Launchmetrics and Publicis Sapient have teamed up to answer some of the biggest marketing questions in the fashion industry: understanding and assessing the impact of media initiatives, as well as measuring and refining the ROI (return on investment) that determines the most appropriate strategy for each company. This “natural collaboration” between the data analytics company and the digital consulting agency has resulted in the publication of the report "The State of Measurement in Fashion, Luxury & Beauty 2022", a study conducted by interviewing more than 1,000 industry experts from around the world, with a particular focus on the United States and China.

"Our clients need data and analytics. But they don't necessarily have the skills, the know-how or the mindset to be able to interpret them properly before making decisions. Everyone wants to have data and insights, but when it comes to taking it a step further, it gets complicated." explained Michael Jais, CEO of Launchmetrics. For him.
comes to taking it a step further, it gets complicated," explained Michael Jais, CEO of Launchmetrics. For him, working with "rational yet emotional processes that require creativity and a little bit of marketing," is a daily challenge.

This is a complex communication challenge shared by Olivier Abtan, managing director of Publicis Sapient. "Companies not only need to have the tools to collect data, but also the right skills to be able to extract it, interpret it and convert it into elements of interest that guide their strategic decisions, investments in different channels and the development of partnerships", added the expert, highlighting the "great difficulties" brands face when it comes to "recruiting professionals who are capable of converting data into insights". According to the report, this is the case for up to 50% of the marketing managers interviewed, since it is one thing to have access to information and quite another to draw valuable conclusions and observations.

It is a matter of taking a step back, looking for relevance and defining why

"For years we have had clients who, regardless of any marketing rules, wanted to work with certain influencers without really asking themselves what the objective is or whether the audience behind these influencers corresponds to them," recalled Jais, arguing that "in influencer marketing it is possible to set objectives in terms of awareness, consideration, conversion or customer loyalty; but the most important thing is to establish goals and the message you want to send." As the report shows, influencer marketing is evolving from seeking visibility and engagement to achieving efficiency in terms of conversion rates.

Therefore, decisions and initiatives have to be more precise than ever. "You have to be able to take a step back from events, fashion shows, trends or what competitors are doing," said Jais."This is fundamental, but often very complicated for people working within brands. It's absolutely necessary to set objectives and evaluate whether the strategies are relevant and coherent, to look for the greatest efficiency and profitability possible," he continued.

The first step in building a clear, well-defined foundation is to identify and define KPIs (key performance indicators) as the fundamental units of measurement that will facilitate decision making based on the right data. But for this information to be useful, 70% of data scientists in the industry agree that a unified view of marketing performance should be a top priority for all companies.

In search of transversality and key indicators

"It is imperative that companies acquire a global vision across different channels and means of expression. Brands often work independently and autonomously," said Abtan. "Each brand analyzes the data independently, but there is rarely a pooling of data to discuss how it can translate into better marketing decisions and guide investments. We should put an end to these independent bubbles and unify marketing in order to carry out more meaningful analyses," said the specialist, for whom it is necessary to establish "universal measures" that facilitate the comparison of channels and benchmarking.
As many as one third of respondents mentioned the obstacles in conducting competitive analysis, and 51% acknowledged that interpreting data is a challenge. "It may sound very simple, but until very recently it wasn't really a priority issue for brands," said Jais, admitting that the situation has become more complicated compared to the early days of data collection and analysis. "The diversification of social networks, video formats and livestreams has caused the number of touchpoints to increase threefold, which means that campaigns have to be broken down into many formats, while budgets have not increased at the same rate," acknowledged the specialist, concluding that in these conditions, it is better to be "sure of what works and what doesn't."

For Launchmetrics, having the ability to measure is "what makes the difference". However, the sheer volume of data to be analyzed proved to be one of the most overwhelming factors for the professionals interviewed in the study. "For years, many data analytics tools and solutions have been competing to offer as much content as possible," said the company's CEO. Currently, 58 million semi-professional accounts create content on Instagram as well as 2 million real professionals. Among them, the lifestyle sector accounts for about a third.

"These numbers are constantly increasing, which makes it more and more difficult to analyze. It's normal to feel overwhelmed by this volume, and that's why it's essential to prioritize what is really relevant to analyze according to the objectives set. Taking the time to observe signals that go in all directions is useless and counterproductive. It is easy to find contradictory signals on the same subject and this can generate uncertainty," he explained, stressing that the first step that brands should take is to establish a "diagnosis of their state of visibility" and to identify the perception of their audience and their real competitors. "There is nothing worse than a false perception from the start," he warned. For Abtan, it is essential to "clearly agree on the indicators to be followed and to have adapted professional tools rather than carrying out the processes by hand."

Data is key for fashion and luxury companies

"Everyone says that companies in the industry should be data-driven. In a way, it's true," said Abtan on the indispensability of data, categorizing "data-driven" companies into two groups: BtoC companies focused on understanding and segmenting their customers, and those with less direct sales information, interested in monitoring their marketing budgets.

Jais agrees with this analysis. "There are data-driven companies dedicated to customer data, focused on purchases and recommendations, such as Amazon. But luxury brands don't operate under this same logic, the most important thing for them is the data associated with their own value," he said, stressing that "between 60% and 80% of the value of a luxury brand is the brand itself," as the difference between products is "relatively small." "Luxury brands must be data-driven companies in everything related to the brand and experiences," he concluded, insisting that collaborations and public perception are indispensable assets.
The impact of rising acquisition costs

"With the development of the internet and social networks, it was believed that acquisition costs would gradually drop, so that obstacles in the luxury industry would be lowered and small brands would be able to break through with low-cost modes of expression and marketing campaigns," recalled Abtan. However, this forecast never came true.

"This only happened at the very beginning, but soon big brands started investing heavily, driving up costs and raising the entry price for marketing. Now it is very expensive to express yourself, work with influencers or get a certain reach. This again demonstrates the need to control data, which is essential for measuring ROI. Given the high investment, you can't afford to fail," said the specialist.

In addition to an increase in investment in customer acquisition, which does not necessarily lead to increased profitability, the European data protection regulation also imposes a different set of rules. "The GDPR entails additional constraints, but mainly on the processing of personal data and not so much on trend analysis, where there is a lot of accessible information," acknowledged Jais.

However, the issue is starting to be placed on the Chinese market. "Until now, there were not too many obstacles
However, the issue is starting to be placed on the Chinese market. "Until now, there were not too many obstacles as long as the data remained in the country, but the trend is for regulatory restrictions to progressively limit things," he said. All the more reason to place China among the marketing industry's future challenges. "The main challenges will be to understand what's going on in China and to try to translate that into Europe, as well as to figure out what needs to be done to collaborate better, beyond just thinking in terms of audiences," he concluded.

What about ROI in new virtual universes?

The streaming platform Twitch or the instant messaging service Discord are the focus of the latest analysis. "We are looking at performance and mining opportunities. But the big question mark revolves around the communities behind it. Discord is primarily geared toward 'geeks' and 'gamers.' It's great to experiment on it, but luxury customers aren't really found there. Only mainstream brands can launch interesting initiatives there," said Jais, pointing out a "big disconnect between luxury brand customers and these audiences who are in other worlds. It will take a lot longer for luxury customers to adapt than technology or data."

So, should we wait or take the leap sooner rather than later? Once again, the answer depends on the size of the company and its specific objectives. Faced with the rise of initiatives around the metaverse and NFTs, the CEO of Launchmetrics is somewhat reluctant: "Again, it's very exciting that projects are being launched, but they don't have the potential luxury customers behind them and it's going to take a long time for the targeted consumers to become part of these communities."

According to Abtan, "brands are trying to experiment and understand, but they are not directly looking to make money." He agreed with Jais that "the development of this sector is going to take a long time". "Luxury brands are fortunate to be able to afford that time, but for smaller brands, I think they can experiment. However their first priority should be to launch on Web3. There are a lot of other things to do first."

"I think there is a kind of generalized FOMO: the feeling that you might be missing out on something. And at the same time, it's a limitless creative universe so brands and designers love it," said Jais about the ramp-up of initiatives in this sector, which in a way, prevents from seeing clearly the "problem of the absence of consumers. "It's like a fashion show without an audience. The question is when will the targeted communities arrive in these spaces," he concluded.

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