Neiman Marcus Digital Boutique

Redefining the future of luxury through AI-driven personalization and cutting-edge digital innovation.

explore the future

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Executive Summary

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The Neiman Marcus Digital Boutique (NMDB) and its companion app are poised to redefine luxury retail by leveraging **short-term leases in high-traffic mall locations** and several new digital trends. Customers can shop the Neiman Marcus online collection for new products using integrated features like **"My Catalog"** and **"My Stylist"** and then seamlessly book personalized try-on appointments at their nearest Neiman Marcus Digital Boutique location.

A key feature is the implementation of **3D LiDAR scanning technology**, which creates personalized models for customers with their exact body measurements for **incredibly accurate virtual try-ons** within the NMDB app. This technology will also capture critical data on customer preferences and body measurements, driving refined product recommendations and **enhancing online and in-store personalization**.

AI-powered scheduling and CRM tools will optimize scheduling based on shopper preferences, ensuring customers receive the appropriate time for a fulfilling experience that **keeps customers coming back**.

Lastly, collaboration with **Amazon's green logistics team** will support sustainable and efficient shipping, aligning with the growing demand for **eco-friendly luxury**. By fusing digital personalization with sustainability and high-touch service, NMDB aims to **redefine modern luxury retail** and enhance the brand's identity in a rapidly evolving market.

NORDSTROM LOCAL

Neiman Marcus

(Omnichannel Focus)

Similarities

(High-touch Focus)

Nordstrom Local is a **service-driven** retail model that doesn't hold inventory but instead uses **online services** to connect with customers and provide seamless offline **transactions**[19]. Customers can place orders online for **pick up, return, or fitting** at these locations, where they can enjoy many other in-store services[32].

Luxury Experience

AI Adoption

Digital Optimization

Service Oriented

Neiman Marcus aims to leverage technology to scale its luxury **customer experience** while maintaining a high level of **human interaction**[13]. With apps like Neiman Marcus Connect, sales associates are able to provide **personalized remote styling** services with the ease of seamless digital integration, redefining how Neiman Marcus does **"clienteling**[39]**."**

"People love our brand when we're able to bring the combination of highly relevant **great product**—with a layer of our people and services—to help make [the shopping experience] compelling and **super easy** for them[36]."

– Ken Worzel (Nordstrom's Chief Digital Officer)

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"AI is a starting point, but it isn't enough to deliver on our customers' really **high expectations**. We need a combination of AI and our style advisors. Luxury is sophisticated, it's complicated, **it's personal**—we don't believe a digital platform can do that on its own[13]."

– Bob Kupbens (Chief Product and Technology Officer at Neiman Marcus)

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NEIMAN MARCUS BRAND ANALYSIS

S:

Strong Brand Reputation: With over **100 years** in the luxury retail industry, Neiman Marcus has established itself as a **go-to destination** for luxury shoppers.

Digital and AI Integration: Neiman Marcus has made significant investments in **AI, machine learning, and digital tools** like the CONNECT app and Stylyze[31].

W:

High Operational Costs: Maintaining **prime retail spaces** and **top-tier staff** has resulted in extremely high operational costs for Neiman Marcus, contributing to its **$5 billion debt** before its **2020 bankruptcy** filing[27].

Dependency on Physical Stores: Despite efforts in digital transformation, Neiman Marcus remains **highly dependent on physical stores**, which can be an impediment in the face of shifting consumer behavior toward online shopping.

O:

Sustainability Initiatives: There is growing consumer demand for sustainable practices in fashion. Neiman Marcus can take advantage of this by promoting **eco-friendly products and adopting green logistics**, positioning itself as a leader in sustainable luxury.

Targeting Younger Audiences: By leveraging digital platforms, Neiman Marcus has the opportunity to **engage with younger generation**s who are entering the luxury market. In fact, 96% of Gen Z and 97% of millennials are more likely to continue shopping with retailer's that offer a **personalized experience**[7].

T:

Shifting Consumer Preferences: As more consumers turn to online shopping and demand more **sustainable and ethical fashion**, Neiman Marcus must continue to evolve to avoid falling behind **more agile competitors**.

Excess Inventory and Returns: 73% of retailers rank returns as a **moderate-to-severe issue** for their business[11]. For luxury retailers like Neiman Marcus returns can be **particularly damaging** because returned goods and excess inventory often **cannot be sold at full price**.

BENEFITS OF DIGITAL BOUTIQUE

Sustainability and Efficiency:

The **on-demand assortment** of NMDB stored in centralized warehouse locations would result in **optimized inventory** and reduced waste, as fewer items are stocked, and only pieces in demand are available for try-on. NMDB will also introduce the implementation of **green logistics** to appeal to environmentally conscious consumers who value **luxury and ethical consumption**.

Seamless Omnichannel Integration:

Omnichannel integration enables both **enhanced customer engagement** and drastically boosts sales. Neiman Marcus Digital Boutique will allow customers to participate in a **fluid O2O experience**$_{35}$, creating a personalized and **streamlined transaction**. This concept will improve on the success seen by Nordstrom Local, where customers who visit **spend 2.5 times more** and already account for 30% of online order pickups in Los Angeles$_{15}$.

Enhanced Customer Experience:

By offering a smaller, **customer-curated selection** at the digital boutique stores, Neiman Marcus associates can dedicate more time to addressing customers' needs and fulfilling shoppers' **high-touch expectations**. This more personalized approach encourages **deeper engagement** creating loyal customers$_8$ with a shopping experience that feels both **personal and luxurious**.

BUY MORE OF WHAT YOU LOVE

Green/Reverse Logistics

"Sustainable supply chain, efficient returns, waste reduction, resource recovery."

In the fashion retail industry, thorough green and reverse logistics practices are vital for reducing environmental impact and **improving operational efficiency**. **Green logistics** focuses on supply chain elements such as energy-efficient transportation, sustainable packaging, and optimizing distribution to reduce carbon emissions[41]. **Reverse logistics** handles product returns by focusing on repair, reuse, and recycling, allowing retailers to recover value from unsellable goods and reduce waste[42]. Implementing these logistics strategies aligns with the increasing consumer demand for **eco-friendly practices** while driving **long-term cost savings** and efficiency for Neiman Marcus.

LiDAR

In the past few years, **LiDAR** technology has become increasingly accessible and **user-friendly** with its integration into consumer devices like the **iPad Pro**. This ease of use allows even non-experts to quickly generate **"high-precision 3D scans"** with millimeter accuracy[43], providing retailers like Neiman Marcus with an ideal solution for **in-store scanning**. These 3D models allow customers to test clothes on **virtual mannequins** with their specific body measurements. This process will ensure shoppers have a more accurate idea of a garment fit before purchase, enhancing the **personalized shopping** experience online and reducing returns due to fitment errors.

3D scanning app names from left to right:
Luma AI, polycam, Modelar, MagiScan

THE FUTURE IS
GREEN
(and a computer)

The fashion industry is currently undergoing **profound shifts** driven by consumer demand. A key trend is the growing emphasis on **technology sustainability** and the circular economy, especially among **younger consumers**.

24% of the current **global carbon dioxide emissions** (CO_2e) come from the transport and logistics sector[4]

75% of **millennials** say they will adapt their purchasing habits to **reduce environmental impact**[5]

AI Adoption

Across the Luxury market, we have seen a massive push towards AI because of its ability to **personalize customer experiences** and streamline inventory management. Saks Fifth uses AI-powered **virtual stylists**, while Nordstrom focuses on AI to **optimize stock levels and forecast demand**. Because of this widespread integration, it is now projected that by 2025, AI will save the fashion industry **over $340 billion**[9]. However, beyond software, building the proper infrastructure, like **automated supply chains and distribution centers**, is essential for maximizing AI's potential.

LOOKING FOR
INNOVATORS

seeking exciting digital experiences within Neiman Marcus's core target market
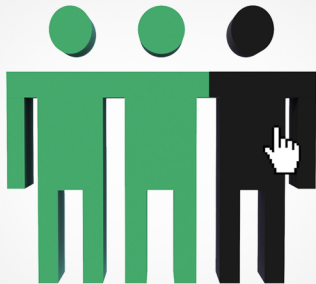
Of surveyed consumers, **67%** consider the use of sustainable materials to be an important purchasing factor

– *McKinsey & Company (2020)*[12]

Demographics

Similar to the current Neiman Marcus target demographic, this concept is centered around **affluent to super-affluent** consumers but focused on a younger age range from **25 to 42**, reaching the younger Millennial and older Gen-Z shoppers who accounted for **all of the luxury market's growth** in 2022[10].

Geographics

Because of this store's high-tech focus, it will be first released through **affluent urban cities** with a fashion-forward, tech-driven economy. This model will then be pushed to locations where large Neiman Marcus department stores would not be profitable but hold an **influx of online shoppers**.

Psychographics

Younger generations are swiftly **embracing technology**, with 81% of Gen Z and Millennials expecting **Augmented Reality** to enhance shopping and 65% emphasizing **personalization** is crucial to their purchase decisions. Millennials and Gen Z, are also motivated by brands that demonstrate **ethical practices** and **experiential retail**[16].

Behavioral

Neiman Marcus has noted that it is mainly focused on its **top 2%** of customers, who are their most **reoccurring shoppers** driving a significant portion of revenue. These customers are highly loyal, with **40% of annual sales** coming from them alone[14]. These customers also have the **highest lifetime value** and most valuable brand advocacty.

HOW WILL NEIMAN MARCUS SURVIVE THE
DIGITAL REVOLUTION?

This research reveals a **clear opportunity** for Neiman Marcus to develop its brand identity and take a leading position in the next major **industry shift**[25]. While the brand excels at catering to its top-tier customers, scaling down this **personalized, high-touch experience** will allow the company to expand into markets **never before possible**. By investing in AI, experiential retail, and green logistics infrastructure, Neiman Marcus will attract **new luxury consumers** who will carry the brand's legacy into the next generation of luxury retail.

THE DIGITAL BOUTIQUE
EXPERIENCE

"luxury shopping, tailored special for you"

The entire digital boutique is streamlined through the use of the **NMDB app**. Shoppers can book appointments online connecting their **account data** to the in store displays during their appointment.

Once connected to the **virtual displays**, their appointment cart can be displayed on life-sized **virtual mannequins** with recommended product pairings. They can also explore the Neiman Marcus **"My Catalogue"** page in flat 2D or with the display's **AR try-on feature.**

Customers entering the store can also opt to be **LiDAR scanned**. This model can then be added to their NMDB app under **"My Model,"** which allows them to try on clothes virtually in-app.

Before appointment time slots, **NMDB members** can place food and drink orders to be prepared for them upon arrival. This area will also serve as the pickup and return location, with **"instant pickup"** packages placed in locked drawers behind the bar.

SHOW MORE

FITTING ROOM

Located at the back of the store, the fitting rooms offer a **private space** free from displays and cameras for customers to experience the **true form and feel** of the garments they have selected for try-on.

LiDAR

This area of the boutique is **fully optimized** for LiDAR scanning with 4 large LED pannels covered by a thin layer of glass to **diffuse the light** making it optimzal for scanning without getting any **baked lighting or trace background objects**[21].

MEMBER BAR

This service will be **member-exclusive**, allowing us to provide a wide array of alcohol **without the need for a liquor license**[2]. This service station will also **enhance the retail environment**, providing incentives for customers to **continue coming back**.

72'

30'

INTAKE / PACKING

After customers finish in the fitting room, a store associate **collects the items for purchase** and packages their order. Customers can then checkout via the associate's tablet or be **charged directly to their NMDB account**. This streamlines the checkout process while **maintaining high-touch interactions**[24].

ENTRANCE

Based on the **high-traffic locations** in which this store model will be placed, customers are expected to be introduced to NMDB while shopping at other nearby stores. While we have **limited availability** for walk-in customers, it is essential to have an **accommodating environment** while they wait to be seated.

VIRTUAL DISPLAY

As the centerpiece of NMDB, these **virtual displays** act as virtual clothing racks, promotional material, and customer interfaces, providing an **all-in-one solution**. This means drastically decreasing overhead and providing the opportunity to **remotely control the store's advertising** with the click of a button.

LOUNGE AREA

show me the numbers

Assortment + SKU Plan:

The assortment plan strategically combines the strengths of **appointment-based and in-store sales**. Customers will order clothing items in their size through the NMDB app for appointments, ensuring a **higher conversion rate** as they pre-select items aligned with their preferences and measurements. One-size items like accessories and handbags with **higher markups** will be available in-store, driving additional sales through associate **upselling**, walk-ins, and **impulse purchases**[18]. This balanced assortment ensures a curated yet flexible shopping experience that **meets the needs of every customer**.

6 Month Plan:

For appointment-ordered clothing, items will be **shipped daily to the store** for customer try-ons, reducing the need for on-site inventory. In-store accessories will be **delivered weekly from local distributors** as the current store inventory returns to distribution centers. With this **constant flow of new products**, NMDB will maintain a frequently curated inventory, keeping **customers engaged** and coming back for more. This strategy supports the boutique's high-end luxury experience[23], offering exclusive and **in-demand items for a limited amount of time**.

fixture type	items	# units	cost	retail	IMU% by item	initial purchase cost	initial purchase retail
Online via NMDB app	clothing	1,500	$200	$500	60.0%	$300,000	$750,000
In-store Digital Display	jewelry	250	$2,000	$6,000	66.7%	$500,000	$1,500,000
In-store Digital Display	Handbags	250	$1,500	$4,000	62.5%	$375,000	$1,000,000
In-store Digital Display	Accessories	500	$150	$400	62.5%	$75,000	$200,000
Totals		2,500				$1,250,000	$3,450,000

1 Store   **$3,450,000 total purchase**   **63.8 CUM%**

Clothing: Online Via App

Total SKUs: 120 SKUs
Price Per Unit: $500
Cost Per Unit: $200

SKU Format: NMCLO-XXXX-0000

NM = Neiman Marcus
CLO = Clothing

XXXX = Unique identifier for material/product type (e.g., CSHW for cashmere wool)

0000 = Unique product number for specific items (e.g., 1234)

Jewelry: In-Store Display

Total SKUs: 30 SKUs
Price Per Unit: $6,000
Cost Per Unit: $2,000

SKU Format: NMJWL-XXXX-0000

NM = Neiman Marcus
JWL = Jewelry

XXXX = Unique identifier for material/product type (e.g., GLD for gold)

0000 = Unique product number for specific items (e.g., 5678)

Handbags: In-Store Display

Total SKUs: 20 SKUs
Price Per Unit: $4,000
Cost Per Unit: $1,500

SKU Format: NMHND-XXXX-0000

NM = Neiman Marcus
HND = Handbags

XXXX = Unique identifier for material/product type (e.g., LTHR for leather)

0000 = Unique product number for specific items (e.g., 6789)

Accessories: In-Store Display

Total SKUs: 50 SKUs
Price Per Unit: $400
Cost Per Unit: $150

SKU Format: NMACC-XXXX-0000

NM = Neiman Marcus
ACC = Accessories

XXXX = Unique identifier for material/product type (e.g., SLK for silk)

0000 = Unique product number for specific items (e.g., 7890)

	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	End of season	Season's Total
	0	4 weeks	5 weeks	4 weeks	4 weeks	5 weeks	4 weeks		
Sell-thru	0	40%							
Sales	0	1,380,000.0	2,846,940.0	2,249,400.0	2,043,780.0	2,984,940.0	1,700,160.0		13,800,000.0
Sales % by month	0	14.31%	20.63%	16.30%	14.81%	21.63%	12.32%		100%
S/S Ratio	0	2.5	2.5	2.5	2.0	2.0	3.0		
BOM	0	3,450,000.0	7,117,350.0	5,623,500.0	4,087,560.0	5,969,880.0	5,100,480.0	4,875,422.0	5,174,884.6
MDS	0	582,912.0	807,576.0	756,792.0	764,520.0	1,222,680.0	1,385,520.0		5,520,000.0
MD% by month	0	10.56%	14.63%	13.71%	13.85%	22.15%	25.10%		100.0%
MD% of sales	0	0.0%	28.4%	33.6%	37.0%	41.0%	81.5%		40.0%
Purchases	$3,450,000	5630262.0	2160666.0	1470252.0	4690620.0	3338220.0	2860622.0		20150642.0

TO 2.67%   **IMU 62.4%**   **GM 47.4%**   **Proceed to Launch**

BLAST OFF!

Launch Plan: Retail

The Neiman Marcus Digital Boutique will launch with a **short-term store in Oculus NYC**, utilizing a 6-12 month lease to **build brand visibility** through foot traffic and digital guerrilla marketing techniques[17]. Additional boutiques will open in **Austin, TX, and Portland, OR** within the next twelve months, aligning with key fashion seasons. The Austin location will act as a **proof of concept**, testing distribution, and ROI alongside a major Neiman Marcus department store, while Portland's store will test NMDBs **long-term market expansion** goals.

PORTLAND, OR
PIONEER PLACE
10/1/2026

NYC, NY
THE OCULUS
10/1/2025

AUSTIN, TX
THE DOMAIN
4/1/2026

Launch Plan: Mobile

The Neiman Marcus Digital Boutique app will be released **one week before the first store opening** in NYC. The app will include services like **"My Catalog"** (pictured next slide) and order/pick-up options using local NMDB stores. The app rollout will also offer **early access** to exclusive products and in-store events to the **first users who create accounts**.
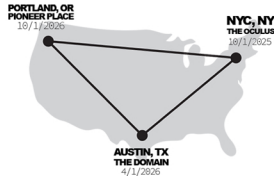
After creating a new Neiman Marcus account or **merging** their old **account data** to the new NMDB app, customers will be prompted with a message incentivizing them to turn location services on. This data will allow us to **track online shopping activity** based on geographic locations, fueling the introduction of future boutiques[20].

Distribution Plan:

NMDB will allocate **60% of inventory to e-commerce**, storing products in centralized fulfillment centers for **efficient distribution**, allowing boutiques nearby to access a wide range of products. The remaining **40% will focus on in-store** accessories, jewelry, and handbags, enhancing engagement with curated displays. This strategy **minimizes inventory** and prioritizes customer preferences, creating an exclusive, **streamlined shopping experience** that boosts sales.

Visual Merchandising:

THE NECESSARY REVAMP
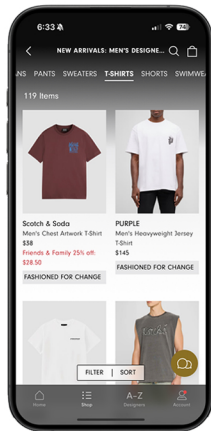
Neiman Marcus
(Current App)

Digital Boutique
(New App)
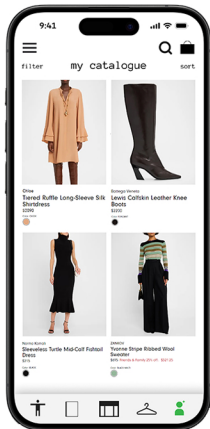
CAPTURING ATTENTION

While the current Neiman Marcus app has an **incredible selection** of items and helpful tools, the UI clearly lacks a modern feel. By simplifying the design and implementing a **personalized algorithm**, we will be able to retain shoppers' attention for longer and provide customers with more products they like[26]. This will also streamline integration for our **younger demographic**, which is already familiar with platforms like **TikTok and Instagram**.

In-store Exclusive

Upon launch, NMDB will offer **exclusive collections** from popular tech focused luxury brands. Using NMDB's virtual displays and our new 3D scanning tech, **cutting edge brands** will be able to expierment with NMDB's new technology, **attracting exsisting customers** of these brands to our experience. This will position NMDB as not only a retail location but also a **hub for technological innovation**.

Apple Vision Pro Integration (Q3/2027)

3D model from apple.com

By Q3 2027, NMDB will release its first app on the **Apple Vision Pro app store**, preparing for the anticipated shift towards VR shopping experiences[6]. This integration will introduce a **virtual showroom** where customers can explore products, view 3D models, and interact with clothing items in a **fully immersive digital environment**. Combining this with the NMDB app's existing features ensures we meet consumers on their preferred devices, providing a **futuristic shopping experience** that aligns with the brand's innovative identity.

Text Prompted Outfit Generation Q1/2026)

In Q1 2026, NMDB will launch text-prompted outfit generation software **"My Stylist."** Customers will input details about upcoming events, like dress codes or itineraries, into the app, using a **large language AI** model to curate outfit combinations tailored to their requests and personal style. These outfits will then be displayed on the **customer's virtual avatar**, allowing them to scroll through options and select items for delivery to the nearest NMDB location. This feature **leverages big data** insights to meet customer preferences, increasing engagement and aligning the product assortment with customers' wants.

Amazon Distribution Adoption (Q1/2030)

By Q1 2030, NMDB and **all HBC brands** will have fully adopted Amazon's distribution network. Leveraging **Amazon's electric vehicle fleet** and advanced logistics technology, Neiman Marcus will **reduce its carbon footprint** and improve sustainable practices while offering **faster and more reliable delivery** options to customers worldwide.

roughly 90% of plotted Neiman Marcus stores are within 50 miles of an Amazon warehouse

- ● Saks Fifth retail locations 38
  Current
  16 December 2016
- ● Neiman Marcus retail locations 43

- ● Amazon Warehouse locations 37
  19 January 2020

ChatGPT 4o ⌄

Share

The Neiman Marcus Digital Boutique isn't just another luxury retail gimmick; it's a transformative leap toward the future of luxury shopping. By blending cutting-edge technology with the irreplaceable value of human interaction, NMDB offers a reimagined space for modern consumers to experience innovation and authenticity. As the fashion industry faces oversaturation, this boutique empowers Neiman Marcus to reclaim its leadership by reshaping consumer perspectives and proving that technological advancement and sustainability can seamlessly coexist.

With the introduction of the Digital Boutique, Neiman Marcus is set to redefine not only the shopping experience but also the essence of luxury itself, rooted in unparalleled quality, personalized service, and a new level of exclusivity.

Message ChatGPT

ChatGPT can make mistakes. Check important info.

Conclusion | References

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APPX.1 TECHNOLOGICAL VIABILITY

Three companies with current solutions to transform Neiman Marcus
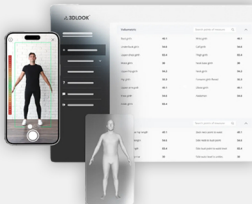
Meshy [28]

2D input image from
Neiman Marcus website

3D output model
from Meshy website

As fashion transitions from **2D to 3D** it's important that clothing models are accurate but also **efficently produced**. Meshy's technology makes this possible, allowing users to turn 2D images like garment flatlays into **textured 3D objects**.

3DLOOK [1]

In order to translate 3D scan information into **rigged avatars** for **"My Model"** Neiman Marcus can use a software like 3DLOOK. This software also offers a **two picture rig** which could open up the opportunity for customers to create a **personalized model from their own home**.

Outform [34]

Because of the necessary **reliablity** for the NMDB virtual displays, a company like Outform would be great to pull in for this project. This **"Digital Maniquine"** has integrated software that can **record in-store impressions** such as dwell time, number of sessions, content preferences, and more.

APPX.2 ETHICAL CONSIDERATIONS

Policy and infrastructure to ensure customer and employee safety

Data Security & Transparency

By collecting **valuable biometric data** on customers, we risk customer security and increase the company's **likelihood of cyberattacks**. To mitigate this risk, we must be fully **transparent** with customers about what data is being collected, allow them to opt out, and **heavily encrypt data**.

Inclusive Fashion and Mental Health

With the ability to get **exact body measurements** quickly, we can better accommodate those who fall outside of **standardized clothing** sizes. But this technology could open up the possibility of **"compulsive measuring,"** we must combat this use with **mental health safety** and support features.

Labor-Saving Technology Policy

While the use of AI and other digital technologies will **drastically reduce** the need for human labor, it's vital that we **maintain human interaction** throughout the supply chain. On top of this, policies should be **put in place now** to make sure that the saved costs of automation are put towards **educational and sustainability efforts**.

APPX.3 ADDITIONAL DESIGN DETAILS

Helpful design elements to execute the digital boutique effectively

Projector Shelf

By Utilizing **short-throw projectors**, store advertising, and merchandise can be **instantly customized** based on shopper data. This screen can also be utilized to show **runway footage** or as a virtual clothing rack.

Packing Room

Because of this store's **on-demand selection**, space can be optimized by unboxing day-of **appointment garments only**. These items can then be closer examined, steamed, and hung in **perfect condition**.

Pick-up Drawer
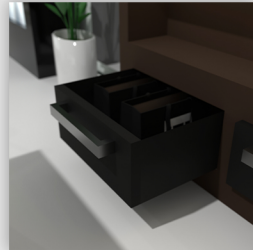
Secured drawers behind the bar provide the **safest and most efficient** way to hold "Instant Pick-up" orders. This point also ensures a **high-touch interaction** with the bartender, reflecting the luxury model.