Bernard Arnault confirms LVMH testing blockchain; but demurs on the Pinault environmental project, as he presents his group’s Innovation Award

By Godfrey Deeny - 20 May 2019

Luxury titan Bernard Arnault on Friday confirmed that LVMH is already actively using blockchain for several of its luxury brands, as the French billionaire and high-tech fan presented the latest Innovation Award for digital startups in Paris.

“Ian Rogers and Bernard Arnault present Vadim Rogovskiy with the LVMH Innovation Award - DR

“Blockchain for the moment is about procurement. To certify all the ways of supplying our different brands and..."
Blockchain for the moment is about procurement. To certify all the ways of supplying our different brands and houses. That’s why we are interested in this technology. We will see after how will we proceed for each of our houses. But, yes, several of them are testing it at present,” Arnault told a small gathering of reporters shortly before presenting the latest award.

From the some 70 brands controlled by LVMH, Louis Vuitton and Parfums Christian Dior have joined forces with ConsenSys and Microsoft to launch Aura, a distributed ledger technology.

In a busy morning for France’s richest man, Arnault also revealed that first high-tech handbag to reach consumers from Louis Vuitton won’t be the “Canvas of the Future” bag with a flexible screen shown last week in the house’s women’s cruise 2020 collection, but one designed by its menswear designer Virgil Abloh.

However, in a brief Q&A with journalists, Arnault pointedly demurred when asked directly whether LVMH would participate in the call of François-Henri Pinault – CEO of rival group Kering - on Wednesday at the Copenhagen Fashion Summit for industry leaders to unite on sustainability.

“As well as I understand, it’s what we are doing already. You must understand that the LVMH group is not just a collection of fashion houses. It is many other things. We have many programs throughout our group for the protection of the environment; supporting sustainability and concerning the ensemble of our activities. For example, I believe we were the first to consider the environment and the carbon footprint in terms of fabrication and distribution of champagne and cosmetics and beauty products.”

Asked by FashionNetwork.com how much LVMH had invested in digital, Arnault responded: “That’s hard to say, but last year we discovered that e-commerce in our group represented between 3.5 and 4 billion euros with a very strong growth of about 30%. And that’s a trend that is going to continue. Though our brands in LVMH try to remain coherent with our general approach. Which means that we want to see distribution adapted to our products. Hence, we try very hard to avoid our products ending up in what is known as the Gray Market, and sold in an inappropriate setting. If you take the example of Louis Vuitton, it is the only brand that has never had a sale [event]. So we insist that any distribution of Vuitton on the net follows the same criteria as in our own stores.”

Calling his giant luxury conglomerate a family company, Arnault awarded Vadim Rogovskiy, CEO of 3DLook.com the LVMH Innovation Award for 2019, at the CEO Forum space within Viva Technology, the giant annual technology conference in Paris. Founded in 2016, VivaTech as it is commonly known, was launched by ad agency Publicis and financial group Les Echos, the French equivalent of the Financial Times, which was acquired by the greater Arnault group in 2008.

“This year we are exceeding expectation with over 100,000 visitors and between 2,500 and 3,000 start-ups. So my congratulations to everyone in the organization. It’s becoming one of the largest in the world of technology,” said Arnault.

Staged inside the giant Paris Expo space in south Paris, VivaTech also included LVMH’s 500-square-meter space, Luxury Lab, done up like a 19th century pavilion with trellises and hanging moss, and featuring LV’s “Canvas of the Future” bag with built-in flexible OLED displays.
“Today the startups that we are showing in our booth illustrate the values of our group. Creativity; innovation since every startup is full of innovation; and the core value of quality. For a startup, quality means execution; that is the key to their success. Let’s remember the role of the startup is not to be a startup for too long, but to become a big company. So, execution makes a difference. Here in VivaTech you can see many similar ideas, but in three to five years they will arrive somewhere very different and this will depend on the quality of the execution. The third quality, that I believe the most important, is entrepreneurship. Our group has always been built on 70 companies where each is run by an entrepreneur, and I always say that each should act as if they were born into the company,” stressed Arnault, before an audience of young techie entrepreneurs and so many LVMH executives it felt like he had decided to stage a second annual shareholders meeting.

“I’ve been making tech investments since the 1990s, we are really selecting and pushing two of our family members to give us their ideas and then we help them to decide what to do within the group… LVMH is more than a company it is a family,” said Arnault, speaking in impeccable English for some 10 minutes, though with that inimitable French accent that adds an intellectual patina to every phrase.

The LVMH chairman noted that Vuitton’s new flexible screen was provided by a company with whom he had worked for many years, while adding that he expected augmented reality and artificial intelligence to be key drivers in luxury’s future.

“As you know, it’s more difficult to evaluate a product on a phone. So it’s about making a link between the screen, the shop and the customer,” said Arnault.

The LVMH Innovation Award does not have a cash prize, but as Arnault noted, all 30 participants will have access to the group’s technology network in Station F, its high-tech hub inside a former railway station in east Paris. While the winner gains access to all LVMH teams worldwide for one year.

The clearly delighted winner Rogovskiy of 3DLook came from a trio of Ukrainian entrepreneurs. Within a few minutes, their tiny 3DLook stand was adorned with the prizewinning banner. Its technology allows any individual to take two photos — full frontal and a side profile — and with their weight get an exact morphology of their body; A
take two photos — full frontal and a side profile — and with their weight get an exact morphology of their body. A potentially ideal solution to consumers returning clothes purchases due to a bad fit.

“3DLook exists because I was always excited by the idea of solving the problems of returns of apparel online with the help of new technology. Since we started three years ago we have acquired several great clients, from Nike to one of the biggest fast-fashion retailers in the world. Our mission is to bring personalization into retail, by enabling seamless data exchange between consumers, brands and retailers. And if we reduce returns that will mean less waste on our planet,” said Rogovskiy.

Since it opened, the VivaTech conference has grown to be a major affair. President Emmanuel Macron toured it on Thursday for the third time, preaching to the young entrepreneurs to complete with American and Chinese technology firms.

“Continue to fight for your projects, we are with you despite all those grumpy people,” said Macron, in an apparent reference to the "yellow vest" protestors, before extolling his pro-business policies and noting that French technology firms will raise some 5 billion euros in investment in 2019.
Macron also met privately with Alibaba's Jack Ma at the giant event which has previously attracted such techie notables as Marc Zuckerberg and Dara Khosrowshahi.

By Godfrey Deeny