

One of 4 topics: The Luxury Product



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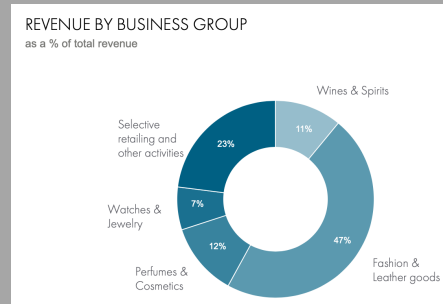
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CONTEXT

The luxury industry is increasingly affected by the augmented and virtual reality. Therefore, the sales of physical goods will keep on being negatively impacted by the rising interest of luxury consumers into digital goods, especially when considering that Gen Z is becoming the greatest share of the market.

Nowadays, luxury brands are creating product portfolios to tackle these new digital and virtual trends but none has already developed a successful product for the luxury perfumes and cosmetics market.

Since the perfumes niche represents 12% of total sales of the LVMH group, we identified the need to offer a unique solution to their luxury clients.



KEY QUESTION

How can LVMH become the first mover in the fragrance and perfume market within the Metaverse?

SOLUTION



Global demand for fragrances and perfumes is rising. Young generations are developing digital habits of favoring virtual meetings over physical ones. Our aim is to enable these new generations to fully embrace themselves in the Metaverse. We're giving a new sense to the metaverse.

An olfactory add-on to your personal VR headset will enable you to smell what we called "the *metasense*" (the metaverse version of your perfume). This will be possible through an exclusive partnership between LVMH and the OVR company. This will enable your avatar to smell others' *metasense* and allow your avatar's *metasense* to be smelled. It's about turning the metaverse into reality.

CHALLENGES

To put this project into place, we faced numerous challenges. Some of these were technical, such as finding a suitable way within the market to enable people to smell fragrances into the Metaverse from a practical point of view; while some others were more economical difficulties, such as finding a way to properly size the market of interest and understand the value that this product could generate, once entered into commerce. Overall, these issues have been challenging, but we feel that we really learned a great deal from this project and understood how to tackle real problematics that consultants constantly face.

OPPORTUNITIES

This proposal is a significant opportunity for LVMH for the following reasons. First, the luxury fragrance market makes up 15% of the global luxury industry, worth €117 billion. Second, the metaverse industry is growing at a CAGR of 43,3% during 2020-2028. Third, this proposal is an opportunity for LVMH, which could consider acquiring the OVR company. Lastly, LVMH would benefit from the first mover advantage.