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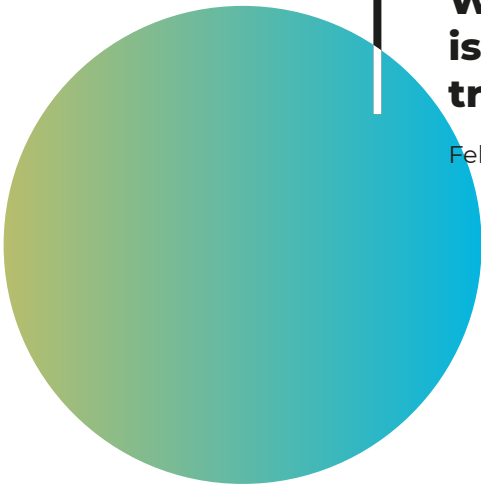
The Authenticity Effect:

Why product digitalisation is the future of digital transformation in fashion

February 2020

Contents

What is digitalisation for fashion?

Digital transformation is sweeping the fashion industry — or so it seems.

In fact, like most trends that matter to brand marketers, this one has been building for some time. Nielsen coined the term **Connected Spenders** in 2017, and predicted this emerging class of connected, mobile-first consumers would account for **half of global consumption**, or $260 trillion, by 2025. [1]

Today marketers need strategies to find, engage and serve these demanding digital natives with experiences that connect, convert and build customer lifetime value: online, in stores, and, increasingly, using products themselves.

Updating the tech stack to accomplish that goal is digitalisation.

Every step toward digital marketing excellence is a win for brand revenue. [2] Our contributions for this paper are data from two Certilogo studies conducted in 2019. The first, *Consumer Engagement 4.0*, shares marketing insights from a panel of 100 Top Marketers in Europe, the UK, and the US interviewed in April and May.

The second, *The Rising Value of Real*, investigates the attitudes of 1500 consumers in the US, UK, China, France and Italy to measure the value of authentic products and the digital brand experiences those products are evolving to deliver.

Enjoy the insights!

Why is digitalisation important for marketers?

Consumer engagement is a top priority

Conversion, satisfaction and brand loyalty begin when brands capture precious attention from busy connected consumers

Much about the fashion and luxury industries is unique. The challenges of digital transformation, however, are top of mind for marketing leaders nearly everywhere.

Real-time consumer engagement, modernising the technology stack, and uniting data for a 360-degree view of the customer are top-5 priorities in all consumer products' industries, Salesforce reports.

These marketers are struggling to adapt to **customers' rising expectations for a new level of engagement**. Gleaning meaningful insights from consumer data is another challenge. As a result, fewer than half (49%) of the marketing leaders Salesforce interviewed believe their brand experience lives up to customer expectations.

And those expectations are definitely rising, the Salesforce study found. Today:

- 83% of consumers say the experience a company provides is as important as its products and services.
- More than half (59%) are willing to pay more for a great experience.
- Nearly 7 in 10 (69%) say a stellar experience with one company raises their expectations for others.

The same trends are at work in the fashion and luxury industry. **Top Marketers say competition for consumer attention has never been more fierce** — and it's no wonder. Heritage brands compete on the same virtual stage as disruptive newcomers and multi-brand retailers. Direct-to-consumer challengers are raising the bar for personalisation. Social channels are saturated with compelling images from around the globe. The cost of acquiring new customers is rising in turn.

In the context of this crowded media landscape, **83% of Top Fashion Marketers in our survey called consumer engagement their number one objective**, equal in importance to brand awareness.

Top Marketers say:

"Our Top-Line Marketing Goals for the next 12 months are…"

Consumer engagement	**83%**
Brand awareness	**83%**
Conversion rate	**82%**
Customer satisfaction	**81%**
Brand loyalty	**77%**

Certilogo Insights: **Consumer Engagement 4.0**

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Mobile consumers shop everywhere

Brands need digital tools to connect with omnichannel consumers in distant locations and channels that others control

Globalisation in social media and fashion merchandising gives marketers almost unlimited opportunities to catch the attention of consumers in distant locations. But without a reliable method to identify and profile those consumers, it can be nearly impossible to contact them with timely and relevant offers that convert on brand channels.

This is one reason why innovative marketers are investing millions in digital technologies to engage and dazzle their loyal consumers in store, with a particular emphasis on strategies to engage younger shoppers.

Mobile-first, omnichannel **Millennials and Generation Z** shoppers will account for approximately 55% of luxury fashion sales by 2025 — and 130% of market growth between now and then. Enticing them to visit and engage digitally in brand stores is a precious opportunity to glean data on their preferences and serve them with ex-

periences that deepen brand affinity over time.

Retail travel is another trend driving brands' interest in engaging consumers with digital experiences and services. Tax-free payment provider Global Blue found that fully one-third of global personal luxury goods spending in 2019 was done by consumers shopping outside their home country, with an estimated market value of US$99 billion.

Half of these elite global travelers come from China and Southeast Asia. And where once their destinations were Hong Kong and European capitals of fashion, **today's retail tourists are as likely to head for Africa and rural parts of Europe**: "far-flung countries that offer more rural, natural, and thrill-seeking experiences."

These are moments that fashion and luxury marketers cannot afford to miss.

Top Marketers say:

"I would be Very or Extremely interested in new consumer leads / profiles from…"

84%
Usa / Canada

63%
China

61%
Western Europe

44%
Japan

41%
Middle East

40%
Russia /
Eastern Europe

36%
South Korea

29%
Central /
South America

29%
Other Far East

18%
Oceania

Certilogo Insights: **Consumer Engagement 4.0**

Fashion's Digital Leaders value visibility in more sales channels

While the brand store remains king, fashion marketers with advanced capabilities in digital marketing also want tools to engage consumers, generate leads and enrich profiles everywhere their consumers may shop — including in channels the brand does not control.

In fact, In an industry that has traditionally been slow to adopt new technologies, fully one half of the 100 Top Marketers in our panel classified their brand's capabilities for digital marketing as advanced or extremely advanced, with outreach to consumers that is frequent, targeted, personalised and largely or entirely automated.

Relative to peers who are less advanced in digital marketing, we found these 'Digital Leaders' are 200% to 300% more interested in consumer leads and profile data obtained from shoppers in unauthorised retailers, third-party marketplaces, auction sites and resale or consignment stores — locations that premium and luxury brands have traditionally ignored.

Digitalising fashion and luxury products — that is, connecting physical products to digital sources of brand content, services and consumer experiences — is a powerful strategy to find and communicate with consumers everywhere they shop, including in stores and e-commerce sites outside of brand-owned channels.

> **"Millennials and Gen Z are adopting second-hand shopping 2.5x faster than other age groups."**
> — *ThredUp 2019 Resale Report*

Digital Leaders are ...

2-3x
more intrested in profiles of consumers shopping at:

- **Unauthorised stores & websites**
- **Marketplaces & auction sites**
- **Pre-owned channels**

Digital Leaders are the portion of respondents who identified their organization as Advanced or Extremely Advanced in digital marketing to consumers.

Certilogo Insights: **Consumer Engagement 4.0**

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Connected products are always on

The right smart tags engage consumers to connect and share everywhere they shop

The digital technologies that connect fashion and luxury products with digital content, services and experiences for consumers are typically referred to as **smart tags**.

Long-distance Radio Frequency Identification (RFID) was the first category of smart tag to be widely adopted for product digitalisation in the apparel industry. From its uptake in 2014, it is widely used and appreciated today for its capabilities to track the location of raw materials or finished products, improve shipping and inventory accuracy, and activate digital experiences that engage and inform consumers in stores.

Newer applications of smart tags **extend the benefits of product digitalisation to consumers even outside of brand stores**.

Near field communication (NFC) codes, for example, are a subset of RFID codes that launch online experiences when tapped with an enabled smartphone.

Scanning a familiar black-and-white QR Code with a smartphone camera, or typing a serial number in a designated online page, can activate the same digital experiences at a lower cost per unit, and are accessible to a wider number of users.

Choosing a smart tag technology that is fully accessible to consumers — alone or in combination with an RFID tag for industrial tracking and in-store experiences — is a smart and cost effective strategy to extend the benefits of product digitalisation throughout the lifetime of a product, and render it accessible anywhere the product is.

What are smart tags?

Hardware that enables a digital connection/interaction with a physical product to access information or services related to it.

RFID Code
Scan at brand store
Inventory, In-store engagement

Least accessible to consumers

Digital Fingerprint
Scan with designated app
Easy addition to packaging

NFC Code
Tap with enabled smartphone
Fast on eligible devices, New

QR Code
Scan with smartphone camera
Durable, Low Cost, Familiar

Access Code & URL
Type code in a smartphone or desktop browser
Universal Access, Low Cost

Most accessible to consumers

Digital experiences add value to authentic products

Consumers connect to
**brand content in real time,
everywhere they shop**

Connecting physical products into exclusive sources of digital brand content, services and experiences creates an engaging 'phygital' touchpoint that is always on, everywhere the product travels.

So how will fashion and luxury marketers use this new digital communication channel?

Digital Leaders in our panel expressed strong interest in enriching the product experience with added brand and product content (87%), assets for social sharing (82%), exclusive offers (79%), and a **digital verification of authenticity** (74%).
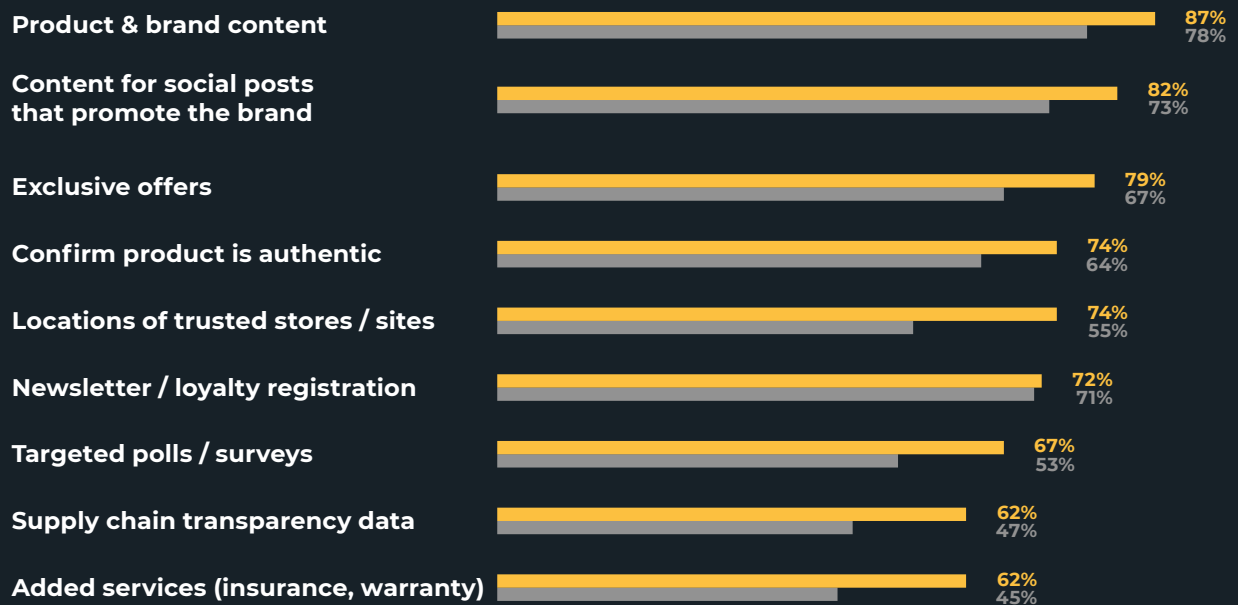
A consumer who engages digitally with an authentic product could similarly be served with invitations to trusted stores or websites (74%), enrolled in the brand loyalty program (72%), and invited to participate in **targeted polling and consumers surveys** (67%).

In fact, engaging consumers to connect and interact with their fashion purchases digitally is an innovation with the potential to **touch and benefit every moment in the marketing funnel**: expanding marketing reach, identifying loyal customers, encouraging conversion, enhancing post-purchase evaluation, and building customer lifetime value.

Digital Leaders say:

"When my products are digitally connected, I will offer consumers ..."

	Digital Leaders	All respondents
Product & brand content	87%	78%
Content for social posts that promote the brand	82%	73%
Exclusive offers	79%	67%
Confirm product is authentic	74%	64%
Locations of trusted stores / sites	74%	55%
Newsletter / loyalty registration	72%	71%
Targeted polls / surveys	67%	53%
Supply chain transparency data	62%	47%
Added services (insurance, warranty)	62%	45%

*Digital Leaders are the portion of respondents who identified their organization as Advanced or Extremely Advanced in digital marketing to consumers.

Certilogo Insights: **Consumer Engagement 4.0**

■ *Digital Leaders*   ■ *All respondents*

How does digitalising products engage consumers?

Consumers want authentic brand experiences

Digital content and services enrich the appeal of owning a genuine product

Connecting products with a smart tag creates a new and engaging digital touchpoint for brand experiences and services.

This digital experience can be practical, whimsical, entertaining or all of the above… the right mix will depend on the brand, the product, and the consumers the brand aims to engage.

To find out what fashion and luxury consumers want to receive from a product experience that is launched digitally using their smartphone, we interviewed 1,500 shoppers aged 16 and older in the **United States, China, the UK, France and Italy** in 2019.

Their feedback shows that marketers are not the only ones interested in the potential of connected product experiences. In fact, just as marketers are interested in product digitalisation as a strategy to engage and connect with consumers, discerning fashion and luxury **consumers are hungry for authentic connections with the brands they love.**

Given a list of 15 possibilities, consumer respondents of every age, country, and spending level gave top billing to services that would **verify a product is authentic** — in other words, that it is genuine and made by the brand on its labels.

Other desirable services for digital delivery on a smartphone included a **proof of purchase** or warranty enrollment (47%) and a registration of ownership (30%). Transparency data that would document a product's path through the **supply chain** got votes from 36% of the panel, followed by information for **product care** (30%), its raw materials (29%), and **purchase history** for items that are bought pre-owned (25%).

General information about the brand and brand activities were interesting to just under 1 in 4 consumers on average. Twenty-five percent would use a digital connection with the product to enrol in a **loyalty club** and 22% would connect to see product recommendations or the actions a brand is taking to improve **sustainability**.

Authentic products are more desireable

Owning the genuine item is a source of pride, especially for fashion's high spenders

The powerful appeal of owning an authentic brand name is a product of our times for many.In fact, if there is a silver lining to the epidemic of fake news, fake reviews, fake products, and fake videos that populate our online lives, it is the growing conviction that **authenticity is precious**.

An overwhelming 87% of the consumers we surveyed called it Very or Extremely Important to know that a brand-name product they purchased, or were about to purchase, was authentic. In fact, a surprising 41% said they had already tried at least one service to verify a product before or after purchase in the past.

Product authenticity is especially valuable to consumers who spend more on their fashion and luxury purchases. Fully 92% of consumers who had spent more than €500 on a single fashion or luxury purchase in the previous 12 months — 'High Spenders' in our study — called it very or extremely important to know they bought authentic.

High spenders were also significantly more likely to have consulted an individual or service for help authenticating a product in the past. Fifty-two percent had done so.
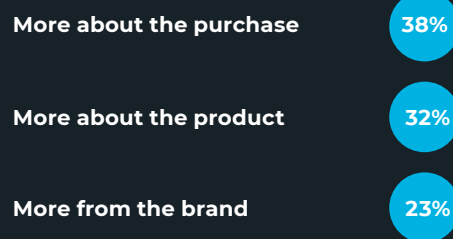
Consumers say ...

"Knowing my fashion purchases are authentic is Very or Extremely important to me"

Global	87%
High spenders	92%

"After I verify a product is authentic, I would also like..."

More about the purchase — 38%

More about the product — 32%

More from the brand — 23%

High spenders are the portion of all respondents who had paid more than €500 (or equivalent) for a single fashion or luxury purchase in the past 12 months.

Certilogo Insights: **The Rising Value of Real**   ■ *Global* ■ *High spenders*

Connected consumers appreciate digital tools that make their lives easier

Authentication by human experts has traditionally required days or even weeks to complete, depending on the brand and sophistication of replica products. Newer options leverage smart tags in combination with artificial intelligence technologies to uncover fakes with a high degree of accuracy, often in real time. [11]

That's good news for marketers.

Consumer interest in a fast and reliable proof of authenticity is strong enough that 77% of survey respondents globally, and 89% of high spenders, said they would use a free digital solution to confirm the authenticity of a new or pre-owned product.

Asked why they would verify that a product is authentic, consumers of all ages, countries of origin, and spending levels shared a baseline interest in checking a product before purchase (65%) and avoiding the hassle and added expense of buying a counterfeit product by mistake (61%).

Sixty percent of respondents, and 70% of High Spenders, also said they would be embarrassed if a friend or colleague were to see them wearing a fake product.

High spenders, meanwhile, were especially likely to experience a positive emotional satisfaction from verifying their fashion and luxury purchases are authentic. Forty-five percent said they feel better about themselves when they know they have an authentic product from a brand they identify with.

Connection is Protection

At Certilogo, the same smart tags that engage consumers to interact digitally with physical products can be harnessed to collect transaction and product data for brand protection.
Artificial intelligence and image recognition technologies on the Certilogo platform detect when a tag scanned by a consumer has been copied and altered for use on a counterfeit product and assist the consumer to apply for a refund from the retailer or payment provider.

Interactions collect the locations of stores and websites dealing in illegitimate products and aggregate insights for brand protectors to act.

Request a demo

Consumers say ...

"I would be Very or Extremely Interested to use a free tool that verifies products are authentic"

Global	**77%**
High spenders	**86%**

"I would verify a product is authentic because..."

"I feel better about myself when I know I have an authentic product"
- **39%**
- **45%**

"I often or always worry that a product might be counterfeit"
- **36%**
- **42%**

"I would be embarrassed if someone knew I was wearing a fake"
- **60%**
- **70%**

High spenders are the portion of all respondents who had paid more than €500 (or equivalent) for a single fashion or luxury purchase in the past 12 months.

Certilogo Insights: **The Rising Value of Real**   ■ *Global* ■ *High spenders*

Brand lovers value authenticity most of all

Consumers who engage to verify products are consumers who value the brand message

Interest in access to brand services using a digitally connected product is decisively higher when we zoom in on the portion of consumers who have already sought out experts to authenticate fashion or luxury products in the past.

For instance, compared to all respondents, consumers who had used an authentication service to verify at least two products in the past were more likely to also be interested in scanning a product for information on **product care**, **raw materials**, and **sustainability initiatives**. [12]

Digging deeper, we found regular authentication users are also notably more interested in the opportunity to perform an authentication instantly with a free digital tool and more likely to get emotional satisfaction from owning an authentic product.

Perhaps most interesting of all, consumers who reported using an authentication service to verify multiple products in the past expressed **more interest in digital content that reaches beyond the product to the brand itself**: on the brand history and current activities, for example, or exclusive extra content to enrich the purchase and ownership experience.

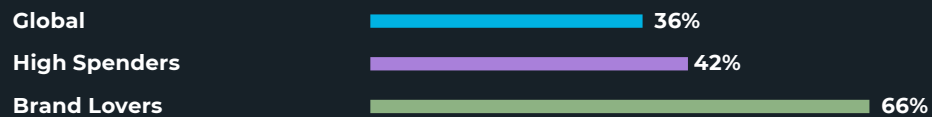In recognition of these differences, we name these repeat authenticators **Brand Lovers.**

Consumers say ...

"I would verify a product is authentic because..."

"I feel better about myself when I know I have an authentic product"

Global	39%
High Spenders	45%
Brand Lovers	53%

"I often or always worry that a product might be counterfeit"

Global	36%
High Spenders	42%
Brand Lovers	66%

"I would be embarrassed if someone knew I was wearing a fake"

Global	60%
High Spenders	70%
Brand Lovers	78%

Brand Lovers are the portion of respondents who had sought help to verify the authenticity of two or more products.

High spenders are the portion of all respondents who had paid more than €500 (or equivalent) for a single fashion or luxury purchase in the past 12 months.

Certilogo Insights: **The Rising Value of Real**   ■ *Global* ■ *High spenders* ■ *Brand Lovers*

Authenticity starts meaningful relationships

Connected consumers are happy to share personal data with the brands they know and trust

In return for complimentary access to a fast and reliable digital authentication, a large majority of consumers in our survey said they would be willing to share a range of transaction and personal information with the brand.

Looking first at data about a shopping or purchase transaction, nearly 70% of consumers would be willing to share which product they purchased, where they found it, and the price they paid. On the more personal end, roughly half would share their email address, name and surname, and just under 1 in 4 would even share their credit card number.

Importantly for marketers, the willingness to share contact data with brands was dramatically higher among the High Spenders and Brand Lovers in our panel.
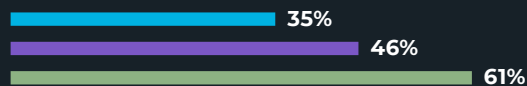
Nearly 3 in 4 Brand Lovers would share an email address in return for complimentary access to a digital authentication, 64% would share their name, and more than 60% would share their social media profile.

Consumers say ...

"In exchange for free verification that a product is authentic, I would share my..."
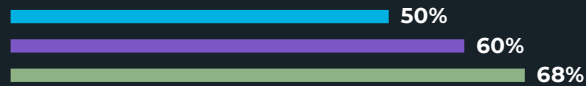
Social Media Profile
- Global: 35%
- High spenders: 46%
- Brand Lovers: 61%

Mobile Number
- Global: 39%
- High spenders: 49%
- Brand Lovers: 64%

Name/Surname
- Global: 50%
- High spenders: 60%
- Brand Lovers: 68%

Email
- Global: 55%
- High spenders: 63%
- Brand Lovers: 73%

High spenders are the portion of all respondents who had paid more than €500 (or equivalent) for a single fashion or luxury purchase in the past 12 months.

Brand Lovers are the portion of respondents who had sought help to verify the authenticity of two or more products.

Certilogo Insights: **The Rising Value of Real**   ■ *Global*   ■ *High spenders*   ■ *Brand Lovers*

Enjoying the authenticity effect

Brands investing in product digitalisation are pioneering the new normal for consumer engagement, brand trust and an authentic luxury experience.

In the era of digital transformation for fashion, the promise of connected products is especially compelling for marketers.

Consumers who are willing to pay more for the privilege of owning an authentic brand name are also more likely to engage with the smart tag that confims the product is authentic.

How much more likely? We've plotted it on a radar graph and named it The Authenticity Effect. More engagement from high spenders. More engagement from Millennials and Gen Z. More engagement from consumers who identify with brand names. And above all, **more engagement from Brand Lovers.**
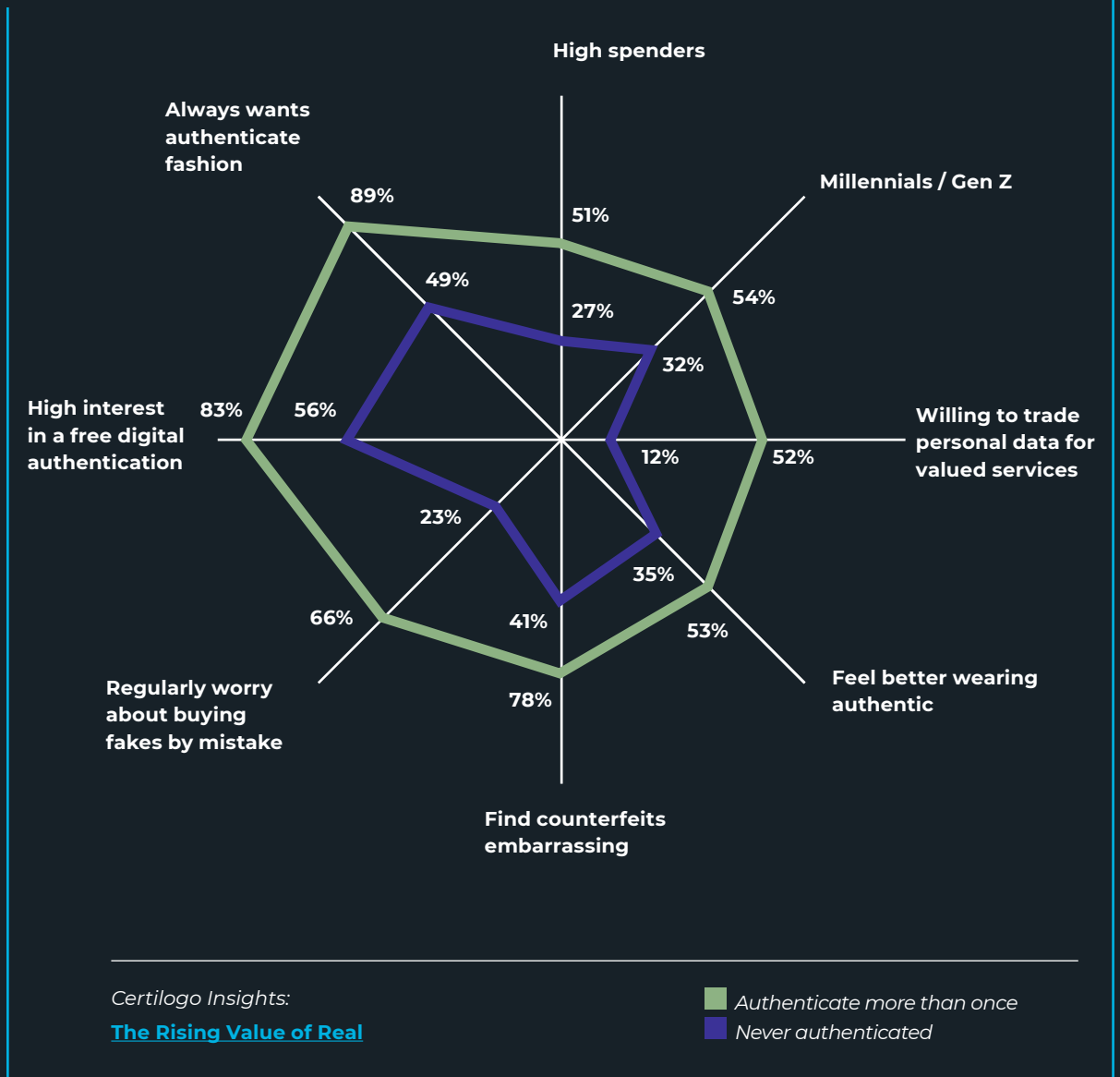
For brands investing in digital transformation, providing demanding, digital consumers with a new channel for meaningful, real-time communications does much more than enrich the product and brand experience.

It empowers marketers with a rich new source of purchase, demographic and contact information to engage consumers everywhere they shop, serve them with personalised offers that are timely and relevant and, in turn, build precious brand loyalty over time.

Contact our team to learn more

The authenticity effect

for digital consumer engagement

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High spenders

Always wants authenticate fashion

Millennials / Gen Z

89%

49%

51%

54%

27%

32%

High interest in a free digital authentication

83%

56%

12%

52%

Willing to trade personal data for valued services

23%

35%

66%

41%

53%

78%

Regularly worry about buying fakes by mistake

Find counterfeits embarrassing

Feel better wearing authentic

Certilogo Insights:
The Rising Value of Real

🟩 *Authenticate more than once*
🟪 *Never authenticated*

ENDNOTES

[1] **Nielsen:** Connected Spenders are the Digital Consumer of the Future (2017) https://www.nielsen.com/tw/en/insights/article/2017/nielsen-connected-spenders-are-the-digital-consumer-of-the-future/

[2] **BCG**: Dressed for Digital: The Next Evolution in Fashion Marketing. (December 6, 2018) https://www.bcg.com/publications/2018/dressed-for-digital-evolution-in-fashion-marketing.aspx

[3] **Salesforce:** The State of Marketing, Fifth Ed. (Dec. 2018). https://www.salesforce.com/form/pdf/5th-state-of-marketing/

[4] **Ibid.**

[5] **Salesforce:** State of the Connected Consumers, Third Ed. (July 2019). https://www.salesforce.com/ap/form/pdf/state-of-the-connected-customer-3rd-edition/

[6] **BOF/McKinsey & Co.:** The State of Fashion 2020, (Nov. 2019). http://cdn.businessoffashion.com/reports/The_State_of_Fashion_2020.pdf

[7] **Bain**: Luxury Goods Worldwide Market Study, Fall/Winter 2018 https://www.bain.com/contentassets/8df501b9f8d6442e-ba00040246c6b4f9/bain_digest__luxury_goods_worldwide_market_study_fall_winter_2018.pdf

[8] **Global Blue** (Dec. 12, 2019): https://thewsh.globalblue.com/discover-8-attributes-of-the-worlds-wealthiest-shoppers/

[9] **Jing Daily** (Jan. 26, 2020) : https://jingdaily.com/unlocking-the-potential-of-chinas-elite-international-shopper/

[10] See, for instance, **RFID Journal**, "The benefits of RFID in apparel" (Nov. 19, 2019) https://www.rfidjournal.com/articles/view?19058

[11] See https://discover.certilogo.com/en/discover-certilogo

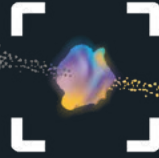[12] Certilogo Insights: The Rising Value of Real (2019), p. 21.

MORE RESOURCES

Download the research

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About Us

**180 Countries
10 Languages
Any digital device**

Certilogo engages high-value fashion and luxury consumers to authenticate their purchases everywhere they shop — a disruptive digital service that, since it was created in 2006, has grown to serve 1 user every 8 seconds in 180+ countries and 10 languages.

Participating brand products are connected to the Certilogo platform with unique identifiers in RFID, NFC, QR, numeric, and fingerprint formats that are recognised instantly when consumers interact with the service using a smartphone or digital device.

Authenticating a product engages consumers with a best-in-class digital experience before and after purchase and connects them directly with the brands they love. The same real time results unmask clones and replicas of brand labels, safeguarding loyal customers and ensuring data integrity for products tracked in private databases and distributed blockchain ledgers.

**2018 Winner
Best Use of
Artificial Intelligence
in Fashion**

Learn more at **www.certilogo.com**
or contact our experts at
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