

'Quiet AI' The Invisible Touch in Luxury and Beauty

How artificial intelligence is becoming the quiet ally for brands in times of uncertainty



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Introduction

Luxury and beauty are built on a subtle balance between heritage and innovation. With exquisite craftsmanship, timeless rituals, and a quest for wonder, these industries embody an intimate relationship with their consumers. They are defined by their ability to connect, enhance the experience, and tell a story where every detail counts.

Today, this balance is being put to the test. Historical benchmarks are being called into question, shaken by an uncertain economic landscape and shifting consumer expectations; an upheaval that is forcing brands to review their models.

In the face of these changes, how can we preserve the identity and essence of luxury and beauty? A new kind of technological revolution is needed: silent, strategic, and virtually invisible — Quiet AI. Far from being a passing fad, AI is already transforming the operational foundations of brands. Behind the scenes, it is deployed in marketing, operations, and logistics. The critical factor for this industry is to benefit from the technological advances without sacrificing on emotional connection and exclusivity.

What role will AI play in the future of Maisons? In this white paper, we explore how luxury and beauty businesses can integrate AI as a driver of transformation while preserving their core values.

“Quiet AI” refers to a form of integrated artificial intelligence

discreetly but strategically embedded in decision-making and operational processes. Unlike visible AI approaches (chatbots, voice assistants, spectacular effects), Quiet AI works behind the scenes to optimize, streamline, and enhance efficiency without disrupting the end user experience. It is particularly relevant in sectors where value lies in emotion, uniqueness, or human service — such as luxury or beauty. The term appeared in professional discussions as early as late 2022 on LinkedIn, and was then picked up in 2023 in certain tech and media circles such as the Wall Street Journal, Wired, and VentureBeat.



Abstract

1

Luxury and beauty must evolve without compromising their core values. Faced with market changes, these industries must combine the art of rarity with new consumer expectations, combining an ultra-personalized experience with responsible commitment.

2

AI is not there to replace emotion, but to amplify it. Quiet AI optimizes performance without altering the exclusivity of luxury or the sensory and immersive dimension of beauty.

3

Finance, supply chain, and marketing must work in synergy: AI supports this strategic alignment by connecting the steps from budget management to inventory management and customer engagement.

4

Experience matters as much as the product. Hyper-personalization, authenticity, and societal impact are redefining demand. AI makes it possible to integrate these requirements without losing the differentiation that powers brand equity.

5

Anticipating transformations is a necessity. Rather than being subject to market changes, luxury and beauty must adopt a predictive vision, where AI becomes a strategic lever for combining performance and operational excellence.

Part 1 • Luxury and beauty: a changing sector facing a new era of uncertainty

After a period of robust post-Covid growth, the luxury and beauty sector is now undergoing profound change. Shaped by intersecting economic, cultural, and technological shifts, brands find themselves in a market where traditional reference points are being challenged. From fluctuating demand and growing pushback against sustained price increases to a reimagined customer relationship and the rise of new technologies. The landscape calls for a fundamental rethink of strategy.

The 4 dynamics that are reshaping the luxury and beauty market

1 China slows down and the global market faces a “new normal”

Although China has long been a key driver of growth in the luxury and beauty industry, a significant recent slowdown creates a squeeze on the entire industry. After several years of post-pandemic consumer boom, growth rates have fallen back to pre-pandemic levels. This normalization has a direct impact on the performance of the major Maisons, with China sometimes representing nearly a third of their revenue.¹ Brands have therefore become aware of the risks of over-dependence on the Chinese market and are seeking to:

- Diversify their presence in other strategic territories, while striving to attract Chinese customers returning to mobility, particularly in Europe and Japan.
- Reassess their marketing investments and distribution to gain resilience.

Beyond this case, the entire global context is also becoming more uncertain: Geopolitical tensions, economic instability and a changing political landscape - particularly with the United States - redrawing the contours of an activity that must learn to adapt continuously.



¹ For example: 30% of Kering's revenue share in 2024, source Statista, 2025; 28% of LVMH's revenue share in 2024, [source Statista](#), 2025; 40% of sales for Richemont, source [financial review 2023](#), Richemont annual report.

2 Prices are rising: the delicate balance between desirability and affordability

For several years, luxury and beauty brands have adopted a strategy of continually increasing prices, focusing on their attractiveness and brand power. While this approach has enabled growth, it is reaching limits, with the following consequences:

- A growing reluctance among customers to accept ever-rising prices and an emerging challenge on the perceived value.
- The development of alternatives: boom in the market of second-hand and the rise of independent mid-tier brands challenging the historical leaders.
- A change in purchasing behaviour: consumers are favouring iconic and timeless pieces to the detriment of seasonal trends.

In this context, Maisons must adapt their strategy to justify their prices through an enriched experience and a more engaging value proposition, while maintaining the perception of exclusivity.

3 Consumers are evolving: Gen Z seeks meaningful experiences, while Boomers want to feel acknowledged and valued.

Consumer relationship's with luxury and beauty are evolving:

- Gen Z prioritizes experience and engagement, completely transforming the act of purchasing in a societal and cultural position;
- Boomers, long neglected (because they were seen as an established customer base) now expect a more premium experience and better recognition of their loyalty. Too often, they do not recognize themselves in the messages aimed at young people, nor in those addressed to seniors. This generational diversification complicates marketing and communication strategies, which must combine very different platforms, tones and promises – without diluting the brand identity.

These trends are reflected in:

- A more selective trade-off of luxury purchases, with an increased search for sustainable value
- Strong demand for an ultra-personalized omni-channel customer experience, seamlessly combining in-store and online.
- Growing appeal for brands that are committed to the environment and community.

Faced with these changes, Maisons must adapt their approach to retain their customers and strengthen their differentiation through:

- More precise segmentation of offers and a smooth customer journey
- Increased mastery of digital and physical channels

4 AI questions the codes of luxury

Generative AI and data mining offer luxury brands unprecedented levers to improve their operational efficiency and customer knowledge. However, unlike mass industries, luxury faces a specific challenge: how to integrate AI innovations without altering their DNA, founded on exclusivity, emotion, and expertise?

AI actually calls into question several fundamental aspects of the sector:

- The ultra-personalized customer relationship: luxury cannot openly display the use of recommendation algorithms like a marketplace would. The experience must seem fluid, intuitive and above all human.
- Exclusivity and the aura of rarity: while hyper-digitalization tends to standardize the offer, luxury cultivates exception and singularity.
- The sensory and emotional experience: technology must enrich, not replace, human interaction.

It is in this subtle balance that Quiet AI is essential, an approach aimed at integrating AI discreetly but effectively, strengthening operational excellence without altering the essence of luxury. We will come back to this.



Personalization, omnichannel presence and responsibility: the new triad redefining luxury and beauty.

While macroeconomic dynamics are redrawing the strategic axes of luxury and beauty, consumption patterns are evolving just as rapidly. Customer experience, omnichannel presence and sustainability are no longer mere trends, but strategic pillars in brand structure. These transformations require careful orchestration of personalization, digitalization, and operational excellence.

1 Personalization and omnichannel: the end of “one-size-fits-all” marketing

The expectation of personalization is a key issue in the face of a more volatile and demanding customer base. Each consumer segment expects a unique experience, integrating tailored interactions between digital and retail.

Ultra-personalization goes beyond the product, into the full customer journey with:

- Shopping experiences tailored to individual preferences, carefully leveraging customer data. Some brands have developed algorithms capable of analysing a photo of the face or skin to formulate a personalized diagnosis and offer an instant, tailor-made skincare routine.
- Strengthened loyalty built on ongoing and enriched relationships, whether in-store, on social media or via exclusive online services.
- Retail augmented by data, where in-store recommendations win relevance, without ever being perceived as automated or impersonal. In the case of certain iconic brands, with high tourist traffic for example, the adjustment of the in-store offering is also driven by data. This is the case of Galeries Lafayette, where the beauty assortment is adapted to meet the preferences of Asian customers: the best-selling products in China are not always those popular in Europe, and artificial intelligence makes it possible to adjust the products offered to maximize the relevance of the offer.

The challenge for the Maisons is to meet this expectation without distorting their exclusive positioning: an individualized experience, but never automated in a visible way, where the human dimension remains at the heart of interactions.

2

Retail and digital: a harmonised duo

The duality between physical distribution and digital experience has given way to hybrid and seamless experiences. The customer journey is now constructed across multiple touchpoints, that are expected to be seamless.

- A physical store is not just a point of sale, but a place of experience and an embodiment of the brand.
- E-commerce should not just be an additional conversion channel, but a major lever for extending and strengthening loyalty.
- Social commerce and live shopping create new opportunities, particularly in China, where these formats are creating new standards.

The goal is to provide continuity and consistency across the various purchasing channels, where the experience remains true to luxury, regardless of the channel. The brands that successfully achieve this integration are those that orchestrate a seamless experience across the various channels, while ensuring that the exclusive relationship with each customer is preserved.



3 Sustainability under surveillance: time for proven responsibility

While the luxury industry has been driven by a quest for exclusivity and timelessness, it can no longer ignore its environmental footprint.

Under dual regulatory and societal pressure, sustainability commitments must translate into concrete and measurable actions because:

5

- Regulation now imposes strict standards, particularly with measures such as the EPR law in APAC, which regulates the destruction of unsold goods.
- Consumers demand transparency on the origin of raw materials, traceability of production circuits, and quantified commitments in terms of impact.
- The circular economy is redefining standards: the rise of the second-hand market and product revaluation initiatives is forcing brands to rethink the entire product life cycle. Brands that adapt today will benefit from a strategic advantage: by anticipating future constraints, they will also be able to better exploit the new and sustainable resources that will shape the industry of tomorrow.

The challenge? Maintaining the distinctive aura of luxury while integrating more virtuous practices, without ever compromising the exclusive and aspirational aspect of the products. Maisons that succeed in this transition will be those that succeed in reconciling impact and storytelling, by demonstrating that a responsible approach can also be a lever of desirability.

➔ **The acceleration and superposition of these transformations impose to Maisons a continuous questioning of their models. Adaptability becomes a key factor of success: it is not simply a question of integrating these new expectations, but of orchestrating a progressive and controlled transition, which respects the fundamentals of luxury. The challenge is therefore twofold: finding the balance between innovation and preservation, between adaptation and singularity, between performance and exclusivity. AI and data science offer concrete answers to these challenges, allowing brands to optimize their decisions without sacrificing their strengths. How can AI support this strategic transformation and strengthen the operational excellence of companies? This is the focus of the next chapter.**



Part 2 • How AI becomes a strategic ally

Accelerating market changes are complicating decision-making for luxury and beauty brands. Pressure on investments, adjustments to in-store operations, and sales volatility: the need for a more agile, data-driven approach is becoming increasingly evident. In this context, three major challenges are emerging to ensure operational excellence while preserving the essence of luxury.

1 Where to invest? Optimize marketing budgets without harming brand image

Historically considered secondary in the luxury sector, optimizing marketing investments was met with reluctance. Associated with a purely ROI-driven vision, it seemed incompatible with a sector based on emotion and desirability. Talking about the marketing mix and budget efficiency meant challenging the assumption that prestige was enough to guarantee performance.

Today, with the explosion of touchpoints, changing consumer expectations, and pressure on margins, Marketing Mix Modelling (MMM) is emerging as an essential strategic lever. It allows brands to balance performance and image, while facilitating their budget allocations.

In other words, there is no longer any question of relying on intuition or mechanically repeating old patterns: Houses must now integrate a data-driven approach to adjust their marketing allocation to the reality of the market, while remaining faithful to their DNA.

For marketing and financial leaders of luxury and beauty brands, the challenge is to answer several major questions:

- Which channels generate the best ROI without degrading brand prestige?
- How to intelligently justify marketing budgets to a financial management attentive to the profitability of each lever?
- What balance is there between branding, performance and business development?
- How do we rationalize pricing and activations without damaging the brand image?
- What market-specific media strategies should we adopt within the dynamic and rapidly evolving APAC region to drive optimal sales performance?



This is where MMM brings strategic added value. It allows us to objectively measure the impact of different marketing investments: to reconcile finance and marketing,⁶ to adopt a more agile and efficient budget governance. It even allows for the integration of non-financial KPIs, paving the way for a broader trade-off between performance, image and long term strategy. MMM is based on an in-depth analysis of marketing investments, in order to understand what actually works and to optimize future scenarios. This requires:

➔ **Understanding the specific business challenges of each Maison**

Each brand has its own challenges:

- How to balance investment between different product categories? (ready-to-wear vs. jewelry vs. perfumes) and maximize synergies between them to strengthen brand consistency and optimize cross-returns?
- When and how to activate marketing levers? (Media, CRM, retail events, collaborations...)
- How to manage differentiated strategies according to markets?

➔ **Structuring and modeling data to boost marketing effectiveness**

Once the scope has been defined, the challenge is to leverage several years of data to build an algorithmic model capable of quantifying the impact of each marketing lever on sales, but also on brand image. An effective MMM is based on several key elements:

- Analysis of past investments and their effect on business performance and the brand equity indicator.⁷
- Segmentation of marketing levers (paid media, social, PR, retail activations, etc.) for understand their real contribution and manage the trade-off between branding and conversion.
- Ability to integrate non-traditional luxury activations (in-store events, collaborations, fashion weeks) and measure their impact on both sales and desirability.
- Granularity in market analysis to adapt strategies activation according to consumer profiles and local realities.

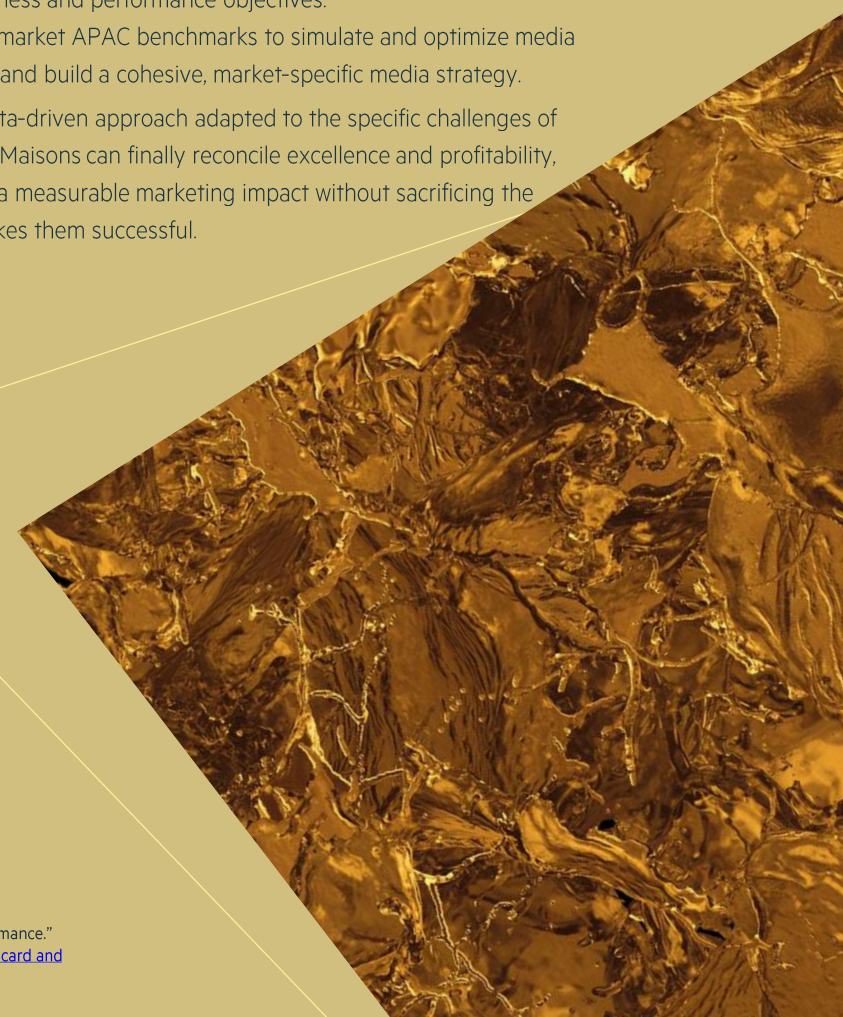
Thanks to this approach, Houses can move away from historical marketing intuitions and build a more informed model, where each budgetary decision is backed by concrete and actionable insights.

➔ **Actionable MMM**

MMM not only provides interesting insights; it allows for concrete activation of recommendations for:

- Align finance and marketing: effective MMM must speak the business language by integrating relevant profitability indicators.
- Enable reactive management: far from being a simple post-campaign diagnosis, Recent models allow investments to be adjusted according to market trends and observed results.
- Facilitate decision-making with clear recommendations: more than reporting complex, an effective MMM offers optimized budget allocation scenarios, integrating awareness and performance objectives.
- Leverage cross-market APAC benchmarks to simulate and optimize media channel selection and build a cohesive, market-specific media strategy.

By structuring a data-driven approach adapted to the specific challenges of luxury and beauty, Maisons can finally reconcile excellence and profitability, thus guaranteeing a measurable marketing impact without sacrificing the exclusivity that makes them successful.



⁶ To learn more about this topic, read "[How Marketing Mix Modeling can become a powerful tool for sustainable business performance](#)"

⁷ The concept of brand equity refers to the value that a brand brings to a product or business. To learn more about this topic, read our white paper "[Marketing Performance: long term, brand Equity – Measure, optimize to guide your decisions](#)" written with the Think Tank Marketing Performance Hub bringing together Axa, Nestlé, Pernod Ricard and Ekimetrics.

• Success story

AI at the service of marketing ROI and desirability: the case of an APAC leader in beauty

- ◆ +€25 million revenue gain per quarter thanks to AI
- ◆ **+20% marketing ROI with A&P optimizations**
- ◆ A combined solution for 12 business lines utilizing omnichannel strategies

- Problem: This leading luxury and beauty firm faces the challenge of aligning A&P strategies to optimize their marketing budget in diverse and dynamic APAC market with many local market intricacies. Rapid changes in consumer behavior driven by e-commerce acceleration post COVID made it increasingly difficult to optimize investments and stay ahead of the curve.

- Solution: A tailor-made marketing AI solution designed to simulate, analyze and optimize budget allocations. Thanks to this machine learning model, the platform:

- Framed the strategy and business context of regional performance, with benchmarked results for local e-commerce channels like Tmall and JD for comparison.
- Generated tailored multi-stage modeling that can quantify drivers of performance with cross country capabilities across multiple brands.
- Tested and optimized marketing mix, integrating ROI and budget constraints to maximize sales

- Result :

- Continuous optimization of the marketing budget, with precise allocation on the best performing channels.
- Improved data automation and maturity across key stakeholders within firm, leading to further model sophistication with more accurate and localized results.
- Expanded strategic deployment on a regional scale, enabling optimized management campaigns with expanded scopes to the SEA region.

➔ **Practical applications of AI onto marketing strategies enable luxury companies in APAC to optimize media performance at an always-on level** with localized insights and market considerations. These sophistications drive actionable insights in a diverse and dynamic APAC market, maximizing media performance.

➔ **3 reasons why AI implementations in MMM is becoming a key tool for APAC luxury and beauty houses:**

- Contextualizes model results with flexible adaptations in dynamic markets.
- Enables continuous insights and real-time optimization of media plans.
- Facilitates agile adjustments to market-specific media channels, guided by industry benchmarks.



2 Have the right product, in the right place, at the right time, at the right price: AI at the service of assortment and pricing power

In-store assortment isn't just a matter of business optimization; it's also a major strategic lever. It influences customer experience, point-of-sale performance, and inventory management. However, the challenge is not only to have the right products: it is also about guaranteeing optimal price positioning, without breaking the balance between exclusivity and attractiveness. Poor product assortment is costly. A customer who can't find a specific model in a store leaves frustrated and may not return. Conversely, overstocking products that don't match local demand ties up considerable capital, an even more critical issue in the watch and jewelry industries. Furthermore, poor pricing management can either slow demand or harm brand perception. However, for a long time, store merchandising relied on manual processes and Excel spreadsheets, where marketing, sales, and field teams manually defined the ideal assortment. These traditional methods are now showing their limitations in the face of market complexity. Similarly, pricing relied more on siloed calculations and macroeconomic trends than on holistic analysis of product elasticity.

➔ Between standardization and local adaptation: the challenge of assortment and pricing

In the world of luxury and beauty, each point of sale must meet strict requirements, which combine internal constraints and local specificities:

- Respect for product ratios: a store must often offer a precise balance between its bestsellers, its product categories, etc.
- Taking into account the specificities of the point of sale: a flagship store in Paris or a pop-up store in Shanghai do not require the same assortment as a corner in a department store.
- Adaptation to customer profiles: Chinese tourists, local European customers, American premium buyers... Each market has its expectations and its bestsellers.
- Intelligent price adjustment: ensuring price consistency between segments market without compromising exclusivity or risking a loss of sales volumes.

Until now, these challenges were addressed intuitively and time-consumingly, but market dynamics require a more refined and responsive approach. AI is therefore becoming a strategic lever for both adjusting the assortment based on demand and refining the pricing strategy based on market reactions.

➔ AI for precise and dynamic management of assortment and pricing

Where traditional methods reach their limits, AI provides an effective technological response to manage assortment and pricing in a dynamic and industrialized way for:

Gaining precision thanks to advanced segmentation:

Segmenting POS using historical sales data and specific criteria:

- Location and catchment area: a tourist shop does not have the same assortment as a store aimed at local buyers.
- Seasonal constraints and market trends: certain products must be adapted according to key periods and consumption habits.
- Socio-economic characteristics of the market to adapt pricing and positioning based on local purchasing power.

Optimize inventory rotation and minimize unsold items:

AI avoids extreme overstocking and stock shortages, by adjusting the assortment according to effective demand and integrating pricing variables:

- Anticipate high-moving products and adjust inventory accordingly.
- Avoid dormant stocks that can tie up millions of euros.
- Continuously adapt the offering to avoid losses and intelligently manage restocking based on consumers' price sensitivity.

In terms of pricing, this also means identifying which products can withstand a price increase without losing volume and which are more sensitive.

Concrete example: in stores like Galeries Lafayette, AI can automatically recommend assortments adapted to Asian customers, by integrating popular references in China to maximize sales to tourists.

• Success story

Jaeger-LeCoultre, IWC and other watchmaking houses optimize their assortment and maximize their inventory productivity using AI

- ◆ **+3,000 points of sale equipped** with an integrated AI solution
- ◆ **+500 active users, covering more than a hundred markets**
- ◆ A platform for **optimizing local supply in real time**

- Problem: With a global presence and several exceptional watchmaking houses, such as Jaeger-LeCoultre, IWC, Vacheron Constantin or Piaget, the Richemont Group houses had to meet a key challenge: ensuring that each boutique had the right assortment, at the right time, based on local expectations and customer flows to avoid immobilizing millions of euros of stock or even missing out on certain sales. How can we guarantee optimized inventory management without disrupting the experience and desirability of the Houses?

- Solution: Watchmaking houses relied on Ekimetrics to deploy an advanced AI platform, enabling the assortment to be optimized for each store by adapting to local specificities and consumer trends which:

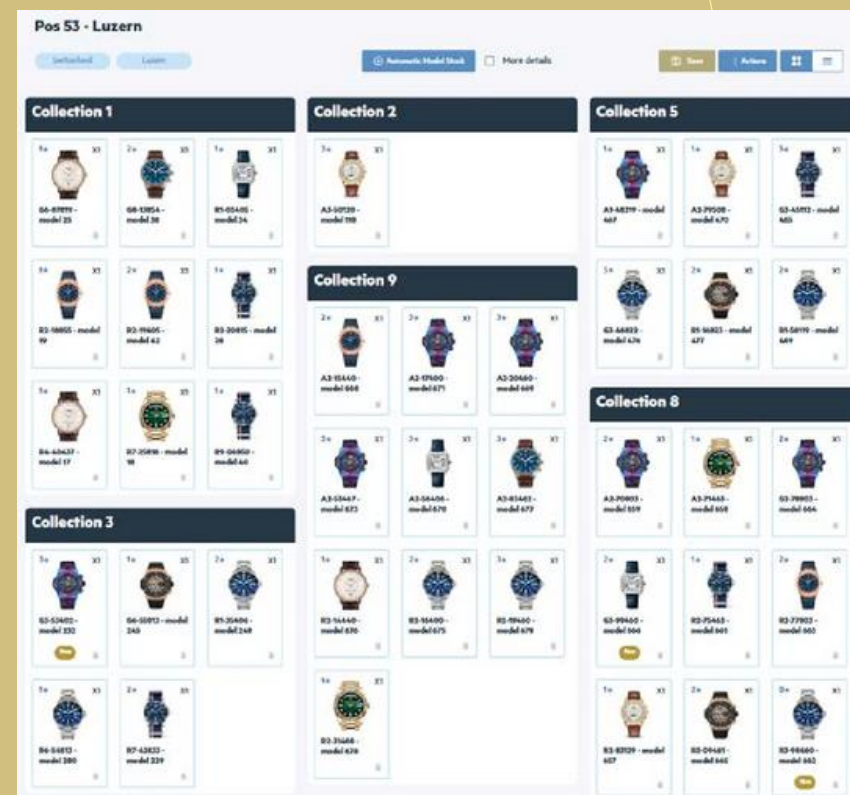
- Analysis of past sales and customer trends to accurately anticipate demand.
- Taking into account local criteria (tourists, regular customers, store characteristics) to adapt the in-store offering.
- Integrate “Golden Rules” defined by marketing and the supply chain to meet the strategic requirements of each House.

- Results :

- Successful adoption: 500 active users, corresponding to an average of 100 users per House.
- Real-time updates of assortments, guaranteeing 90% of stores aligned with the recommended target model.
- A significant improvement in inventory profitability, with better product rotation and more precise management of financial immobilization risk.

➔ **Thanks to this AI solution, the Houses now manage their assortment, by reconciling operational excellence and financial optimization.**

• Match, Ekimetrics' matching solution



➔ **Better integration with the merchandising and supply chain ecosystem**

Assortment optimization is not limited to products on shelves, but must be part of broader merchandising and supply chain management.

• **Previously, visual merchandising was defined manually**

For new assortment, the in-store teams decided which references to highlight based on available stocks. Today, AI can automate this process by recommending the products to prioritize in the window and on the counter according to consumer trends and optimal stocks, while respecting the Visual Merchandising rules specific to each Maison (colour harmony, price positioning, product characteristics, etc.)

• **The case of selective beauty distributors**

A different optimization challenge. Brands specializing in selective distribution must juggle the catalogues of hundreds of brands – often from large cosmetics groups – and create an assortment for each store via annual negotiations with retail partners.

• **Physical constraints linked to in-store merchandising**

In particular for certain product categories (cosmetics, perfumes). AI allows them to simulate different configurations and optimize available space while ensuring consistency with actual demand.

➔ **Why has AI become essential for optimizing assortment and pricing?**

At the intersection of Demand Forecasting (see pages 16 and 17) and Marketing Mix Modelling, assortment and pricing optimization relies on a dual approach: predicting and adjusting. AI replaces intuitive decisions with a structured approach, aligning supply and demand with greater agility and efficiency.

The major benefits include:

- A considerable time saving for merchandising managers and assortment.
- A significant reduction in unsold and dormant stock.
- Consumer connections by matching the available assortment with demand.
- More precise management of pricing, ensuring better competitiveness without devaluing the brand.

Houses that adopt these solutions can free their teams from time-consuming manual tasks to focus on added value: creating an in-store experience that meets the expectations of luxury and beauty.





• Success story

How a luxury leader improves demand forecasting with AI to predict sales and optimize resources

- ◆ **Over 6,000 SKUs analyzed** at categorical and weekly granularities.
- ◆ **A scalable solution** designed to accommodate an expanded SKU catalog within the forecasting algorithm.
- ◆ **An improvement in forecast accuracy by 30%.**

- Problem: A top luxury fashion brand struggled with an outdated sales prediction tool that lacked the functionality, performance, and scalability needed for the China market. Faced with massive, granular data and urgent feature demands, they needed a comprehensive revamp of their system to enhance forecasting accuracy and enable scalable, industrial-grade technical solutions.

- Solution: This luxury leader and Ekimetrics have developed an AI solution dedicated to demand forecasting, enabling improved resource optimization based on more accurate projected sales. The solution is based on three main principles:

- Implemented agile project management to support fast-paced, iterative releases and the ongoing evolution of feature capabilities based on the China team's local market needs.
- A 3 module AI solution approach which includes short-term and long-term sales prediction on over 6,000 SKUs to enable improved retail resource optimizations.
- Deployed AI solution on GCP to automate data integration with the internal Data Lake and connect forecasting algorithms to Power BI, ensuring scalability and user-friendly access for business stakeholders.

- Results :

- A detailed Power BI dashboard view of sales forecast at a POS, Product Category and Weekly granularity.
- A scalable solution on GCP with automated data integration that allows for more data to be fed into the models and analyzed in future periods.
- An evolving, AI-powered tool capable of handling a huge volume and granularity of data under a fast turn-around that is capable of accurate demand forecasting, enhancing supply chain agility and production planning for this luxury brand.

➔ **Empowered by the AI solution, the luxury brand can now plan more effectively with improved sales forecasting accuracy in APAC and expand model scope to include a broader range of SKUs for enhanced resource optimization.**

3 Anticipate demand using AI: better forecast sales for an optimized supply chain

In a market characterized by increasing volatility and a multiplicity of distribution channels, anticipating sales has become a precision exercise. Between the rise of social commerce, the influence of viral trends, and the diversity of sales channels, brands must now equip themselves with robust tools to adjust their inventory levels and ensure a perfect match between supply and demand.

Poor inventory calibration can lead to two major pitfalls:

- Unnecessary overstocking, which ties up capital and exposes brands to the risks of unsold items and depreciation of products.
- A stock deficit, which results in missed sales on references strategic, harming customer satisfaction and turnover.

AI applied to Demand Forecasting helps reduce uncertainty and integrate all the variables influencing demand, to effectively manage the supply chain and production decisions.

➔ A major challenge: forecasting sales in volatile APAC market

One of the biggest challenges for brands is the dispersion of sales channels, as a brand is no longer limited to its own e-commerce or physical stores. This is especially complicated in APAC due to the many intricacies and market trends within existing e-commerce platforms:

- Sales performance is split between: TMall, JD, Rakuten, Amazon, TikTok independent retailers, social networks, and many more.
- Different platforms have varying levels of popularities and market dynamics within different APAC markets.
- The impact of influencers can also change a trend overnight, making forecasts even more complex.

When launching a new product, predicting its performance on a given scale becomes a strategic issue. What is the right quantity to produce?

What volume should be allocated to each channel to avoid shortages or surpluses?

Without advanced tools, companies struggle to answer these questions precisely, exposing their profitability to significant fluctuations.



⁸ Social commerce refers to all sales made directly through social platforms like Instagram, TikTok or WeChat, whether via integrated stores, live shopping, or purchase links within content. It combines e-commerce and real-time social interaction.

⁹ The influence of content creators on purchasing decisions continues to grow: nearly 90% of consumers say they are receptive to sponsored content, with an impact particularly strong among Gen Z (91%). Sponsored videos generate the best results, while TikTok and Snapchat dominate in terms of conversion. Trends can evolve quickly due to recommendations from content creators, making sales forecasting more complex. Source: [WARC Best Practice](#), August 2024.

➔ AI as a lever for optimizing Demand Forecasting

AI tools applied to Demand Forecast allow us to reconstruct a more precise vision of global demand by aggregating multiple data sources in real time:

- Historical sales data over several years
- Responsiveness to emerging trends and digital signals (social listening, launch campaigns, etc.)
- Marketing and commercial variables (promotional pressure, effects of media campaigns...)
- Business and supply chain constraints (production capacity, restocking management...)

The key is a detailed forecast that integrates not only past trends, but also intelligent projections incorporating external dynamics.

➔ A solution serving all teams

Unlike Marketing Mix Modeling, which helps to optimize marketing investments in a strategic logic, Demand Forecast is a tool primarily oriented towards supply chain and production.

It allows finance and logistics teams to align their decisions with reliable projections and thus:

- Secure their financial objectives through advance sales.
- Adjust production to avoid unsold items or stock pressures.
- Provide clearer visibility to field teams and distributors on demand prospects.

Why has AI become essential for sales forecasting?

The major benefits observed:

- Fewer unsold items and more efficient stock management.
- Better alignment between forecasts and market reality, by integrating emerging trends.
- Better distribution of resources, avoiding overproduction costly and lost revenue.

Thanks to these solutions, luxury brands can finally adapt their logistics and financial strategy in real time, thus guaranteeing an optimized supply chain and product availability in line with demand.

➔ The 4 steps to a successful Demand Forecast project:

- Learn from the past: use accurate data from sales and local trends for each APAC market.
- Always integrate external variables: the influence of promotions, social networks, market specific macro-trends.
- Better align supply chain, marketing and finance to anticipate in a more holistic way
- Governance and real-time adjustment: a model that adapts (with precise management by reference and at least weekly updates, guaranteeing optimization of resources)



Part 3 • How AI structures operational excellence

The 3 golden rules for making AI a strategic business lever

1 Make AI a sustainable decision-making engine, not just an optimization tool

AI empowers businesses to make decisions by transforming human intuition and experience into actionable, data-driven insights.

Unlike traditional approaches, where decisions were often segmented and driven by manual processes (e.g., assortment management via Excel, business forecasts based on macroeconomic trends), AI provides the ability to anticipate and adapt in real time. In a context where the slowdown in the Chinese market is forcing companies to rethink their growth strategy, relying on marketing optimization, assortment and demand forecasting models allows for objective decisions on investments and resource allocation.

2 Adopt an integrated approach: combine MMM, Demand Forecast and assortment for a 360° business vision

No solution should work in isolation. A Marketing Mix Modeling model provides a holistic view of the effectiveness of advertising and sales investments, while assortment solutions help optimize the distribution of in-store items. Demand forecasting models, meanwhile, help adapt production and the supply chain based on actual demand. The challenge is therefore to interconnect these solutions to create a robust and coherent decision-making framework:

- The MMM identifies where to invest to maximize growth, while taking into account take into account geopolitical or fiscal developments in certain key markets, such as the United States or Japan, which can influence decisions.
- The demand forecast adjusts sales assumptions by product, ensuring that each reference benefits from a good stock level.
- The right assortment in store ensures customers have access to products essential, maximizing conversion while limiting unnecessary overstocks.



3 Optimize resource management to reduce waste

While AI helps increase the profitability of companies, it also plays a key role in reducing unsold items and overproduction, thus improving the ecological footprint. By optimizing assortment based on local demand, brands avoid unnecessarily tying up inventory on low-demand products, while ensuring greater availability of popular items. Better sales anticipation limits waste and reduces the carbon footprint associated with shipping and product returns.

In a regulatory framework where laws such as the AGEC (France) prohibit the destruction of unsold goods, aligning performance and environmental responsibility becomes a necessity.

Why are these issues strategic at the highest level?

While AI can help optimize day-to-day operations, its true value lies in its ability to strengthen corporate governance and decision-making. Its adoption is therefore a major strategic challenge, extending beyond marketing and supply chain functions.

1. Break down internal silos between Finance, Marketing and Supply Chain

Historically compartmentalized, these three functions today share the same ambition: maximize performance while optimizing costs and resources. AI offers a unifying solution, allowing all these teams to work from the same data and predictive models, thus ensuring more consistent and aligned decisions.

- Marketing departments rely on the MMM to adjust their allocations budgets and effectively manage investments.
- Supply chain teams use demand forecasting to secure stocks and avoid stockouts or overstocks.
- Financial departments have better visibility on future business results, facilitating investment and margin management.

2. It structures decision-making and optimizes strategic arbitrations

In an increasingly volatile market, AI is becoming a structuring tool for driving growth. Rather than working from static projections or intuitive decisions, luxury and beauty groups rely on parameterized scenarios, integrating a set of quantifiable variables (sales trends, market trends, impact of promotions, etc.).

3. It helps Maisons remain competitive in a changing market

With an offering that is evolving faster than ever and consumers with increasingly specific expectations, Houses must reconcile the power of data and human expertise.

- The luxury sector is distinguishing itself with experience and well-being, rather than a simple product offering.
- Pricing is becoming a sensitive subject, with a limit reached in successive tariff increases.
- Retail is evolving towards a hybridization of digital and physical, requiring an omnichannel approach driven by data.

In this context, AI makes it possible to identify growth opportunities, adapt its positioning and guarantee optimal personalization of the customer experience.



Towards a “Quiet AI” in luxury?

One of the major challenges in luxury remains balancing technological innovation with respect for the codes of exclusivity and prestige. Unlike consumer goods industries, where AI is often highlighted as a differentiating factor, luxury must integrate it discreetly and seamlessly.

1 - A discreet facilitator for the customer experience

AI should not be an ostentatious technology, but rather an invisible engine that streamlines exchanges and personalization – without ever replace the human role, central to the service relationship.

- In-store product recommendations should be a natural suggestion from the seller, even if an algorithm has been used to deliver the insight.
- Omnichannel must have seamless continuity between digital and physical, always validated by the retail teams.
- In-store inventory management must be optimized to ensure the availability of expected products, without excess weighing on profitability.

2 - Personalization, premium experience and operational excellence

AI enables hyper-personalization, adapting not only in-store offerings, but also communication and customer relations. It ensures micro-segmentation of stores, so that each point of sale offers an assortment aligned with its target customers.

3 - An approach that combines performance, exclusivity and responsibility

The goal is to preserve the essence of luxury, while leveraging AI to enable more efficient resource management and deliver a flawless customer experience. Adopting Quiet AI enables innovation to be orchestrated in a discreet yet impactful way, ensuring Houses have greater agility to navigate market changes. In this complex and constantly evolving environment, AI offers brands a real strategic lever for combining operational excellence, commercial performance, and brand identity. The key lies in fine-tuned and tailored integration, where AI remains an invisible but essential driver for preserving the excellence of luxury and beauty.



Conclusion

AI and data science, a strategic lever for luxury and beauty

Volatility in market is expected to continue, adaptability has become a major challenge for luxury and beauty brands. AI is no longer limited to simple optimization: it allows companies to absorb market changes and respond to them in real time. AI solutions already exist to support precise inventory management, fine-tuning investments, and anticipating demand.

AI adoption is not optional. The question is no longer whether it will be used, but how to leverage it to gain an edge. Companies that are integrating AI into their strategic decisions today aren't just following the market—they're shaping it.

Strategic AI implementation does not erase brand identity. It amplifies decision-makers' intuition, informs decisions, and allows them to combine analytical precision with creative accuracy.

And tomorrow? The future of luxury and beauty will no longer rely solely on exception and rarity, but also on ultra-personalization and the ability to evolve in a world with increasingly limited resources. Brands that integrate these dynamics today are sharpening their reflexes, learning to manage differently, and gaining a sustainable competitive advantage in a highly constrained environment. Thanks to AI, each interaction, each product, each experience can be finely tailored to individual desires, without standardizing emotion or altering exclusivity.



About Ekimetrics

A global leader in data science and AI solutions, Ekimetrics operates across three continents with a team of more than 500 experts in data science, Marketing Mix Modeling (MMM) and AI.

We are convinced that AI that generates impact on a large scale can go hand in hand with a responsible, ethical and sustainable approach.

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