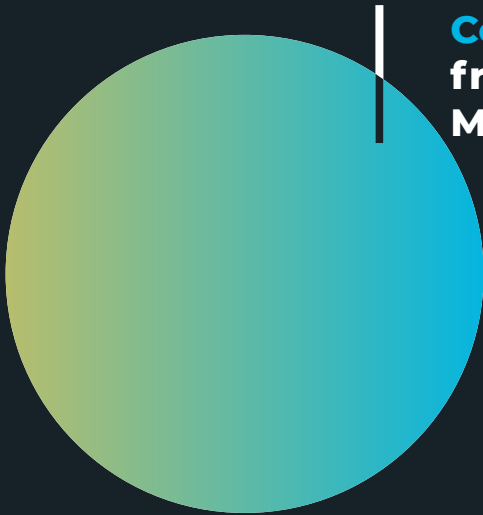


CERTILOGO

Consumer Engagement 4.0



Competitive insights
from fashion's Top
Marketers

About this report

Communication between consumers and fashion brands is changing with the same speed and intensity as digital innovation everywhere.

To learn how these evolving technologies and expectations are shaping consumer engagement strategies in fashion, we ran a quantitative survey of more than 100 of the industry's top marketing and digital marketing managers in April and May 2019. **Consumer Engagement 4.0** is the result.

Published insights are drawn from a panel of **Top Marketers** in North America and Europe whose companies and responsibilities give them a front-row view of digital transformation in the Fourth Industrial Revolution of fashion.

Top Marketers

Slightly less than half of respondents identified their company as an advanced user of consumer information for digital marketing, with outreach to brand customers and prospects that is targeted, personalised, and largely or entirely automated.

We call these Digital Leaders 

The remaining half described their use of consumer information as less advanced, with digital outreach that is less frequent, less structured, less personalised and less automated.

We call these Digital Followers 

Among our most interesting discoveries is the emerging interest in enhancing physical products with digital connections — a move that simultaneously expands marketing reach and enriches the consumer experience everywhere an authentic product travels.

50% C-Level, VP or Director

50% Annual revenue \$500 million or more

50% Digital Leader brands*

**See the appendix for definitions.*

Contents

- 4 Executive summary**
- 5 Introduction — Preparing for Phygital Fashion**
- 6 Top Marketers invest to expand reach**
 - 7 in the customer journey
 - 8 in distant geographies
 - 10 in new audiences
 - 11 in new touchpoints
- 12 Digital leaders invest to enrich experiences**
 - 13 in more sales channels
 - 15 with new technology
 - 17 with meaningful services
 - 18 with new internal partners
- 22 Conclusions — Growing the Phygital Opportunity**
- 24 About Certilogo**
- 22 Appendix**



Executive summary

Top fashion marketers use every digital tool at their disposal to contact and convert new consumers. 'Always on' and interactive by design, digital technologies are a critical component of consumer engagement in the Fourth Industrial Revolution

— even appearing, increasingly, on fashion products themselves.

Here's an overview of how Top Marketers in fashion and luxury are evolving for **Consumer Engagement 4.0**:



Top Marketers invest to expand reach

See page 6

Competition for consumer attention has never been more fierce. Social channels are saturated with compelling images from around the globe, challenging heritage brands to compete on the same virtual stage as disruptive newcomers and

multi-brand retailers. Plus, capturing attention is only the first step toward closing a sale. As a result, **83% of Top Fashion Marketers call consumer engagement their number one objective** for 2020, equal in importance to brand awareness.



Digital leaders invest to enrich experiences

See page 11

Digital transformation is also changing where and how Top Marketers engage potential customers. Hungry for new profiles of consumers willing to be contacted, fashion's **Digital Leaders** are innovating strategies to identify, engage and interact with

consumers who shop outside the brand's own channels. In 2020 a record **36% of Digital Leaders are planning investments to connect physical products with digital services that enrich the brand experience**, anywhere the product is found.





Introduction

Preparing for Phygital Fashion

Modern marketers are held accountable for much more than brand image. Everything from sourcing decisions to the customer relationship are on the desk of fashion CMOs today. Even the title of the job is changing in some cases, a rhetorical reminder that the true mandate of 21st century marketers is *driving company growth*.

Engaging consumers is a fundamental element of that growth. Indeed, when we interviewed more than 100 Top Marketers in fashion earlier this year, **83% named consumer engagement as their number one priority** for 2020 and beyond. This report is a summary of those interviews and, in turn, a window on the future of consumer engagement in fashion.

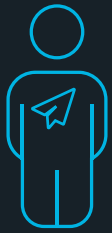
Section 1 shares how **Top Marketers**  are investing new resources to *expand their reach* into more segments of the customer journey, into distant geographies, into new consumer audiences, and using a wider array of touchpoints.

Section 2 zooms in for insights from the subset of our panel who identified their companies as *advanced* or *extremely advanced* at digital marketing, arguably the most important skill set for engaging and converting global ‘connected consumers’ at scale. We call these our **Digital Leaders** and mark their insights with an .

Just as digitally native, direct-to-consumer brands have been migrating to physical stores to deliver their brand experience in real life, **Digital Leaders are innovating strategies to engage consumers with satisfying digital experiences in every possible setting**, including through the product itself.

We can expect this emerging generation of *phygital fashion* to combine the best traits of physical and digital consumer engagement. Marketers will find new customers, and connect with them in meaningful new ways, by innovating services that add value in the purchase and ownership experience, and ultimately to the brand as a whole.

Enjoy the insights.



Top marketers invest to expand reach

Competition for consumer attention in fashion has never been tougher. Top Marketers are investing to reach them in more moments, more locations, and more channels.



in the customer journey

Modern fashion consumers expect exceptional experiences whenever they interact with a brand and its products. In response, **Top Marketers** are expanding their mandate beyond traditional responsibilities like brand awareness and loyalty to take ownership of the entire customer journey.

On one end of that journey, brand awareness shares top billing with consumer

engagement as a key objective for 83% of fashion marketers surveyed, on the other end, marketers ranked conversion and customer satisfaction as nearly equal in priority, with brand loyalty rounding out the top 5.

83% of Top Marketers say consumer engagement is as important as brand awareness.

Consumer engagement is top of mind in fashion

Top Marketers look beyond brand awareness to drive engagement, conversion and satisfaction.

Percentage of top fashion marketers who called the following top-line objectives 'very' or 'extremely' important:



Certilogo Insights 2019

in distant geographies

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.

Asked to identify the geographies where fashion brands are most interested in collecting new leads and consumer profiles, 84% of **Top Marketers** named the familiar

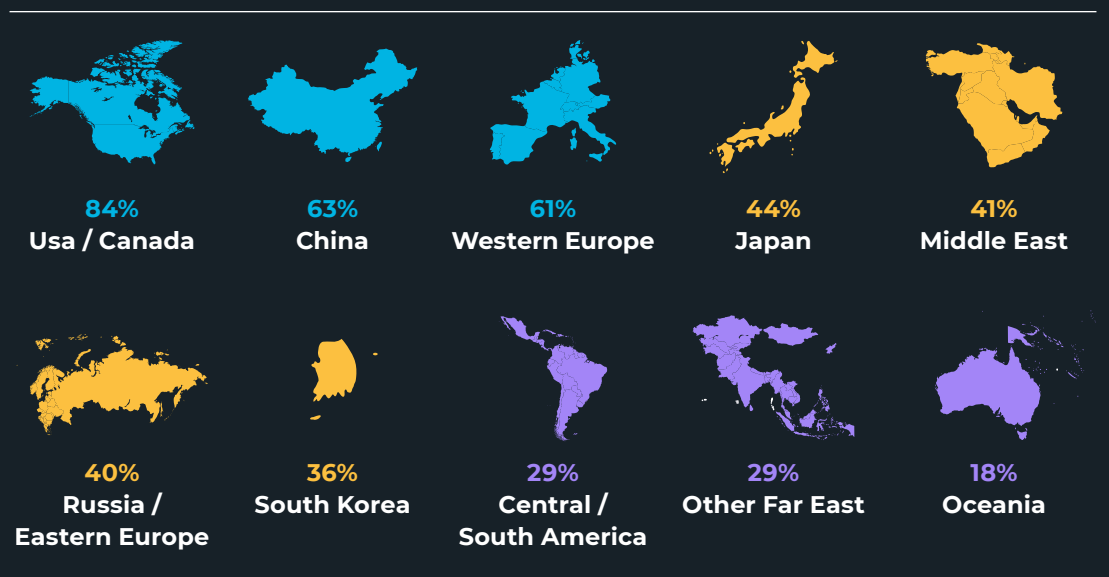
hunting ground of North America. China, widely expected to overtake the United States as the world's largest fashion market by revenue 2019, was second on the list, narrowly passing Western Europe.

An increasing number of top fashion marketers are also looking farther afield for new prospects. An average of 4 in 10 named Japan, the Middle East, and Russia/Eastern Europe as desirable locations for new consumer profiles, followed by South Korea (36%) and South/Central America (29%).

In a connected world, every consumer is a potential customer

Japan, Middle East and Russia join China as valuable targets for fashion marketers.

Percentage of top fashion marketers who called leads and consumer profiles from the following regions/countries 'very' or 'extremely' important:



Certilogo Insights 2019

in new audiences

The quest for new leads has opened the door to third-party sources of consumer profiles. Approximately 4 in 5 top marketers have strategies to collect and use consumer profiles from third parties at least some of the time, with half saying they do so often or very often.

Not surprisingly, enthusiasm for third-party leads and consumer profiles is especial-

ly strong for marketers in companies with advanced capabilities for digital marketing — identified in our panel as **Digital Leaders**.

More than **60% of fashion marketing's Digital Leaders say they regularly use leads and consumer profiles collected by third parties**, compared to 43% of marketers in teams where digital outreach is less advanced (**Digital Followers**).

Top Marketers regularly tap third parties for new consumer leads

Teams with advanced digital skills use outside leads more than less-advanced counterparts.

Percentage of top fashion marketers who use consumer profile and contact information from third parties, by frequency:



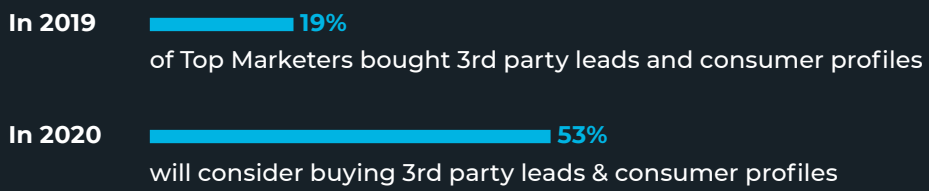
in new audiences

Competition for valuable leads and consumer profiles is leading a small but growing percentage of top fashion marketers to purchase consumer leads from third parties. About **53% of Top Marketers expect to buy consumers profiles from an outside provider in 2020**, compared to 19% who did so in 2019.

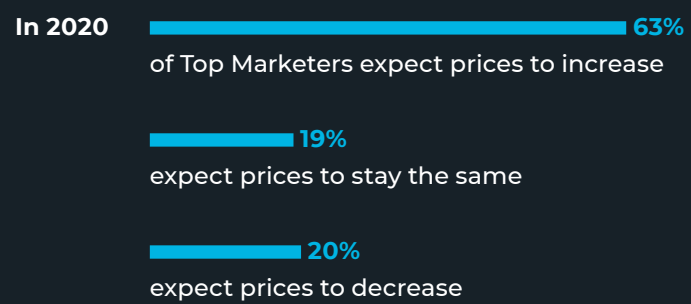
With demand on the rise, **more than 60% of Top Marketers predict that the price for third-party leads and consumer profiles will increase in the near future**. Only 20% expect the price to go down.

Purchasing profiled consumer leads

... is gaining acceptance:



... is getting more expensive:



in more touchpoints

Mobile ads, keywords, and social media sites like Instagram continue to be the leading digital touchpoints for North American and European fashion marketers to reach desirable Millennial and Gen Z consumers. But a combination of stiff competition and rising costs has digital leaders looking for alternatives.

Among the strategies gaining traction are 'smart tags' that allow consumers to engage digitally with physical products before

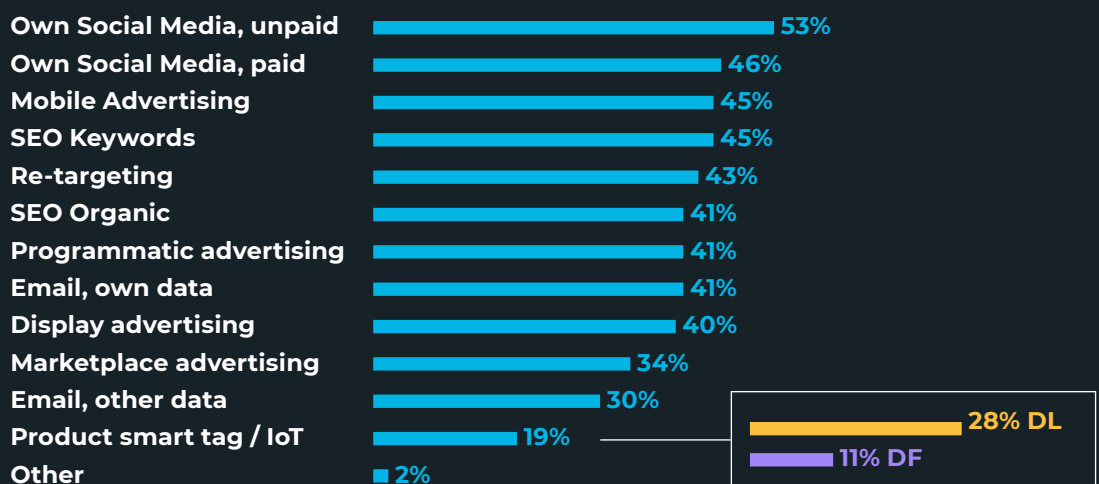
and after a purchase. These phygital products open an enduring and interactive touchpoint for branded communications at key moments of the customer journey, from pre-sale to purchase to after-care and even resale.

Slightly more than 1 in 10 Top Marketers and **1 in 4 Digital Leaders reported using 'smart tags' as a digital marketing channel in 2019.**

Top fashion marketers leverage every opportunity for connection

Mobile ads, keywords and re-targeting join social media as digital must-haves.

Percentage of top fashion marketers who plan additional investment in each digital channel during the next 12 months:





Digital leaders invest to enrich experiences

If reaching new consumers is step 1 for top fashion marketers in 2019 and beyond, step 2 is innovating strategies that convert reach into stronger brand equity. Digital Leaders are pointing the way with techniques to build market share and brand loyalty.



in more sales channels

The explosion of online shopping and cheap international shipping in the past two decades have allowed consumers to source their favourite fashions in a vast array of physical and digital sales channels, including on platforms for pre-owned goods.

Top Marketers confronting the new omni-channel reality are actively searching for opportunities to ensure that wandering brand shoppers have access to the brand's full range of content, personalised offers and digital experiences, regardless of where a sale takes place. To that end, 6 in 10

Top Fashion Marketers would like access to leads and profile data that allow them to extend a consistent, digital brand experience even to consumers purchasing from multi-brand retail partners online.

Digital Leaders would reach out even further. **More than half would like to engage, convert, and deepen relationships with consumers who shop their brand at resale and in stores and sites outside of authorised brand channels** — a rich source of competitive intelligence in addition to added revenue.

Relative to Digital Followers, Fashion Marketing's Digital Leaders are...

- 4x** more interested in profiles of consumers shopping in pre-owned channels
- 3x** more interested in profiles of consumers shopping on auction sites (eg eBay)
- 2x** more interested in profiles of consumers shopping at unauthorised multi-brand stores and websites

Engaging consumers outside controlled brand channels is key

Even resale creates opportunity for digital leaders to identify consumer interest.

Percentage of Top Fashion Marketers Who Are 'Very' or 'Extremely' Interested in Obtaining New Leads and Consumer Profiles From Each of the Following Channels:

Brand control



Brand

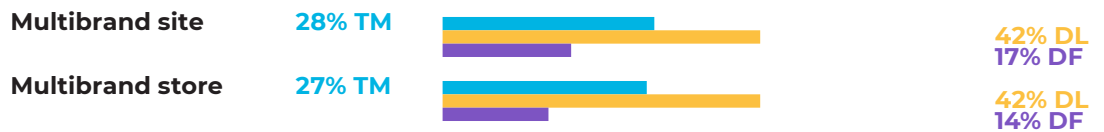


Authorised



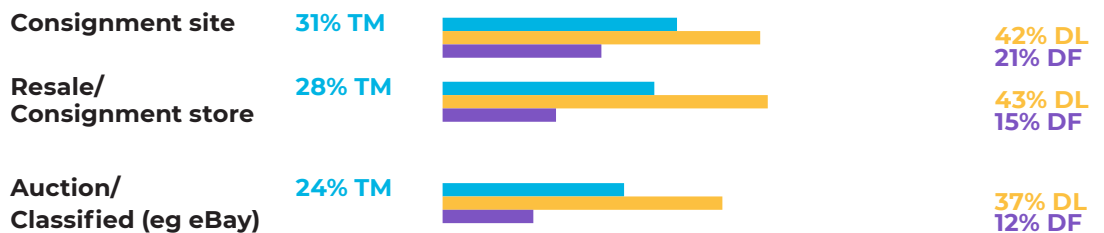
71% DL
53% DF
58% DL
38% DF

Unauthorised



42% DL
17% DF
42% DL
14% DF

Pre-owned



42% DL
21% DF
43% DL
15% DF
37% DL
12% DF

Outside brand control



with new technology

With more than 7,000 marketing technologies on offer in **2019**, **Top Marketers** have their choice of tools to engage customers and prospects. Fashion is no different: nearly two-thirds of **Digital Leaders** expect to invest in new tools or platforms to enrich engagement and brand experiences in the next 12 months.

Interest in products as an omnichannel touchpoint is likely to grow, driven again by Digital Leaders. **More than 1 in 3 Digital Leaders said they were very likely or extremely likely to direct 2020 investment to IoT technologies** that connect physical fashions with new or existing sources of digital brand content.

Digital Leaders are pioneering adoption for promising technologies.

In the next 12 months:

2 in 3

Digital Leaders are very / extremely likely to adopt a new consumer engagement platform

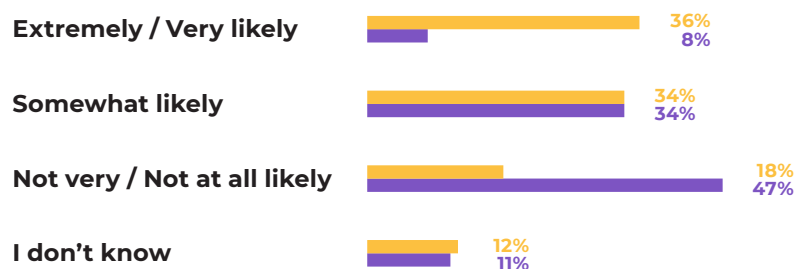
1 in 3

Digital Leaders is very / extremely likely to adopt a 'smart tag' to connect products with digital content

The phygital transformation comes to products

More digital leaders are adopting product smart tags to open an interactive channel for consumer engagement and communication.

Percentage of Top Fashion Marketers Likely to Adopt A New 'Smart Tagging' Solution In The Next 12 Months:





What is a 'smart tag' in fashion?

Smart tags connect physical products to digital information and experiences.

Consumers access the information from tags using 1 or more of the following technologies:

Most accessible to consumers



What it is: Access Code & URL

How Consumers Engage: Type code in a smartphone or desktop browser

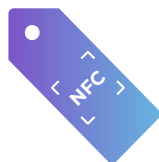
Why Brands Use It: Universal Access, Low Cost



What: QR Code

How: Scan with smartphone camera

Why: Durable, Low Cost, Familiar



What: NFC Code

How: Tap with enabled smartphone

Why: Fast on eligible devices, New



What: Digital Fingerprint

How: Scan with designated app

Why: Easy addition to packaging



What: RFID Code

How: Scan at brand store

Why: Inventory, In-store engagement

Least accessible to consumers

with new services

Connecting physical products with digital smart tags creates a rare and potentially valuable opportunity to innovate the consumer experience. Asked how they would use this new digital touchpoint to boost consumer engagement, **Digital Leaders** embraced services that would **add value in the purchase and ownership experience.**

Popular options included content for social posts, a digital verification that the product is authentic, exclusive offers, and product or brand information, such as data about transparency in the supply chain. Also intriguing to **Digital Leaders** were post-purchase services such as insurance — an incremental revenue opportunity — and opportunities for two-way interactions with customers via targeted polls and surveys.

When consumers can connect to products with a digital smart tag...

74%

of Digital Leaders would invite them to verify the product is authentic

82%

of Digital Leaders would share content for social posts that promote the brand

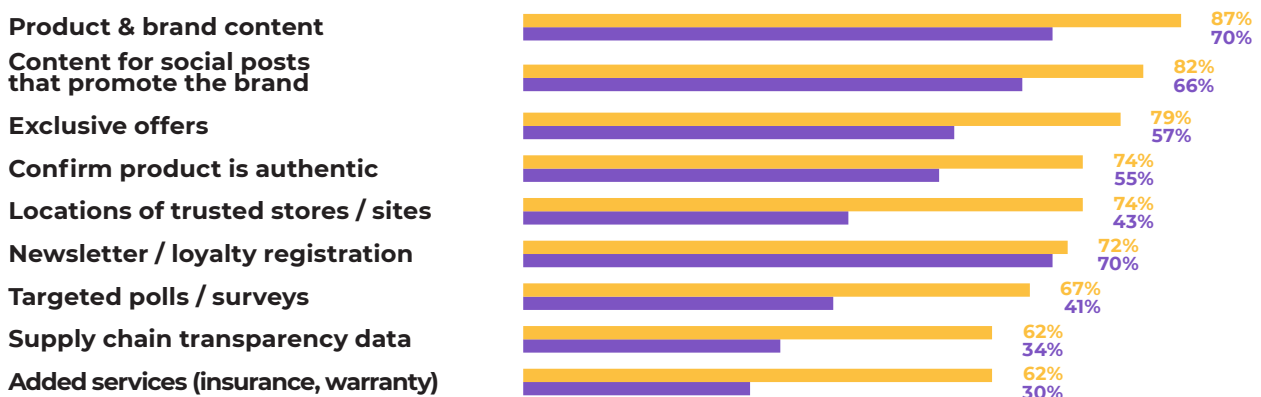
62%

of Digital Leaders would share data for supply chain transparency

Adding value is a key strategy for consumer engagement

Exclusive offers, social assets, authentication enhance the product experience.

Percentage of Top Fashion Marketers Who Would Be 'Very' or 'Extremely' Interested In Offering The Following Services By Connecting Products With a Digital Smart Tag:



with new internal partners

One of the most marked differences between the vision of **Digital Leaders** and **Digital Followers** emerged when we asked our panel to consider which function in their business should own a product smart tagging initiative, given its potential advantages.

Digital Followers identified the big winner as operations, the function that kicked off the smart tagging movement about 5 years ago with a focus on efficiency in logistics and inventory management. Achieved with hidden RFID tags that transmit data over long distances from products to factory and handheld sensors, these projects were widely applauded as the cutting edge of fashion management in 2015-16.

Digital Leaders, meanwhile, saw the greatest potential in smart tagging for core marketing functions like CRM — a recognition that data transmitted from products by consumer devices would exponentially increase the number and quality of leads and consumer profiles available for digital marketing actions.

Recent advances in tag technology also allow fashion brands to reach multiple objectives at one time; for instance, combining consumer engagement with brand protection initiatives.



Digital Leaders say marketing belongs at the smart tagging table — or leading it

New technologies allow operations and marketing to collaborate on phygital product innovation.

Percentage of Top Marketers who would assign ownership of a smart tagging initiative to each organisation function:

CRM

because our database of contactable consumers grow more quickly, the data are richer, and consumption profiles are more complete (e.g. includes unauthorised & pre-owned channels)



Marketing

because product interactions generate consumer engagement, social buzz, and a positive perception of the brand, which increases sales



Digital marketing

because product interactions generate consumer profile information and insights into purchases/purchase behavior in channels that are typically outside the brand's control



Legal & brand protection

because product interactions generate data that can be used to target anti-counterfeit enforcement internally or feed data to brand partners (e.g. online brand protection, customs)



Commercial

because product interactions generate data to monitor sales transactions in unauthorised channels (grey market / parallel markets)



Operations

because product interactions track and control the production and distribution chain through to the final consumer



Different from traditional marketing domains like lead generation and consumer profiling, a modern smart tagging project has the potential to add value in multiple areas of a fashion brand's business.

Top Marketers said they would be happy to contribute budget to an enterprise smart tagging solution with benefits for operations, IT and brand protection, provided

they can play a key role in making the decision and shaping the project.

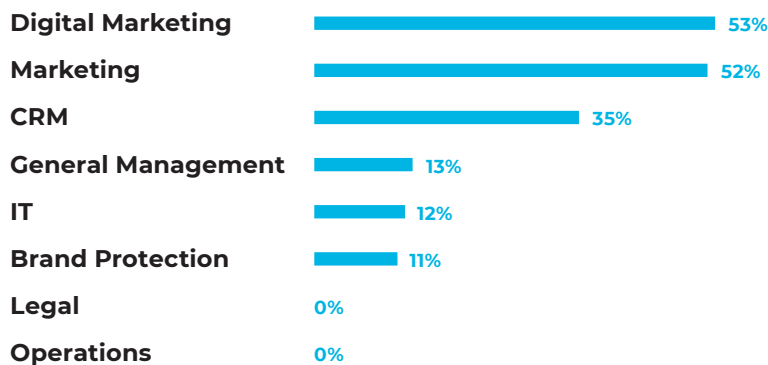
Adopting a smart tagging solution transforms products into digital touchpoints that contribute to delivering a consistent brand experience and generating leads, so Top Marketers expect to be involved from the start.

Sharing the costs of innovation

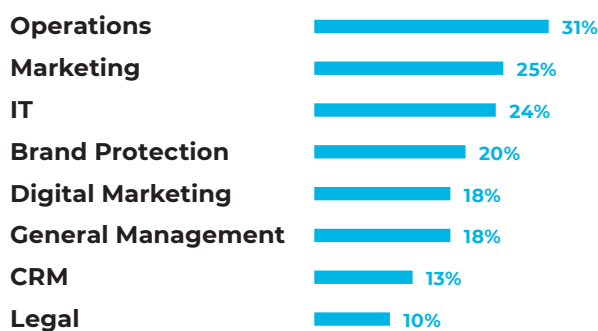
Top Marketers would contribute budget to participate in a smart tagging project that benefits multiple departments.

*Top Marketers on 'Who Pays for Lead Generation?' (up)
v. 'Who Should Pay for a Smart Tagging Initiative?' (below)*

Lead generation (actual)



Product smart tags (hypothetical)



A primary driver of smart tagging collaborations between marketing and brand protection, in particular, is a mutual interest in strong brand equity. While the overwhelming majority of **Top Marketers** recognise that counterfeit products, grey market diversion, and supply chain theft can undermine brand positioning, **Digital Leaders** were notably more informed about troubling new trends in counterfeiting behaviour.

For instance, **Digital Leaders** assigned the highest priority to detecting counterfeits sold in physical stores, where sophisticated replicas are passed off to unsuspecting consumers at “real product” prices and — absent a smart tag for digital authentication — with little risk of detection. Similarly, **Digital Leaders** were markedly more concerned about stopping overproduction by suppliers and licensees, another source of high-quality replicas that erode differentiation and pricing power for authentic branded products.

Preserving brand equity is everyone’s priority

Undetected diversion and high-quality fakes undermine prices and perceived value.

Percentage of Top Marketers who say it is very important or extremely important to combat the following brand threats:



Conclusions

Growing the Phygital Opportunity

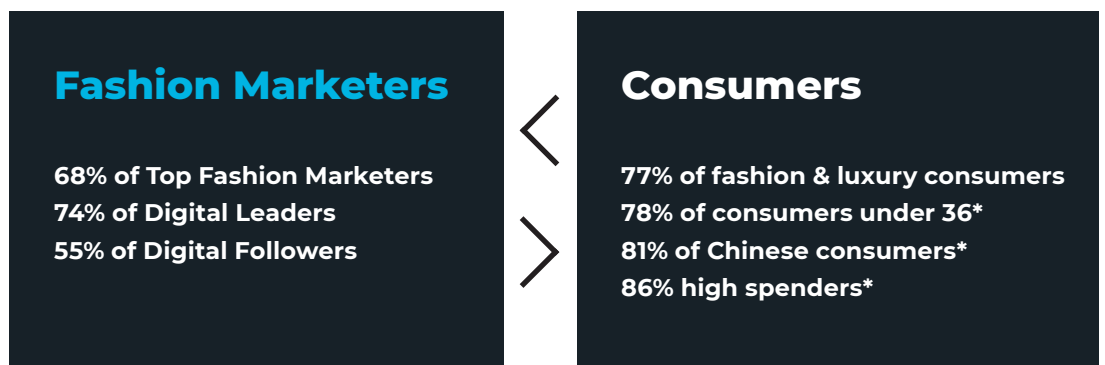
Modern marketers need every available tool to find, engage, and nurture consumers in the Fourth Industrial Revolution. Nowhere is this more true than in the fashion and luxury industries, where visual platforms like Instagram give equal opportunity to heritage brands and the latest trending newcomer.

Our survey of Top Fashion Marketers for [Consumer Engagement 4.0](#) found that

increased competition for consumer attention is pushing Top Marketers to invest in **digital strategies that extend brand reach into new consumer segments, new geographies, new sales channels and even new touchpoints**. Indeed, with demand for qualified leads on the rise, more than half of Top Marketers expect to purchase leads and profiles from third parties in 2020 — with rising prices expected to follow ([p.9](#)).

Fashion marketing’s phygital opportunity: the product authentication example

Percentage of Fashion Marketers and Consumers who said they would be ‘very’ or ‘extremely’ interested in using a smart tagging solution that allows consumers to recognise immediately if a product with a brand label is authentic:*



* *The Rising Value of Real: Key insights from Certilogo's 2019 global survey of consumer attitudes about authentic fashion* [[download](#)]

Fashion marketing's Digital Leaders also see an opportunity to come out ahead by enriching the consumer experience in new channels and with new technologies.

Enhancing physical products with digital smart tags, for instance, creates the intriguing opportunity to **engage and profile connected consumers with services that add value to the purchase and ownership experience**, wherever it takes place ([p. 13](#)).

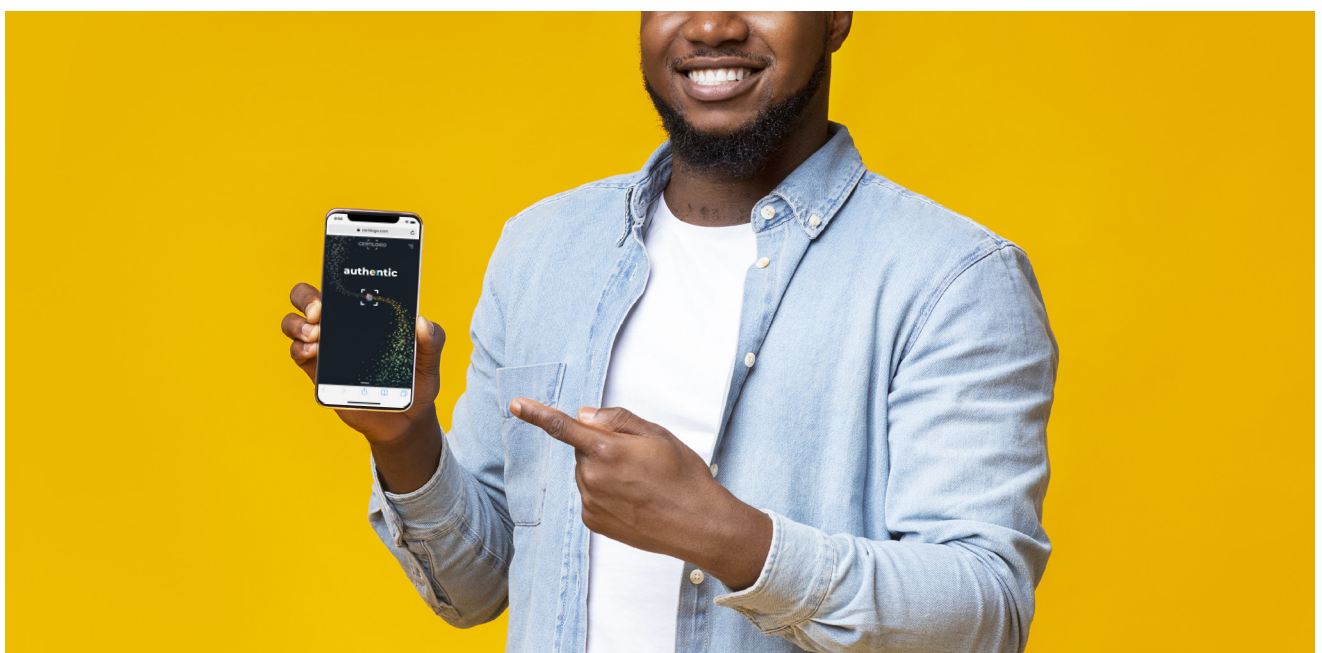
Added product information, assets for social media posts, exclusive offers and a confirmation that the product is authentic emerged as the top four strategies for triggering consumer engagement and profiling using phygital fashion at scale ([p. 15](#)). And expectations for success are high: An overwhelming **72% of Digital Leaders sur-**

veyed believe their consumers would be interested in the chance to scan a product smart tag to verify it's genuine.

It bodes well for them — and for the future of phygital fashion — that their prediction is almost correct. We surveyed 1,500 fashion and luxury consumers in the United States, Europe, and China to gauge interest in a free smartphone tool that would prove a product is authentic. The number who said they were very or extremely interested was 77%.*

[Contact Certilogo](#) to learn more

** Key insights from Certilogo's 2019 global survey of consumer attitudes about authentic fashion [[download](#)]*



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 - 2019 Winner
Best Use of
Artificial Intelligence
in Fashion

Learn more at www.certilogo.com
or contact our experts at
sales@certilogo.com

Appendix

Top Marketers

Survey respondents were asked to select the statement below that best described their company's current use of consumer information for digital marketing.

Extremely Advanced: We use profiling and targeting platforms that manage communication with customers and prospects in a totally automated way based on the user's profile.

Advanced: We conduct analysis to profile and segment customers and prospects and understand their behavior to define marketing actions and customize content for users, combining automatic tools and manual activities.

Relatively Advanced: We use digital communication channels to acquire new users and target them according to their consu-

mption profile; we have a database of registered users to whom we send campaigns, mainly via email, and sporadically conduct analysis and profiling activities aimed at managing specific campaigns.

Basic: We use the profile information to conduct digital marketing activities, but not in a structured or automatic way and we do not have data analysis resources.

Absent: at the moment we are not equipped to collect and exploit profile information to conduct marketing campaigns aimed at acquiring and managing customers on digital channels



Digital Leaders

Respondents who identified their company's use of consumer information as Extremely Advanced or Advanced are represented in this report as **Digital Leaders**.



Digital Followers

Respondents who identified their company's use of consumer information as Relatively Advanced, Basic, or Absent are represented in this report as **Digital Followers**.



Via Enrico Tazzoli, 6

20154 Milan - Italy

sales@certilogo.com

www.certilogo.com