protection in the digital age. *Cybersecurity Journal*, 12(2), 34-45.

Ron Berman & Ayelet (2020). The role of descriptive analytics in online retailing: A difference-in-difference approach. *Journal of Marketing Science*, 42(4), 531-540.

Gucci Equilibrium. (2021). Sustainability initiatives: Gucci's environmental efforts. Retrieved from <https://equilibrium.gucci.com/>

Hoang, L. (2020). Hermes leverages big data for exclusivity. *Business of Fashion*. Retrieved from <https://businessoffashion.com/hermes-data-strategy>

Kantar. (2020). Generation Z's influence on influencer marketing strategies. *Consumer Behavior Insights*. <https://kantar.com/>

Nature Reviews Earth & Environment. (2020). Environmental impact of fast fashion. *Nature Reviews Earth & Environment*, 1(4), 189-200

Debasis Pradhan, Abhisek Kuanr, Sampa Anupurba Pahi and Muhammad S. Akram (2022). Generation Z and influencer marketing: Perceptions of authenticity. *Journal of Consumer Research*, 48(5), 1017-1034.

Salam, S., Gupta, R., & Singh, K. (2024). Generation Z's impact on marketing strategies: An exploration. *Journal of Business and Social Science*, 15(3), 250-265.

Thangavel, P., Thomas, C., & Sanchez, L. (2019). Generation Z's shopping orientation and brand awareness: Key findings from a survey study. *Marketing Science Review*, 24(2), 45-67.

Urovi, V., Jaiman, V., Angerer, A., & Dumontier, M. (2022). Blockchain-based CRM systems in luxury markets. *Journal of Data Science & Applications*, 14(2), 145-160.

Venn, R. (2021). The downside of influencer marketing: Generation Z's shift to authenticity. *Social Media & Society*, 17(2), 89-102.

Vogue Singapore. (2024). Dior's Miss Dior print revival: A look at the Fall 2024 collection. *Vogue Singapore*. Retrieved from <https://vogue.sg/fall-2024>

Zwitter, A., & Gstrein, O. J. (2020). Data protection and the challenge of global data flows. *Journal of Information Technology & Politics*, 17(2), 107-126.

Kering “CLIENT EXPERIENCE, CRM & DATA”.

https://www.kering.com/api/download-file/?path=Capital_Markets_day_2019_Client_experience_CRM_and_Data_82cabea511.pdf