

Handbag Exchange¹

A luxury handbag service that tracks provenance, facilitates buying, selling and handbag servicing

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This paper outlines how Lockular could use its NFT Marketplace platform to run a luxury handbag service. This service would focus on the buying and resale of luxury handbags with a full provenance record. A handbag servicing capability would also be offered and indeed the service forming part of the provenance record.

Smart water is considered as a means of tying the physical handbag with the provenance record.

¹ Facilitated by Polkadot Parachains and NFT Marketplaces

See the paper on coupling real and virtual worlds.

Handbag Service

The service is offered as a website with social media as the main the marketing channels. Relationships will need building with the luxury handbag manufacturers and the recruitment of knowledgeable staff members in respect of the brand and also the crafts required to offer a professional handbag servicing facility.

Offerings can be categorised into three main areas: buying, selling, and servicing luxury handbags. Here's a brief overview of what would be offered:

Buy Preloved Bags

- **Shop All:** A wide selection of luxury handbags from top brands like Chanel, Hermes, Louis Vuitton, Dior, and more.
- **Collections:** Includes various categories such as Vintage Finds, Luxe Finds Under £300, Brand New, and Trending Now.
- **Shop by Brand:** Featuring a comprehensive list of luxury brands.
- **Shop by Popular Styles:** Classic Chanel, Hermes Kelly, Dior Saddle, and more.
- **Categories:** Handbags, Purses/Wallets, Luggage, Backpacks, Briefcases, Accessories, Vintage, Care Products, and Gift Vouchers.

Sell My Bag

- **Online Quote:** Offers an online quote for selling Chanel, Dior, Fendi, Gucci, Hermes, and other branded bags.
- **Selling Process:** Built on an NFT Marketplace infrastructure.

Service My Bag

- **Cleaning and Restoration Quote:** Offers quotes for various types of repairs and restorations, including bag repair, belt repair, wallet repair, purse repair.
- **Restoration Services:** Detailed restoration services like cleaning and protection, restoring signs of wear, colour change and customisations, hardware and zip replacement, and more.

Provenance Service

- **Authenticate:** Authentication services to guarantee the authenticity of the luxury bags from manufacture and throughout owner history.

NFT Marketplace

An NFT Marketplace will form the basis for the buy, sell, service functionality, offered via a web app. The web app must be high end, highly robust web app that works well on mobile as it's primary target.

Individual handbags will need to be tied in as an NFT using a unique identifier. Here we propose the use of a SmartWater product to mark each handbag at the point of manufacture or at the point of a validated purchase.

See the paper on Smart Contract based
NFT Marketplaces with Multi-Sig

SmartWater

The SmartWater solution is designed to be applied to valuable items. It consists of a liquid containing a code that can be detected under ultraviolet light. SmartWater comes in three variants:

- **Index Solutions:** A water-based solution with low-level additives, used in spray systems activated by intruder detection units.
- **Indsol Tracer:** A polymer emulsion that blends different chemical agents according to a binary code, allowing for billions of possibilities.
- **SmartWater Instant:** Mainly consists of a copolymer of vinyl acetate in isopropyl alcohol, containing millions of tiny fragments with a unique identification number.

See the wiki page on SmartWater:
<https://en.wikipedia.org/wiki/SmartWater>

At the point registering the handbag with the service the liquid fingerprint is applied to the item.

Benefits

Integrating SmartWater technology into luxury handbags to provide them with a unique identifier, and then representing these handbags as NFTs (Non-Fungible Tokens) in an NFT marketplace, will enhance the provenance and authenticity verification process for these items. This approach combines physical asset marking with blockchain technology to offer a robust solution for verifying the authenticity and ownership history of luxury handbags. Here's how this integration impacts the provenance rigour:

Enhanced Provenance Verification

- **Unique Physical-Digital Link:** SmartWater's unique identifier acts as a bridge between the physical handbag and its digital representation as an NFT. This link ensures that the digital token on the blockchain corresponds to a specific, physical item.
- **Immutable Record:** Blockchain technology provides an immutable record of all transactions associated with the NFT, including creation, transfers of ownership, and any other relevant events. This digital ledger offers a transparent and tamper-proof history of the handbag's provenance.
- **Increased Security:** The combination of SmartWater's forensic technology and blockchain's security features significantly reduces the risk of counterfeiting and unauthorised duplication. It becomes much harder for counterfeit goods to enter the market when each genuine handbag has a verifiable, unique identifier and a corresponding NFT.

Deterrence of Theft and Counterfeiting

- **Theft Deterrence:** Knowing that a handbag is marked with SmartWater and represented as an NFT could deter potential thieves, as the item's provenance can be easily traced, making it difficult to sell stolen goods.
- **Counterfeit Reduction:** Counterfeiters would find it challenging to replicate the unique SmartWater identifier and the corresponding NFT, reducing the prevalence of fake luxury handbags in the market.

Market Confidence

- **Consumer Trust:** Buyers can verify the authenticity and ownership history of a handbag through its NFT, increasing confidence in

secondary market transactions.

- Value Retention: Handbags with verifiable provenance and authenticity are likely to retain their value better over time, appealing to collectors and investors.

Market Adoption

Widespread adoption by manufacturers, sellers, and buyers is crucial for this system to effectively enhance the provenance of luxury handbags. Launching a service that integrates SmartWater technology with NFTs for luxury handbags and promoting market adoption involves a multifaceted approach. Key considerations for a successful launch and promotion:

Partnerships and Collaborations

- Luxury Brands: Secure partnerships with luxury handbag manufacturers to integrate SmartWater technology during the manufacturing process.
- NFT Marketplaces: Design and implement a bespoke marketplace contract tailored for luxury handbags.
- Authentication Experts: Work with experts in luxury handbag authentication to ensure the service's credibility.

Technology Development

- Blockchain Infrastructure: Utilise Lockular's existing blockchain platform that supports NFTs, where it is known to be secure, scalable, and capable of handling transactions efficiently.
- SmartWater Integration: Create a seamless process for applying SmartWater to handbags and linking the unique identifier to the corresponding NFT.
- User Interface: Design an intuitive web and mobile platform that makes buying, selling, and verifying handbags straightforward for users.

Legal and Regulatory Compliance

- Intellectual Property: Ensure that the use of brand names and logos in the marketplace complies with intellectual property laws.

- **Data Protection:** Leverage Lockular to implement robust data protection measures to safeguard user information, in compliance with regulations like GDPR.
- **Anti-Counterfeiting Measures:** Work with legal experts to ensure the service meets all legal requirements for anti-counterfeiting measures.

Marketing and Promotion

- **Brand Positioning:** Position the service as a premium offering that enhances the value and security of luxury handbags.
- **Social Media Strategy:** Develop a comprehensive social media strategy targeting luxury goods enthusiasts. Platforms like Instagram, Pinterest, and YouTube are ideal for showcasing the beauty and uniqueness of the handbags, as well as explaining the technology and its benefits.
- **Influencer Partnerships:** Partner with fashion influencers and luxury lifestyle bloggers to promote the service. Authentic endorsements can significantly boost credibility and reach.
- **Content Marketing:** Create engaging content that highlights the benefits of the service, including articles, videos, and infographics that explain how SmartWater and NFTs work to protect and authenticate luxury handbags.
- **Community Engagement:** Build a community around the brand by engaging with users on social media, hosting webinars or live QA sessions, and participating in luxury goods and blockchain technology forums.

Customer Education

- **Educational Content:** Develop content that educates potential users about the importance of provenance and authenticity in the luxury handbag market.
- **Demonstrations and Tutorials:** Offer demonstrations and tutorials on how to verify the authenticity of handbags using the service.

Human resources required

Given the service will leverage Lockular's NFT Marketplace platform, this section describes the non technical platform resource considerations. For the marketing and promotion of a service that

integrates SmartWater technology with NFTs for luxury handbags, assembling a team with diverse skills is crucial. The size of the team can vary depending on the scale of the operation, budget, and targeted reach. Here's a breakdown of the essential roles and skills, along with a general idea of staff numbers for a small to medium-sized operation:

1 Marketing Manager

- Skills Required: Strategic planning, market research, campaign management, understanding of luxury goods and blockchain technology.
- Responsibilities: Overseeing the marketing strategy, coordinating campaigns, and liaising with partners and influencers.

1 Social Media Specialists

- Skills Required: Proficiency in social media platforms (Instagram, Pinterest, YouTube, etc.), content creation, community engagement, analytics, and reporting.
- Responsibilities: Managing social media accounts, creating and scheduling content, engaging with the community, and analyzing performance metrics.

1 Content Creator

- Skills Required: Strong writing and editing skills, video production, graphic design, SEO knowledge.
- Responsibilities: Producing engaging and informative content such as articles, videos, infographics, and blog posts that highlight the service's benefits.

1-2 Influencer Marketing Coordinators

- Skills Required: Networking, negotiation, influencer outreach, campaign management.
- Responsibilities: Identifying and partnering with fashion influencers and luxury lifestyle bloggers, coordinating content creation and promotion.

1 SEO and Web Analytics Specialist (part-time)

- Skills Required: SEO strategies, web analytics tools (Google Analytics), keyword research, content optimization.

- Responsibilities: Optimising website and content for search engines, analyzing web traffic, and adjusting strategies based on data insights.

1 Customer Support and Community Manager (

- Skills Required: Customer service, communication, problem-solving, community engagement.
- Responsibilities: Handling customer inquiries, managing feedback loops, engaging with the online community, and fostering a positive brand image.

1 Graphic Designer (part-time)

- Skills Required: Graphic design software (Adobe Creative Suite), creative thinking, brand consistency.
- Responsibilities: Creating visual content for marketing materials, social media, and the website that aligns with the brand's aesthetic.

1 Legal Advisor (part-time)

- Skills Required: Knowledge of intellectual property law, data protection regulations, and compliance requirements related to blockchain and luxury goods.
- Responsibilities: Creating visual content for marketing materials, social media, and the website that aligns with the brand's aesthetic.

2 Repair specialists

- Skills Required: Expertise in Leather and Fabric Care. Deep understanding of different types of leather and fabrics used in luxury handbags and how to care for them. Proficiency in various restoration techniques, including cleaning, colour restoration, stitching, and hardware repair.
- Responsibilities: Evaluating the condition of handbags and creating a plan for restoration or repair. Performing the necessary repairs and restorations, from simple cleans to complex structural repairs.

This equates to approximates 7-8 FTEs (Full time employees).

References