

Crafting AI for Luxury

Now, New, Next

January 2026

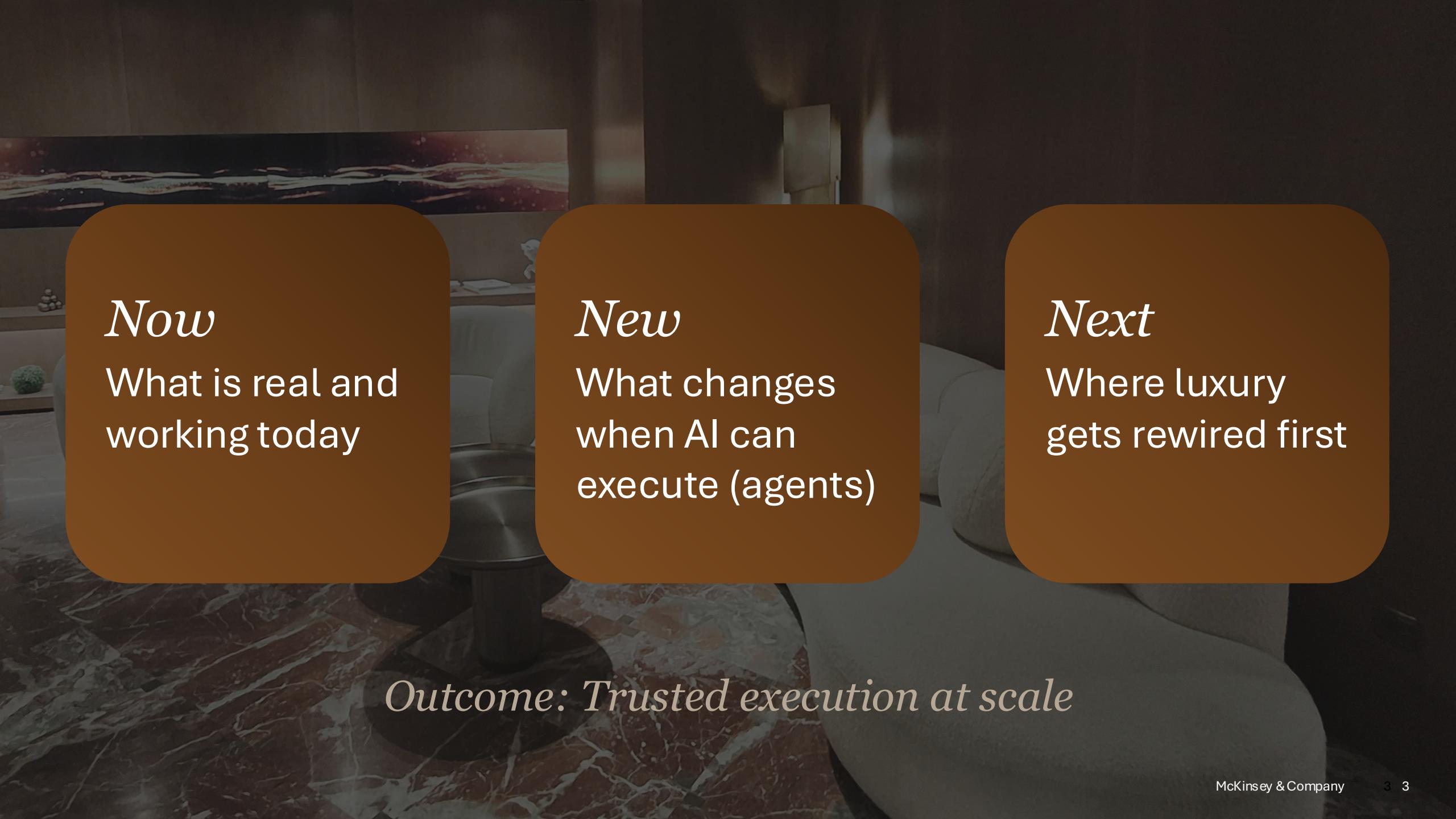


My journey



McKinsey
& Company





Now
What is real and
working today

New
What changes
when AI can
execute (agents)

Next
Where luxury
gets rewired first

Outcome: Trusted execution at scale

A luxury rule AI cannot break: Protect the brand

Control beats distribution when trust is at stake



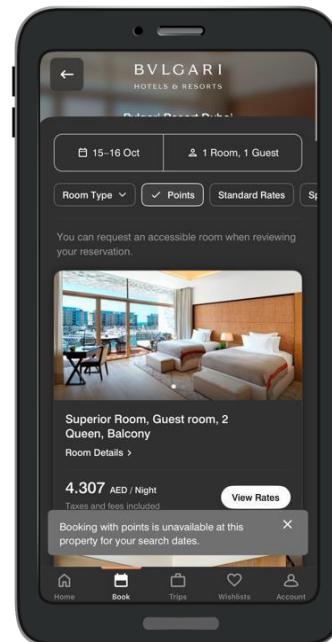
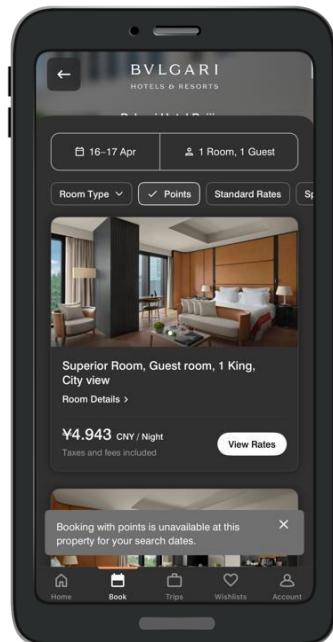
THE RITZ-CARLTON

2 successful attempts at booking
Ritz-Carlton hotels with points,
in Beijing and Dubai

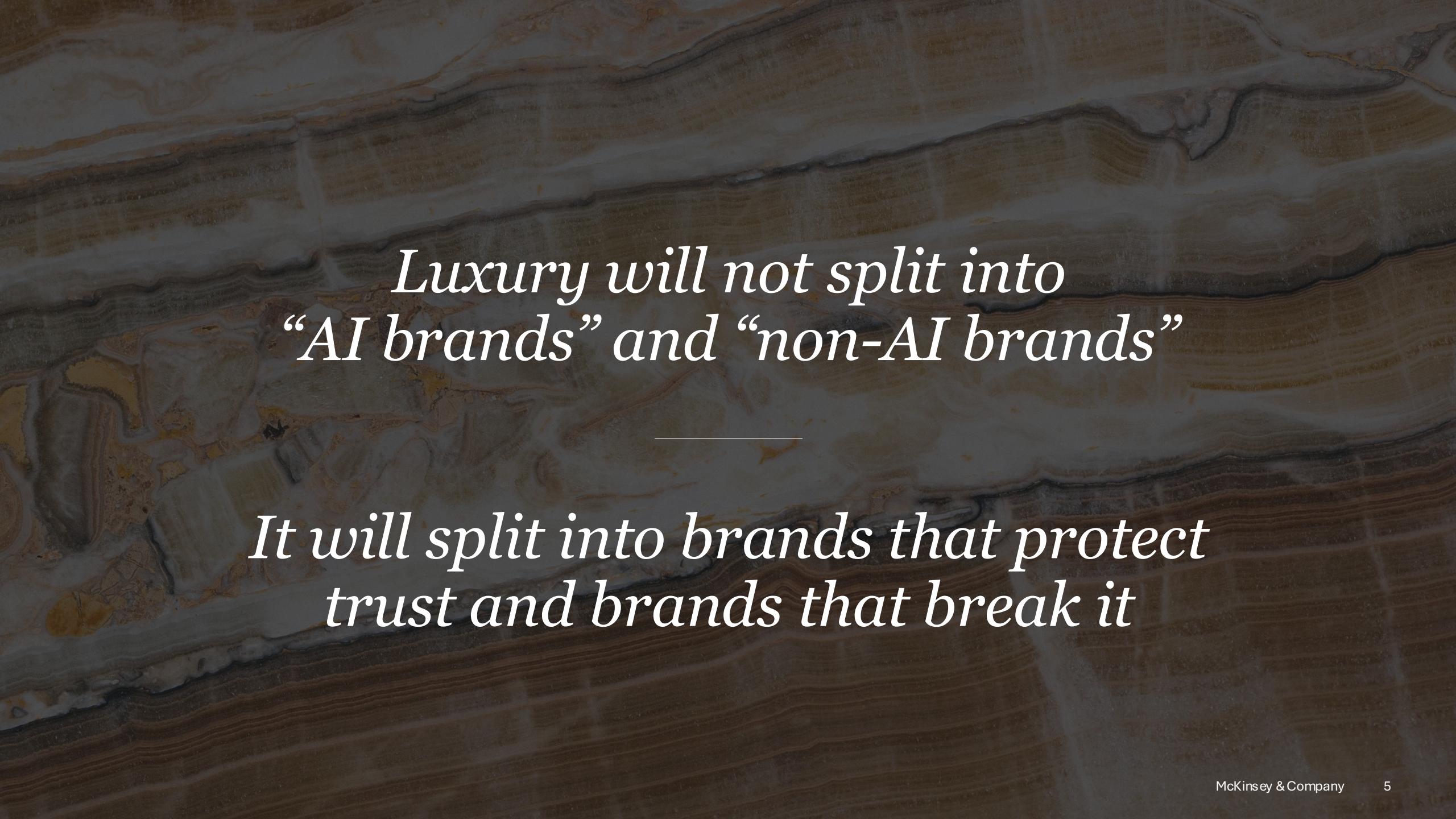


BVLGARI

2 unsuccessful attempts at booking
Bulgari with points, in Beijing and Dubai



“Booking with
points is unavailable
at this property for
your search dates”



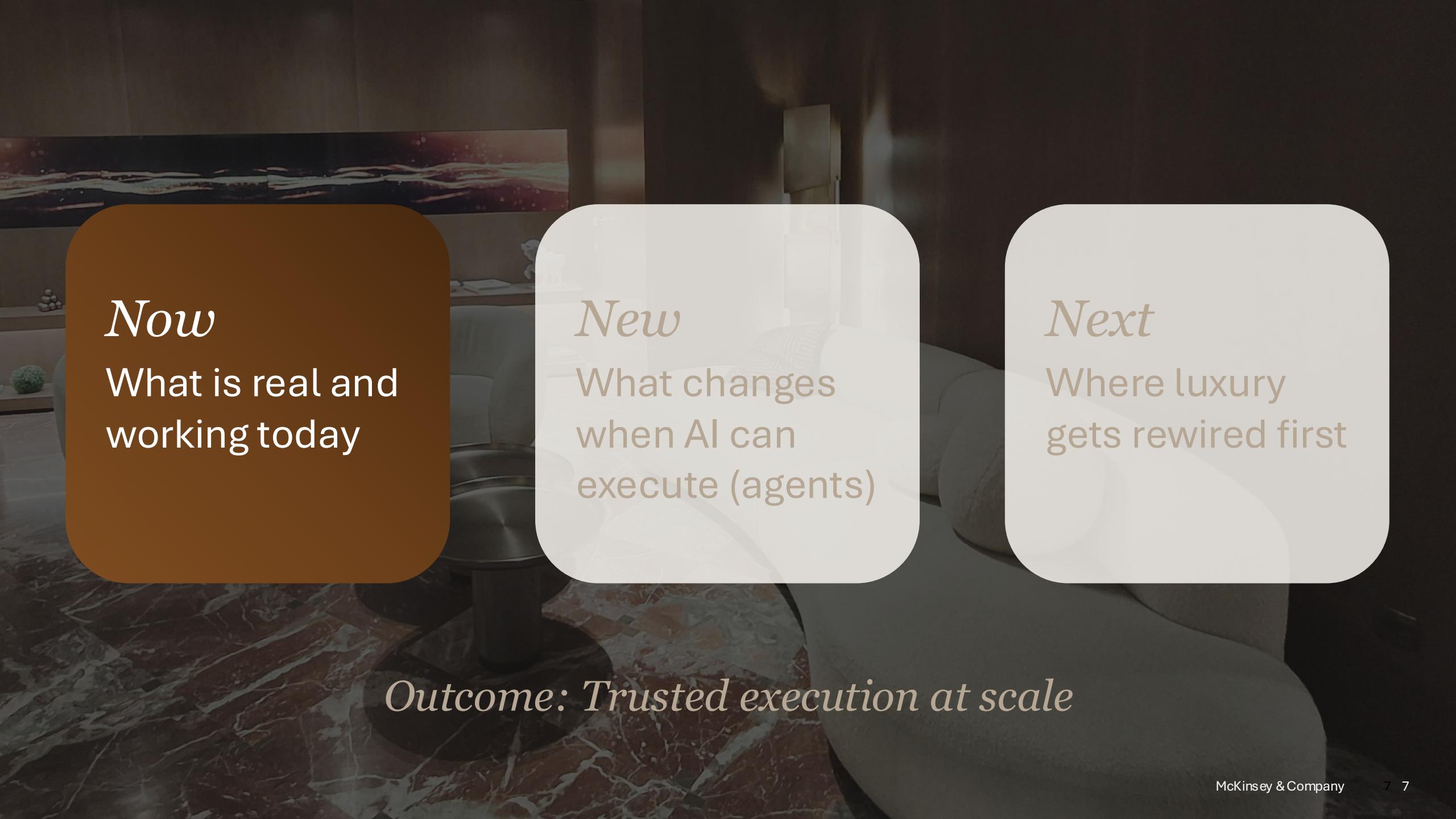
*Luxury will not split into
“AI brands” and “non-AI brands”*

*It will split into brands that protect
trust and brands that break it*

Trust
is the product

Time
is the dividend

Humans
are the differentiator



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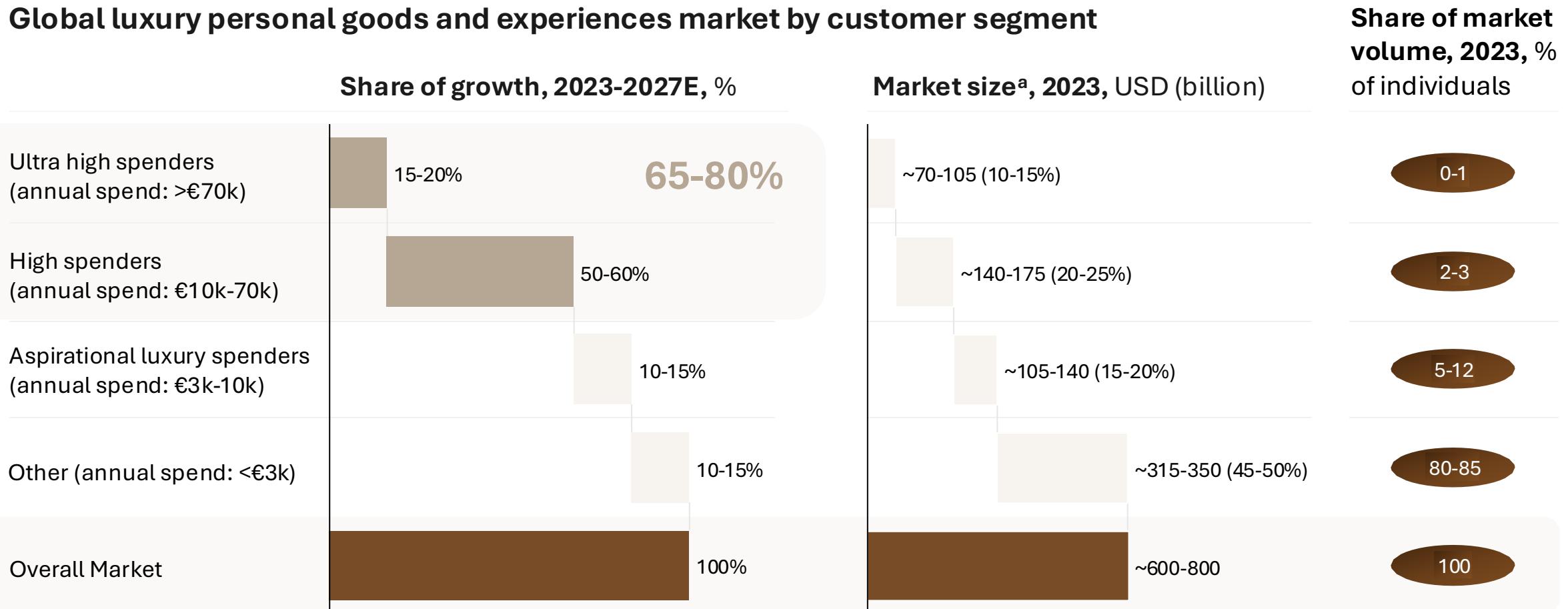
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Outcome: Trusted execution at scale

Growth is concentrating at the top: Top-spending clients drive 65-80% of growth through 2027

Precision and trust become the advantage

Global luxury personal goods and experiences market by customer segment

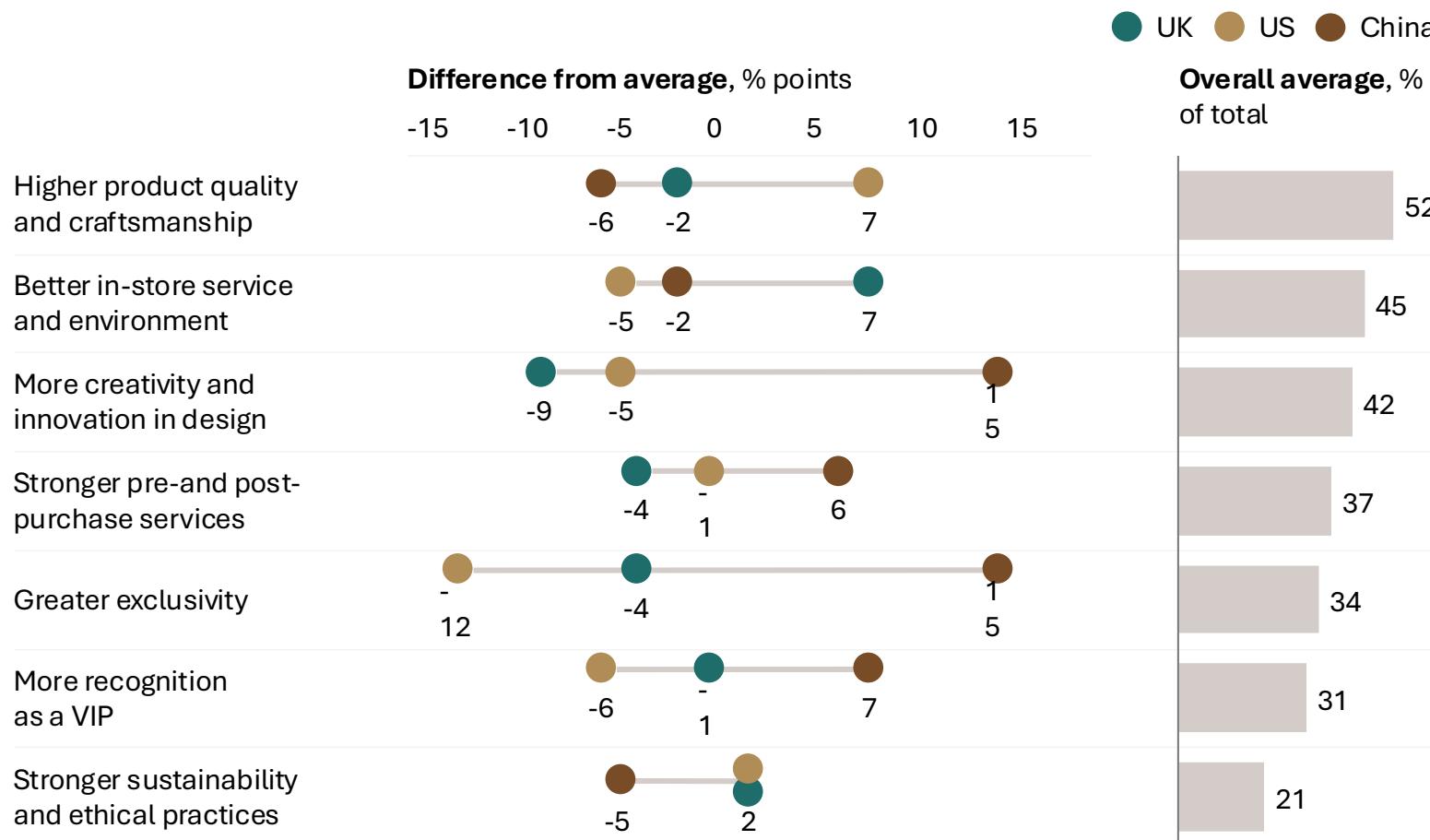


Source: McKinsey State of Luxury analysis, based on McKinsey State of Tourism and Hospitality 2024, Knight Frank, Wealth-X, Credit Suisse/UBS, Capgemini, Global Blue Shopping Report, Project Max Travel Advisor Surveys (October and November 2023), Beyond Boundaries: Redefining Aspirational Luxury Consumers (McKinsey, April 2024), McKinsey State of Beauty, Global Wellness Institute, Fortune Business Insight, expert interviews

The luxury slowdown is prompting strategic renewal

Craftsmanship and service win, and trust is the prize

Factors that would encourage high-net-worth (HNW) individuals to buy more from a luxury brand in 2026, top three reasons



Brands are reducing reliance on price-led growth and refocusing on **creativity and craftsmanship** to rebuild trust

The winners integrate product, storytelling, and client experience into one expression of brand value

That cohesion lives in journeys

AI will either strengthen them or fracture them

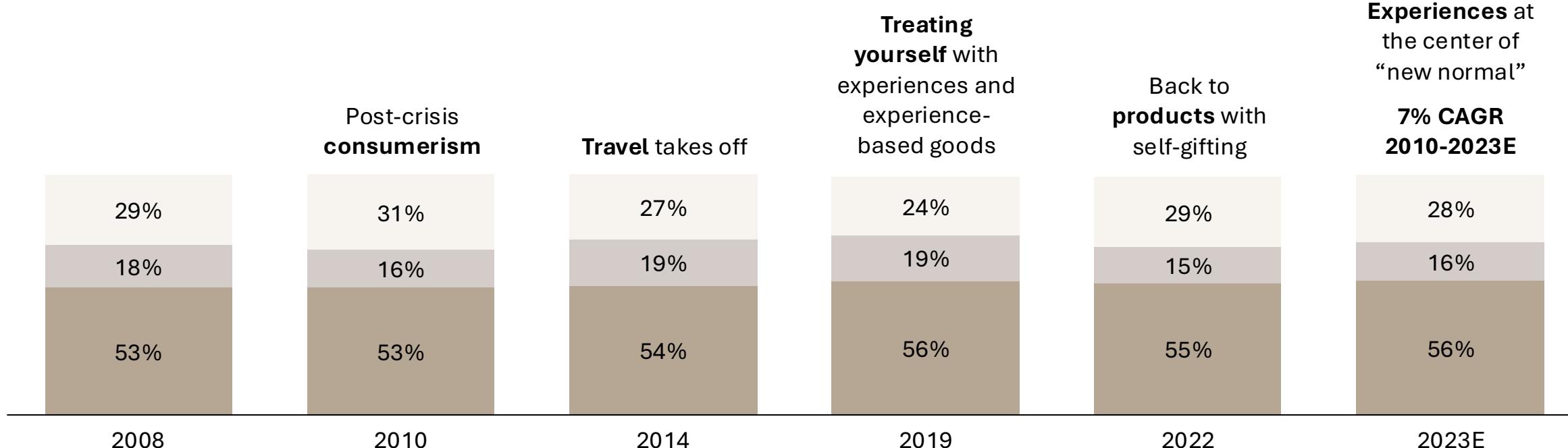
Luxury has shifted toward experiences

Journeys are where trust and time are won or lost

Experiences and experience-based goods represent ~70% of spend

Worldwide luxury spending by segment, 2008-2023E (€ billions)

Personal goods Experiences Experience-based goods



AI's job is to remove friction without breaking trust

Notes: E indicates estimated values; experience-based goods include fine art, luxury cars, private jets and yachts, fine wines and spirits, and gourmet food; luxury products include high-end furniture/housewares and personal luxury goods; experiences include luxury hospitality, cruises, and fine dining

AI already touches the full journey

Non-exhaustive

The question is whether it is wired into workflows that shape the experience

Customer journey	Awareness ¹	Product search	Recommendation	Fitting	Purchase & Delivery	Return
Use cases	<p>Content creation of marketing material by leveraging AI-driven tools</p> <p>Personalized markdown/ promotions using ML, LLMs, and CDPs²</p> <p>Personalized loyalty program incl. pricing</p>	<p>Hyper-personalized app by analyzing customer behavior, preferences, and browsing history</p> <p>Conversational, human-centric search</p>	<p>Personalized recommendations through recommendation engines</p>	<p>Virtual try-on options using AR/VR technology platforms based on computer vision and 3D modelling</p>	<p>Secure payment through gateway integration</p> <p>Fraud detection through detection algorithms analyzing returns to identify anomalies</p>	<p>Concierge return experience to offer personalized communication</p>
Back-end & operations						
Use cases	<p>Supply Chain & distribution</p> <p>Inventory management based on market and location specific trends</p> <p>Demand forecasting based on customer purchases (e.g., to buy correct stock)</p> <p>Optimization of assortment/portfolio management</p>	<p>Vendor communication and negotiations</p> <p>Dynamic warehouse allocation (e.g., based on customer purchases)</p>	<p>Risk analysis and incident documentation</p> <p>Edge computing for faster order routing and onsite data processing</p> <p>AI coding assistance, e.g., requirements definition, code generation, code testing</p>	<p>Agentic commerce for the next level of automation in the finance domain</p> <p>Automated financial reporting</p> <p>Real-time performance dashboards for SKUs, regions, and marketing ROI</p> <p>FP&A, budgeting, forecasting, and reconciliation automation</p>	<p>Talent recruitment and onboarding</p> <p>Employee trainings and Q&A (e.g., AI bot answering HR policy questions)</p> <p>Personalized performance coaching, predictive performance and attrition modeling</p>	<p>AI for administrative tasks (e.g., emails, content)</p> <p>Skill / role demand prediction, external labor market analysis</p> <p>Learning journey personalization, automated content creation</p>

The winning pattern is not automation. It's preparation.

AI prepares the human moment

Virtual shopping assistant

Illustrative

Input

Client product query

Good morning, I'm looking for a skirt.

Something summery, with a simple, fresh style.

I prefer long skirts.



Virtual Shopping Assistant

Understand clients' queries and extract/infer relevant attributes by mimicking the “chain of thoughts” of a Client Advisor

Season:

Summer skirt, suitable for summer, light weight

Features:

Long skirt, longer length reaching the ankles

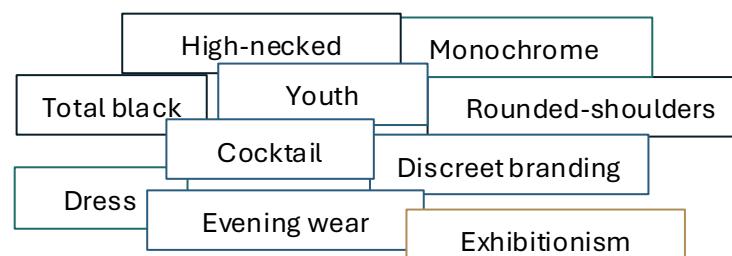
Style:

Simple and fresh, charming design, light and minimalist look

Occasion:

Unspecified, versatile garment that can be casually worn

Enrich product catalog descriptions with product info, tags, and product storytelling



Search the product catalog to match client queries' attributes with products

Output

Relevant products (and storytelling)



Distinctive patterns and vibrant color palettes inspired by ...



Perfect with colorful knitwear, floral silk or even sportswear ...



... with some distinctive elements, sophisticated print ...

Not replacing the advisor

Preparing the advisor with handoffs and next best actions



The paradox Adoption is high, impact is not

*If it does not touch a real workflow,
it will not move metrics*

A close-up, low-angle shot of a person's hands working on a detailed wooden model of a ship, which is contained within a small glass bottle. The hands are steady and focused, using a small tool to work on the intricate details of the ship's hull and rigging. The lighting is warm and focused on the hands and the model, while the background is dark and out of focus.

80%

AI is everywhere

of companies **have deployed AI** in some form in at least one business function

20%

Few are doing it right

of companies report material financial impact from AI deployment

How do the 20% capture value, while others only experiment?

The 80% Pilot purgatory

Piloting narrow tools focused on use cases and then ask why value hasn't been realized

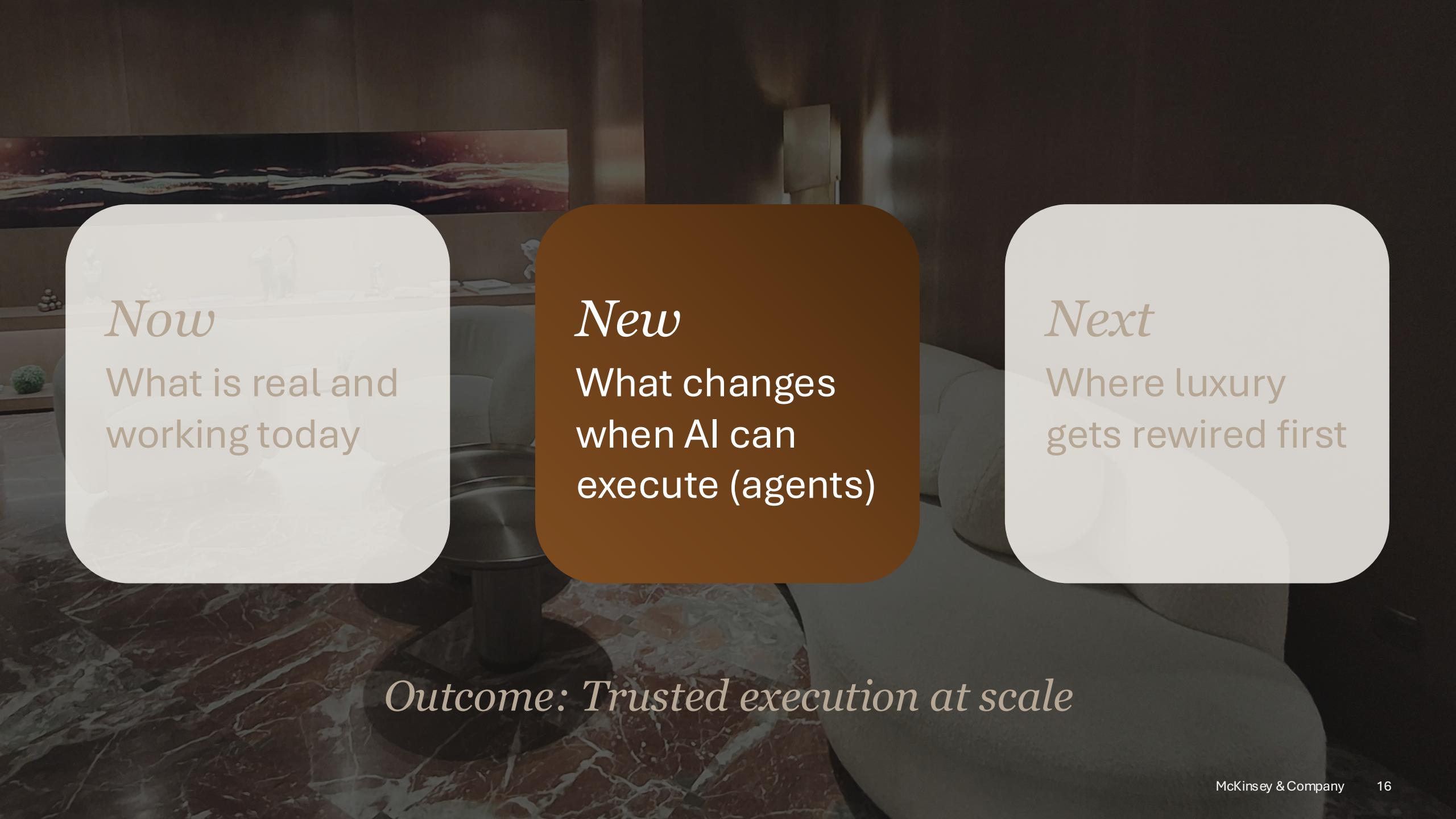
- AI answers but does not act inside systems
- Work is not reinvented, just made shiny
- No domain owner, no systems integration
- Infinite testing, no learning loop



The 20% Capturing value

Underwriting outcomes, not demos. They are asking where it plugs in, who owns the data traces, and what KPI the AI is moving.

- One metric you can measure tomorrow
- Pick one domain, not ten use cases
- Permissioning and approvals
- Wire into ERP/CRM with logging and replay



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Next

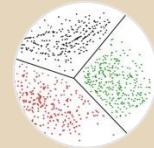
Where luxury
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Outcome: Trusted execution at scale

From answers to execution Agentic AI

Analytical AI

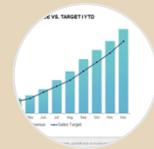
“Help me understand”



Forecasting sales or estimates



Segmenting customers



Employee and shopper sentiment analysis

Gen AI

“Tell or show me”



Designs or concepts



Contracts and marketing



Code generation

Agentic AI

“Do it for me”

Trusted execution inside real workflows

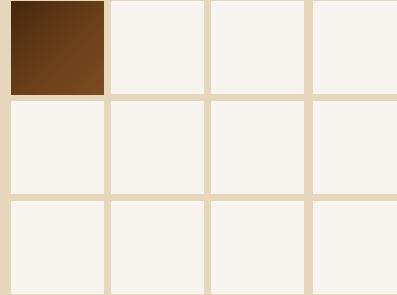
We are at the AI “Goldilocks moment”: Use cases are too small. Enterprise programs are too big. Domains are “just right”



Entire enterprise – Too big, too shallow

Too many domains, data sets, and stakeholders to be able to get to meaningful impact quickly

“How do we best leverage AI agents to improve topline and profitability for the **company**? ”

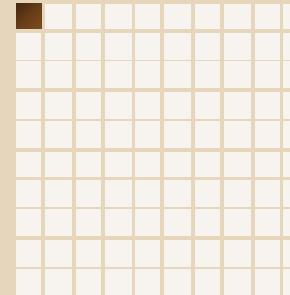


Transforming a domain – Just right

Balance of end-to-end impact, leadership excitement, and achievable results in 6-12-month window

VIP Clienteling: “How can we use Agentic AI to plan outreach, prepare appointments, and log outcomes in CRM each day?”

Service recovery: “How can we use Agentic AI to detect issues, propose remedies, secure approvals, and close the loop in minutes?”



Use case – Too small

Too niche to demonstrate material impact on an end-to-end domain

Within **Marketing:** “Draft campaign copy” (fine but generic) OR “Generate product story variants”

Within **Clienteling:** “Draft a first version of VIP outreach for approval”

Within **Operations:** “Auto-tag service tickets and draft responses”

Benefits of a domain approach

Moves whole-system metrics, not isolated demos

Creates accountable ownership and manageable scope

Enables integrated data and workflow wiring

The domains can be broken down into simple parts: Steps and thoughts...

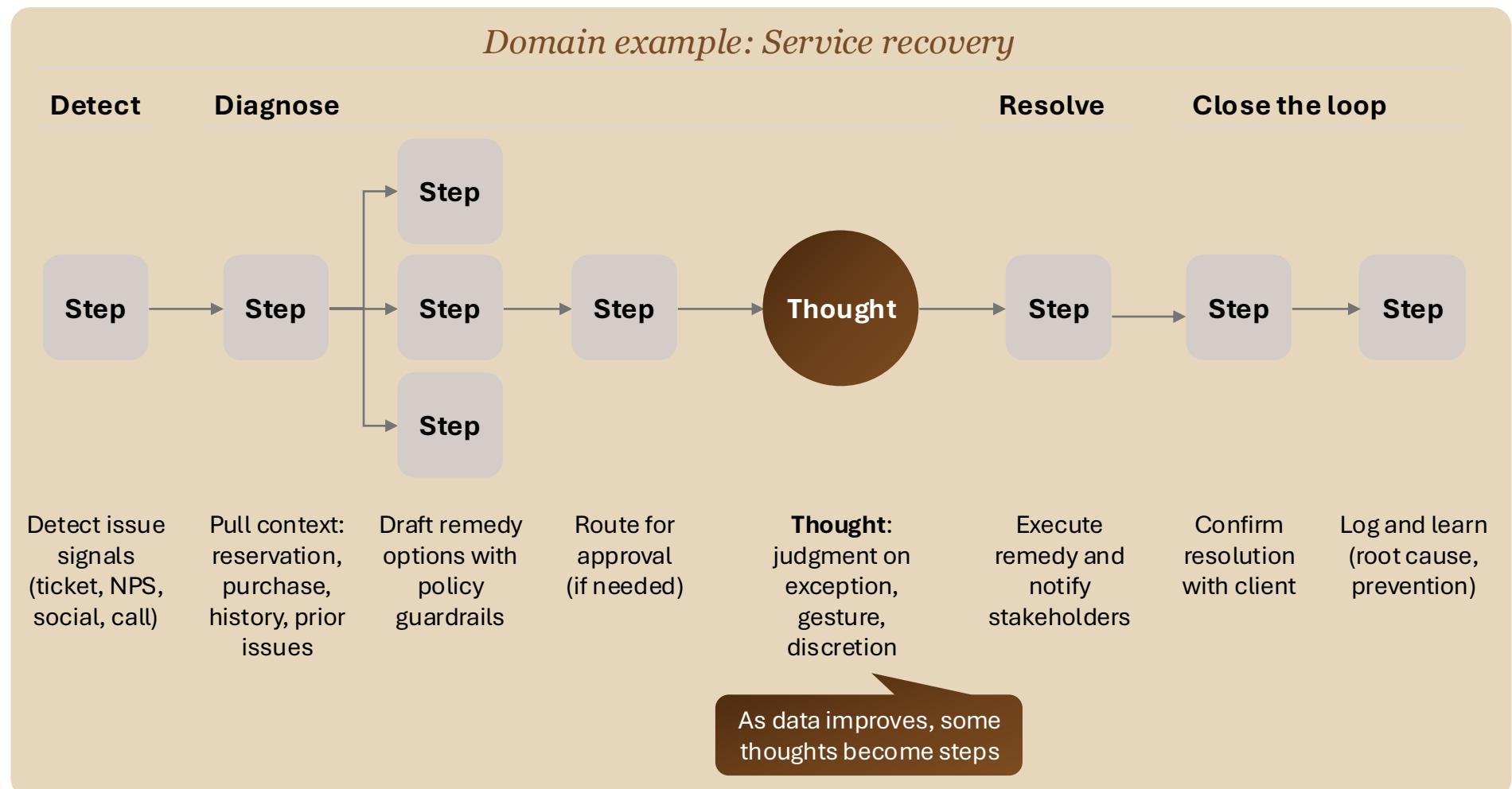
Steps vs. thoughts definition

Steps

Simple tasks (e.g., pull this field from an ERP, log this result in our CRM) that can be automated with an agentic AI user

Thoughts

Complex actions requiring judgment, taste, or creativity (e.g., make a qualitative choice, pick sets of creative content) that require human-in-the-loop



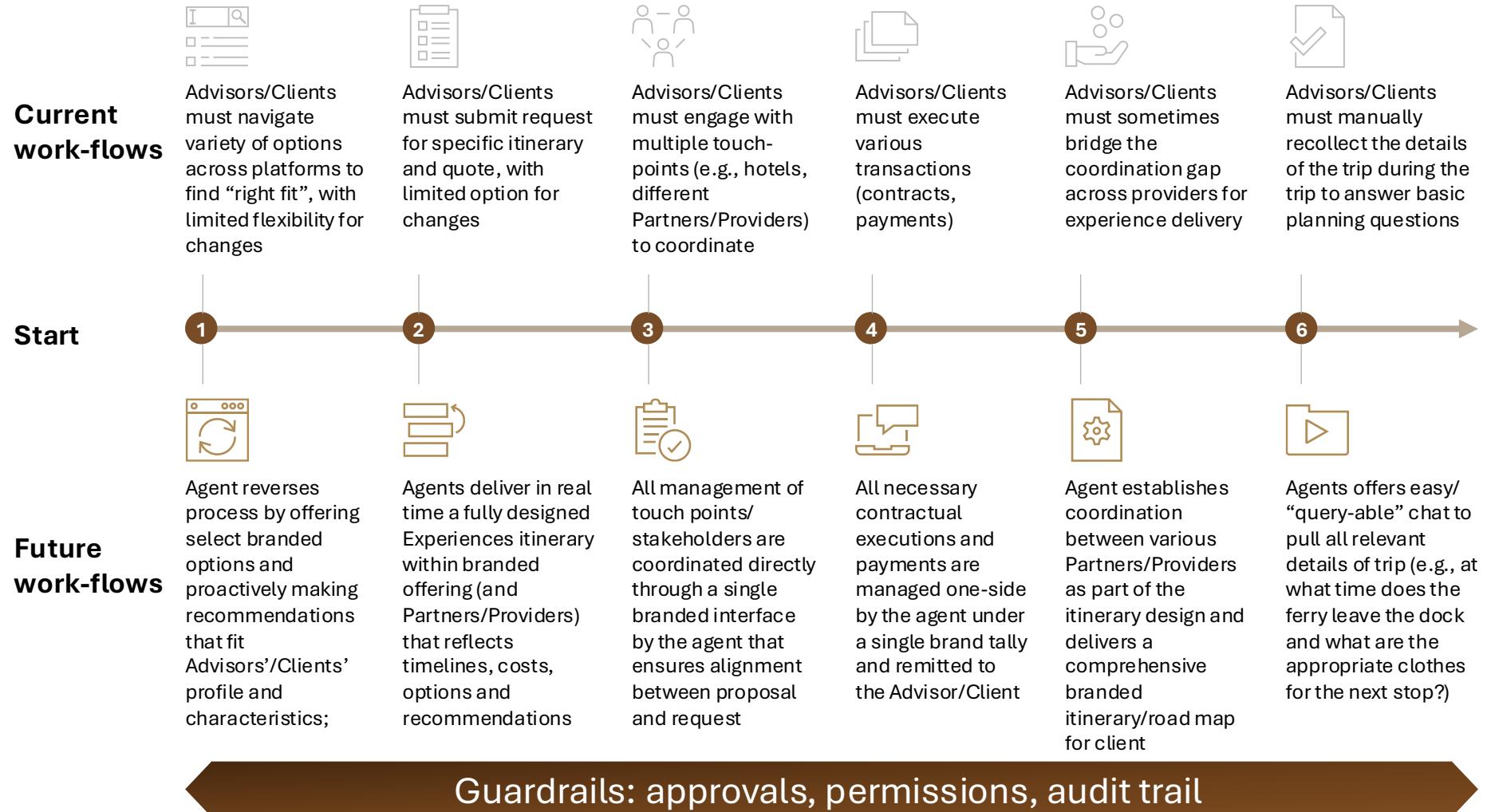
To capture value, domains must be reinvented. Trusted execution requires ownership, wiring, and measurement

Models do not create value. Operating models do.

Strategy			What this means in practice (examples, not exhaustive)	
Enablers	A	Business-lead digital roadmap Deep dive follows	Quantified ambition (e.g., NOI, NPS) and steps to get there expressed at domain level (incl. product roadmap)	Quantifiable targets Appointment conversion: +3–5 pts Service recovery cycle time: -30% Advisor admin time: -25%
	B	Talent & Ways of Working	Agile squads, required skills mapped to the steps to reach ambition, steps to develop / acquire the skills	Cross-squads Agent-enabled clienteling domain: CRM + ecommerce + store ops + data
	C	Agile Operating Model	Iterative sprints, business partners and product-lead approach	Iterative 2-week A/B tests on tone, offer framing, and outreach timing
	D	Tech	Target system architecture and partner/ build / buy decisions to reach it	Open APIs Agent drafts outreach, schedules appointments, and logs outcomes in CRM
	E	Data, AI & Platforms	Roadmap-aligned data architecture, flows / APIs, governance, data product owners	Single data layer Unified client identity, preferences, product, and service history (permissioned) without silos
	F	Adoption & Scaling Deep dive follows	Defined stage gates and incentives to drive adoption / scaling, benefit banking	Trackable ROI Domain-level scorecard with attribution to time saved and conversion lift

Deep-dive: The Experience Designer (agentic orchestration)

Illustration from travel, pattern applies across luxury



Major pain points

- Fragmented options, limited flexibility
- Iterative, protracted design process
- Multi-stakeholder coordination
- Disjointed information and handoffs

Major enhancements

- Real-time personalization with transparent tradeoffs
- Single interface for design, payment, and delivery
- Always-on companion with consolidated journey context

The same pattern exists across luxury domains

VIP clienteling orchestration

AI prepares outreach, appointment briefs, assortments, and follow ups. Advisors own taste

Service recovery

AI detects issues, drafts remedies, routes approvals, and closes the loop. Managers own gesture and discretion

Concierge and partnerships

AI coordinates providers, bookings, payments, and confirmations. Humans own exceptions

Repairs and returns

AI routes items, updates status, and keeps the client informed. Humans own relationship moments
...and many more

Guardrails approvals, permissions, audit trail across all



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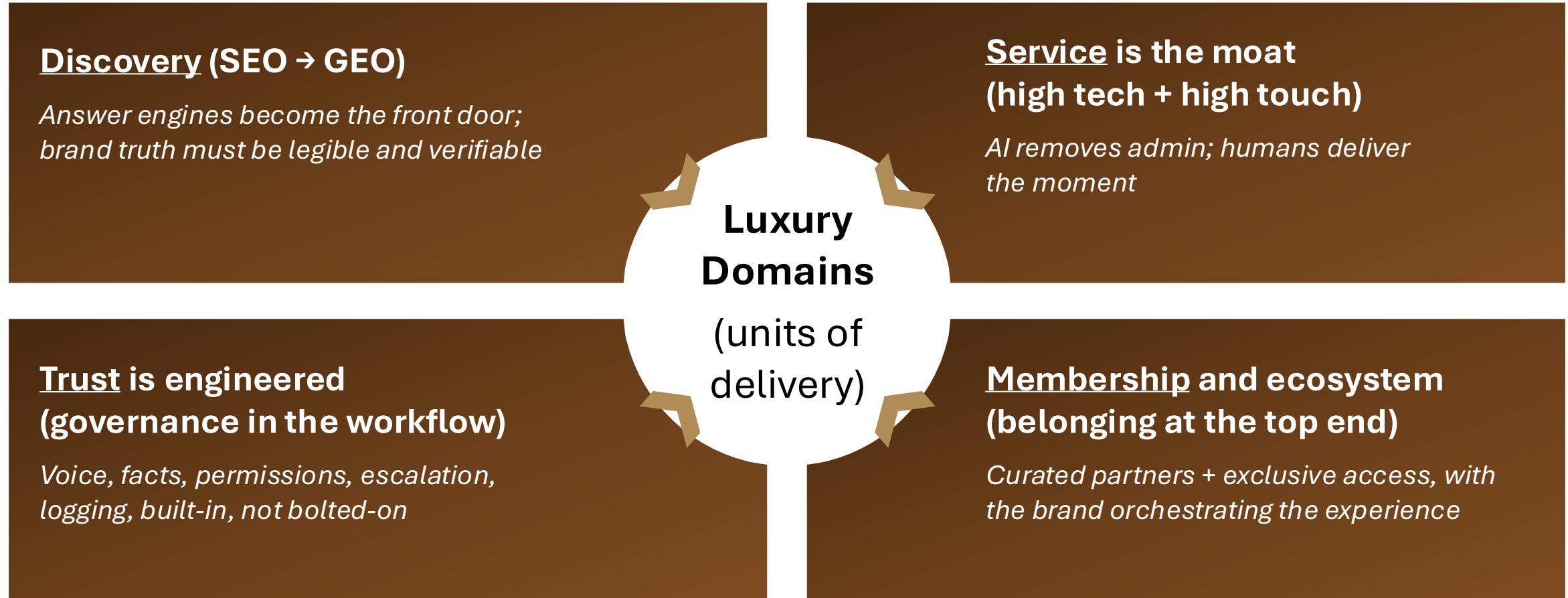
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Where luxury
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Outcome: Trusted execution at scale

Four rewrites reshaping every luxury domain

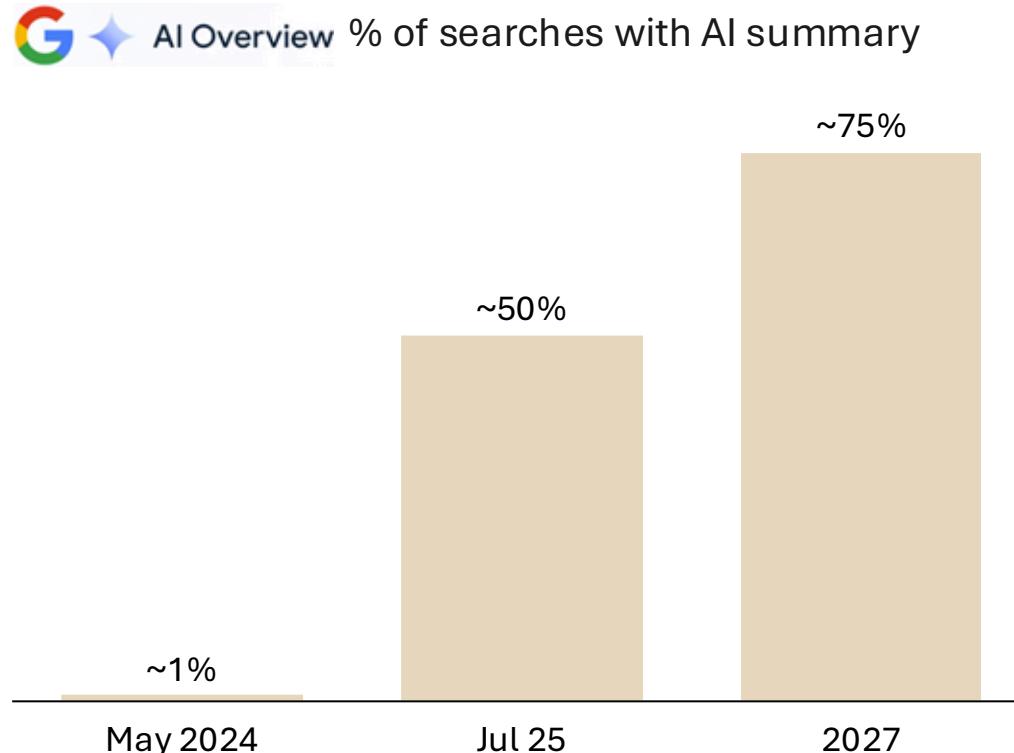
Domains are where value is delivered. Rewires are the shifts you must design for, everywhere



Domains are the unit of delivery. **Rewires** are the rules of the game so any domain works at scale in luxury

AI search volume is growing and will represent a significant portion of business revenue

Daily AI Search volume is growing quickly



Source: Gartner, SEM Rush, Google, OpenAI, FirstPageSage, Botify, DemandSphere, Press Search

\$750B

of search revenue will shift to AI search by 2028
(75% of \$1T search revenue today)

1 B+

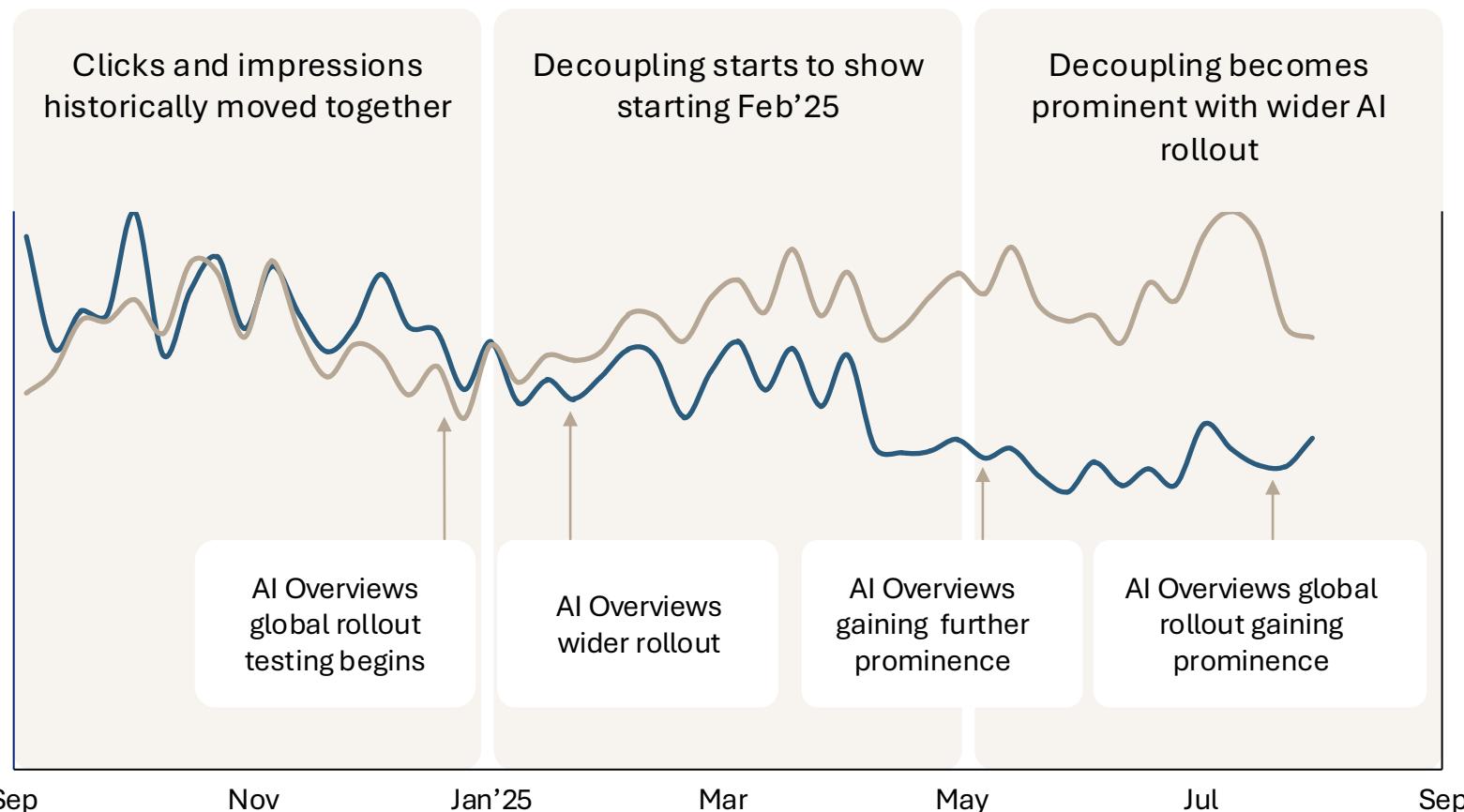
Chat GPT users by December 2025
(400M in December 2024)

53%

of AI search users use it to guide brand discovery and purchase decisions

Case Example: Impressions and clicks are decoupling as AI overview rolls out

— Clicks (# in '000s) — Impressions (# in '000s)



Source: Gartner, SEM Rush, Google, OpenAI, FirstPageSage, Botify, DemandSphere, Press Search

Analysis of 300,000 searched keywords shows

35%

Drop in Position 1 CTR in presence of AI overviews

~65%

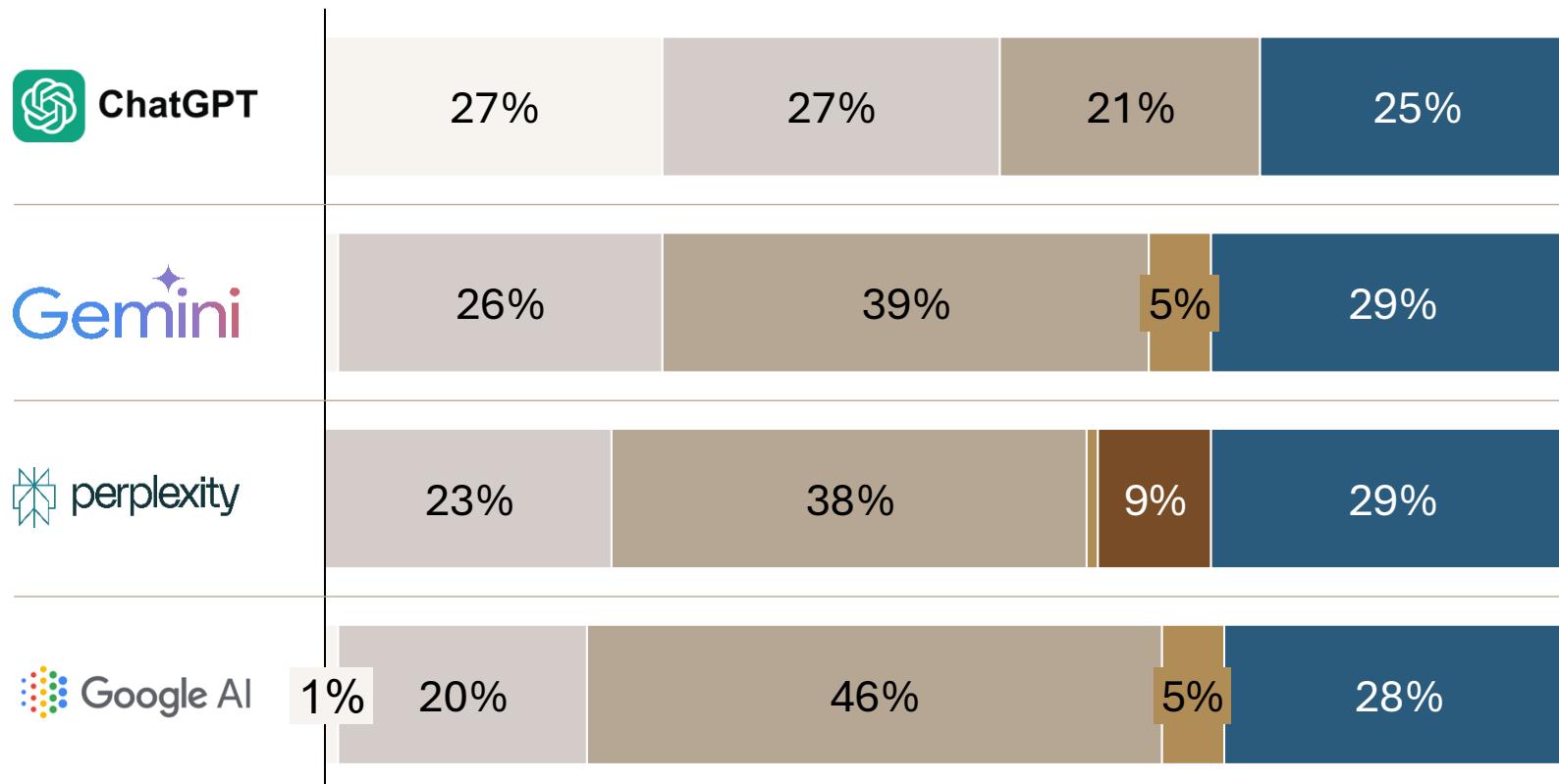
Drop in CTR for organic results within one year

How recommendations happen

Not exhaustive

Wikipedia Mainstream news Blogs & listicles Social forums² Expert review sites³ Others

Total citations per answer, % share



1. Insights based on Search Engine Land's article, "How to Get Cited by AI: SEO Insights from 8,000 AI Citations"

2. Social forums include Reddit threads, Quora answers, and YouTube transcript snippets

3. Expert review sites include sources like Consumer Reports, CNET, and product review

Where it cites

Authority and factual documentation in neutral, reference-style materials (e.g., Wikipedia, news reports)

High-quality blogs, authoritative publications, and relevant media (e.g., YouTube)

High-authority niche sites, expert review sites, and blogs relevant to industry

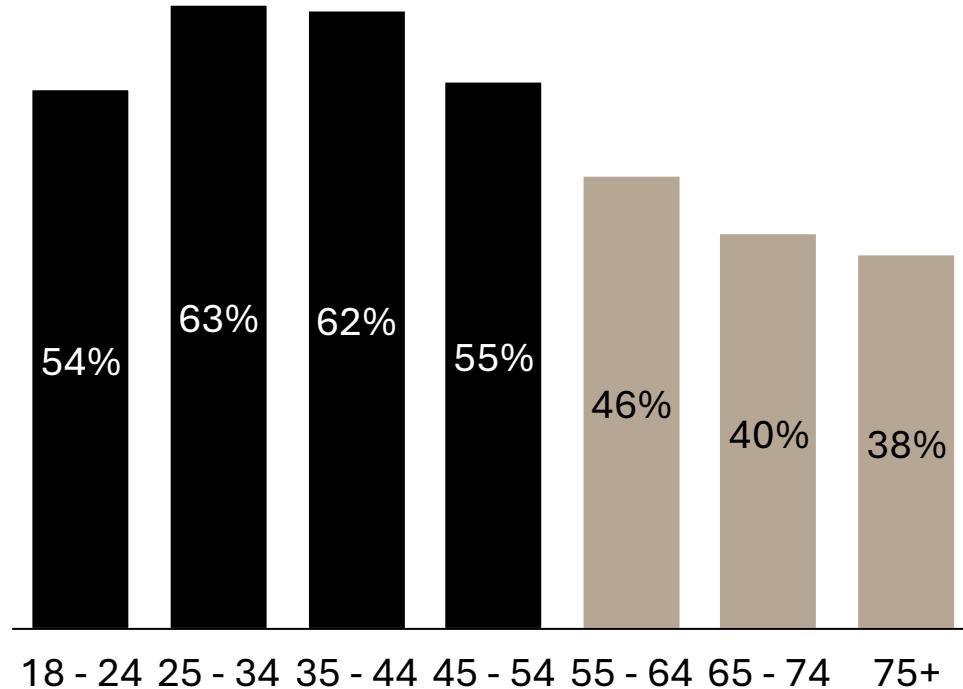
Multi-faceted approach with high-quality blogs, news outlets, and relevant forums

AI-based search usage is high across demographic groups, but skews slightly younger, male, and higher income

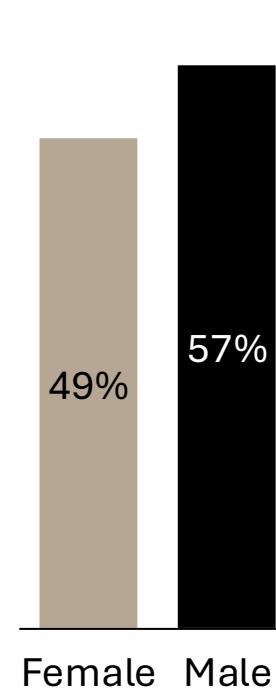
■ >50%

AI-based search usage for product/service decisions¹, % of respondents⁴

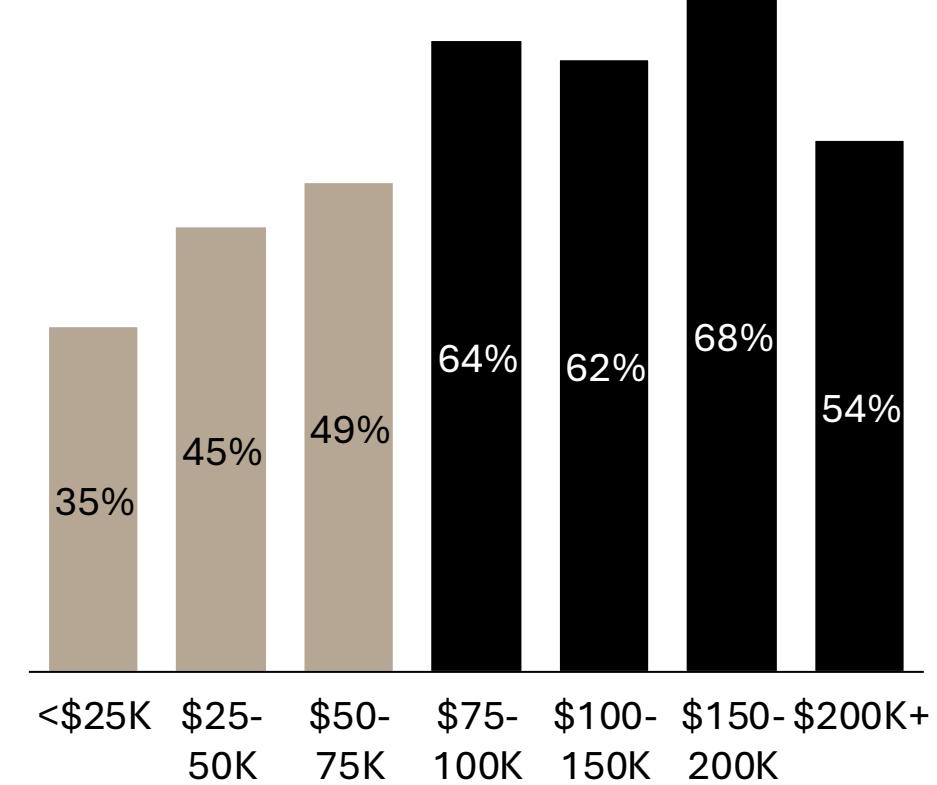
By age



By gender²



By income³



1. QUSAGE. For which of the following use cases have you used a GenAI search engine (e.g., ChatGPT, Google AI Overview, Gemini, Perplexity, or Microsoft Copilot) in the past 3 months?

2. SGEND Which of the following best describes your gender identity? 3. QINCOME. What is your total household income (annual, before tax)? 4. Respondents who have used AI search in the past 3 months

It isn't just your content, it is 3rd parties

<20%

is owned content creation

Ensure SEO fundamentals are in place so existing content can be found, indexed, and optimized

Implement a new set of parameters and concrete guidelines to boost GEO visibility – Consistent structures and organized content gets picked up more often

80%+

is how you manage 3rd party channels

Earned press and authoritative citations – This will be important in boosting brand visibility

Proactively drive affiliate content – Content published by affiliates (both large and small) will play a key role in LLM appearance rate and sentiment

Elevate user generated content through cocreation and reward systems to drive positive brand representation

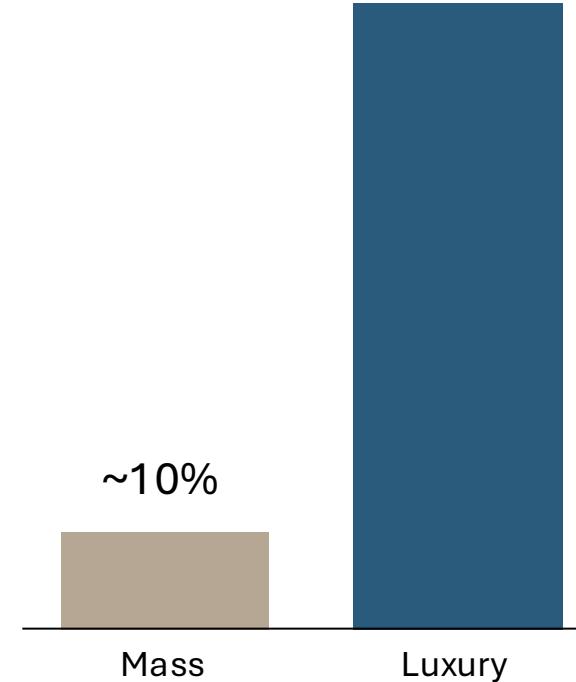
***Service is the moat.
In every domain, AI
handles the invisible
work so humans can
deliver the
unforgettable work***

Successful travel agents for luxury
travelers blend tech-enabled and
human-centric solutions

Data as of January 2024

Share of travelers who book with a travel advisor

~70%



Before trip

Essentialist leverages AI to generate an initial list of recommendations to be refined in collaboration with the client



During trip

Tzell's mobile app provides real-time updates on travel disruptions, accessible through client app



After trip

Virtuoso Advisors conduct quality post-trip debriefs to help build a learning relationship



“In a world where there are an endless number of ‘answers,’ what really impresses a well-educated, sophisticated customer isn’t that you have answers, it’s that you ask great questions”

– Travel advisory CEO

*If service is the moat, **trust** is the foundation when the system can act on behalf of the client or brand*

Permissioned actions, verified facts, and auditability are the new requirements for luxury execution

What trust means in luxury

Discretion by default (privacy, minimal exposure)

Provenance & authenticity (verified product truth)

Correctness under pressure (exceptions, VIP moments)

How to design: Tiered autonomy

Tier 1 — Automate

Low-risk updates (status, scheduling, FAQs)

Tier 2 — Act within guardrails

Drafts, coordination, recommendations (policy + thresholds)

Tier 3 — Require approval

Money, exceptions, VIP gestures, sensitive data changes

Examples

Clienteling

Agent drafts outreach; **recommendations must use approved preferences + brand policy**

Service recovery

Agent proposes remedies; **gestures/spend escalate at manager threshold**

Repairs & returns

Agent manages status + comms; **identity/payment changes require verified authorization**

Guardrails across all domains: permissions • approvals • audit trail

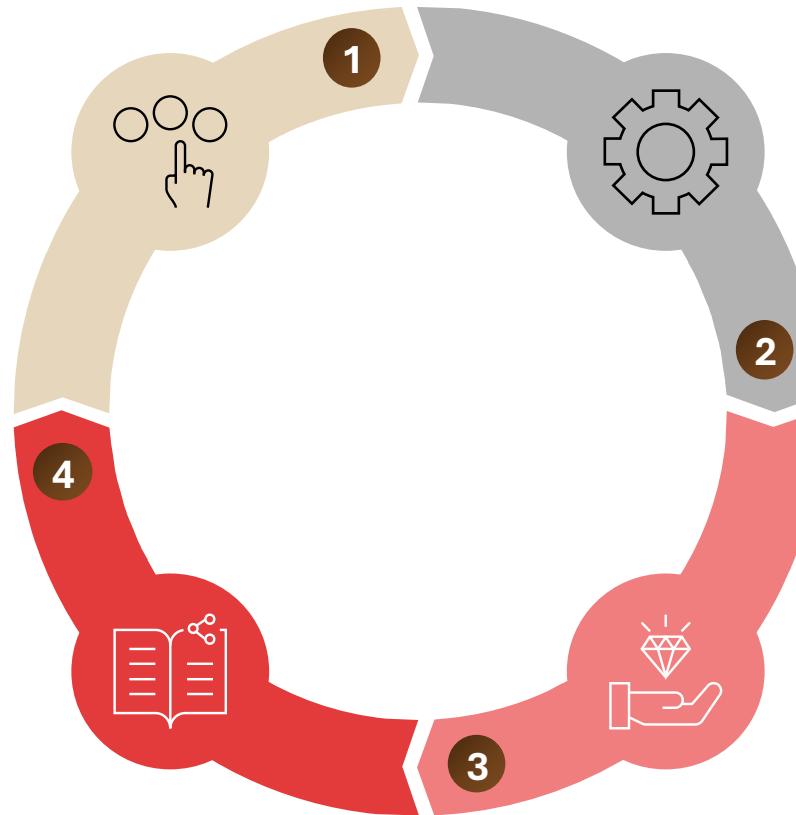
Membership turns service into compounding advantage with the right measurement

Identity and preferences (permissioned)

Segments  Individual profiles

Learning loop (next best action; retention + referrals)

CSAT  Retention + share of wardrobe/journey/wallet



Orchestrated moments (high-touch, agent-enabled)

Campaign bursts  Always-on orchestration

Benefits and recognition (status, access, surprises)

Points  Privileges + access

Luxury wins when the relationship gets smarter every time

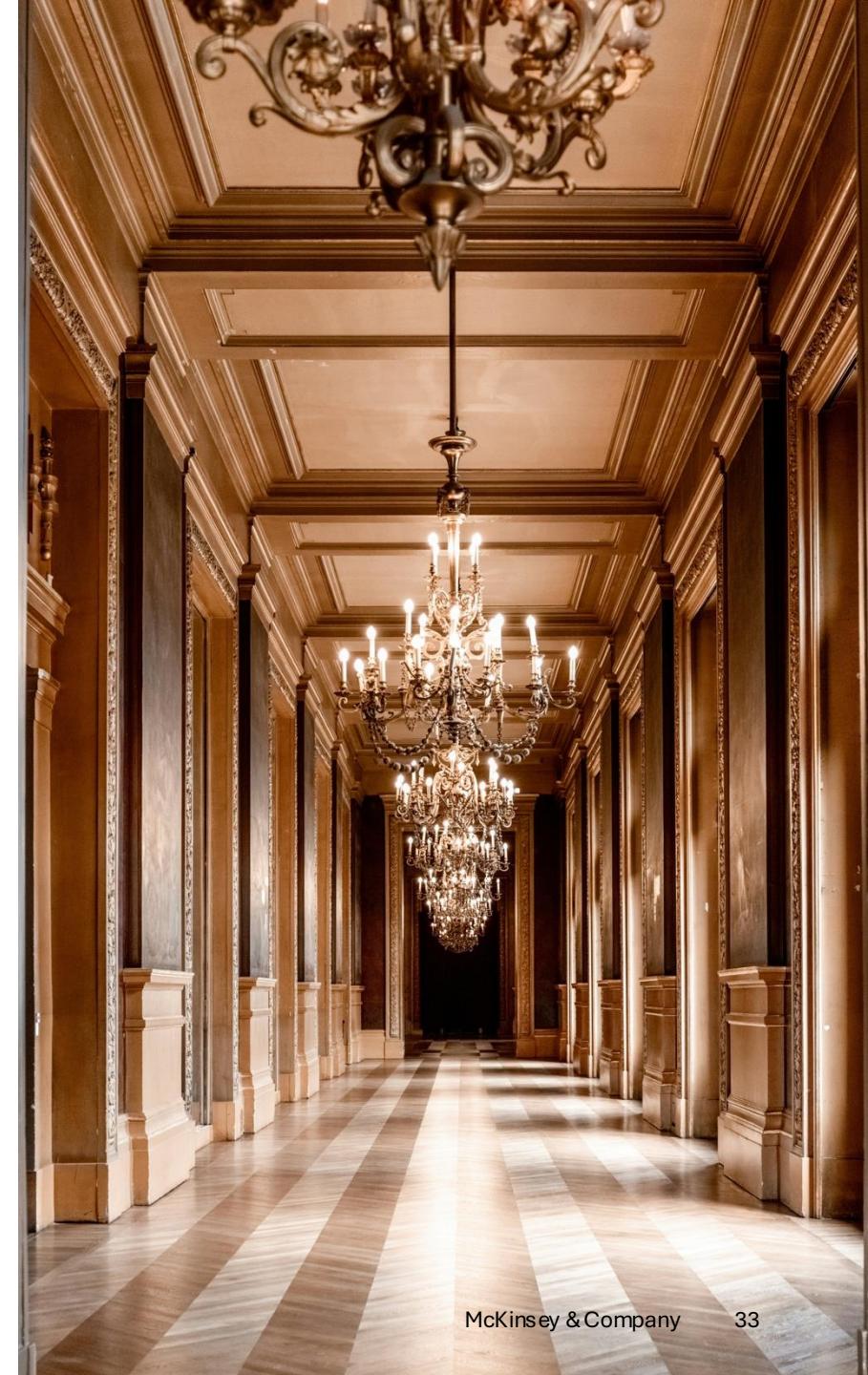
Different wealth tiers define luxury differently

The interface must flex: confidence, discretion, belonging

Customer segments	Aspirational luxury	HNWIs ¹	VHNWIs ¹	UHNWIs ¹
	\$100K-1M net worth	\$1-5M net worth	\$5-30M net worth	>\$30M net worth
Behaviors and expectations (hospitality example)	Look for special occasions, weekends, vacations	Seek privacy and exclusivity	Target large suites to preserve intimacy/ tranquility	Prefer brandless or invisible luxury with personalized service
	Seek branded luxury and target value for money	Target old-fashioned lodging and nature	Put less emphasis on hotel brand in booking process	Target private and remote destinations, with tailored experience
	Pay attention to loyalty points and perks	Trust peer reviews and boutique agents	Prefer seamless E2E experience with local ambiance	Look for private flights or helicopters

1. As defined by Knight Frank. HNWI = high net worth individuals; VHNWI = very high net worth individuals; UHNWI = ultra high net worth individuals

Source: Knight Frank, Expert interviews



Choice architecture is the luxury interface

Passion adopters

Want: speed + novelty + control

Design: AI-first, self-serve, fast iterations

Never: slow handoffs / forced human gating

Quality & convenience buyers

Want: confidence + ease

Design: AI-assisted, human-available, pre-approved options

Never: too many questions / “chatty” friction

Traditionalists

Want: discretion + relationship

Design: Human-first, AI behind-the-scenes (prep + follow-through)

Never: obvious automation / “bot vibe”

AI when you want it, human when you don't. Discretion by default

How you move from pilots to outcomes without breaking the magic

30 days

Choose and map

Pick **one domain + one KPI**

Map **steps vs. thoughts** and the “moments that matter”

Define **guardrails** (what needs approval vs. can run)

60 days

Wire and measure

Connect to **systems of record**

Implement **maker-checker** where risk is real

Instrument weekly: time saved + CX + conversion/retention

90 days

Scale what's safe

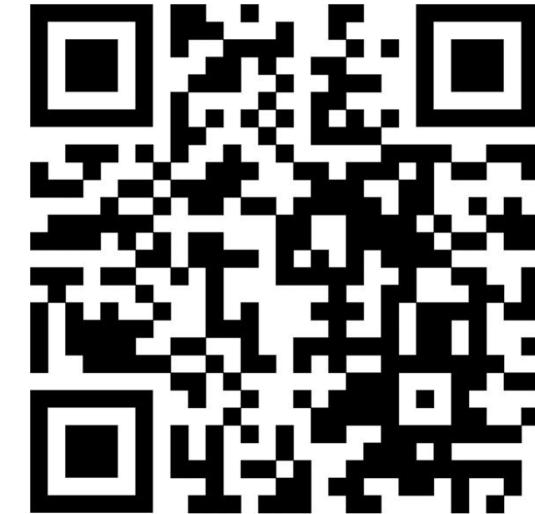
Expand coverage across the domain

Standardize “agent blocks” (intake, prep, execute, follow-up)

Remove approvals where performance proves reliability

← *Protect trust. Give back time. Keep humans at the center.* →

Want to learn more? Let's connect





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