

MULTICHANNEL

Increase in luxury ecommerce highlights behavioral shift: study

January 4, 2011



By RACHEL LAMB



Most luxury brands have seen strong growth in year-over-year

holiday shopping with continuing success in the post-holiday season, per a new study.

Industry experts and studies have found that consumers loosened their purse-strings and became more flexible with spending this holiday season. Online sales alone have seen a 15.4 percent increase from last year, according to a study by SpendingPulse.

[Sign up now](#)

[Luxury Daily](#)

“A trend that we saw that our SpendingPulse index identified this holiday season was that the broader luxury category was up 6.7 percent over a 50-day period from Nov. 5 to Dec. 24,” said Michael McNamara, vice president of research and analysis of MasterCard Advisors at SpendingPulse, Purchase, NY.

“Our retail sources are telling us that the core luxury buyer is back,” he said.

SpendingPulse is a research firm that released a study explaining results of different sectors of holiday spending.

The study estimated data for total United States retail sales across all payment forms. It is not reflective of MasterCard corporate performance.

Up and away

In addition to luxury sales being up, most of the growth this season was in apparel, which grew 11.2 percent year-over-year, according to SpendingPulse.

As the category was down 0.2 percent in 2009, apparel experienced a significant turnaround.

Additionally, Mr. McNamara mentioned that jewelry was up 8.4 percent from the 2009 season.

“It may take some time to get the aspirational luxury buyer to return,” he said. “However, these results are a positive story as we head into 2011.”

Post-holiday aftermath

One major reason that ecommerce sales were up this holiday season – as opposed to in-store sales – was because of the east coast storms after Christmas.

Shoppers were unable or unwilling to get to retail locations, so they spent a majority of their post-holiday shopping online.

Most luxury brands took advantage of the in-store boycott and sent out limited-time offers for online shopping options with email blasts to their customer bases ([see story](#)).

“Luxury retailers would have offered discounts post-holiday anyway, but because of snow on the east coast, they had to give incentives,” said Milton Pedraza, CEO of the Luxury Institute, New York.

“Brands will have to move inventory and they have to keep consumers interested because consumers tend to lose momentum in January,” he said.

2011 outlook

Despite the huge economic turnaround this holiday season, industry experts are still hesitant to confirm that luxury sales are back to where they were pre-recession.

In order to keep up sales, luxury brands should resort back to old-school tactics that they are best known for, like customer service and special promotions to valued loyalists.

“Internet, including ecommerce and email blasts, is a great way for luxury brands to hit their best customers,” said Greg Furman, CEO of The Luxury Marketing Council, New York.

“Brands should resort back to guerilla marketing, which is courting best customers and

focusing on special targeted offers, rewarding for referrals and expanding Web sales and marketing and public relations,” he said.

Final take

MasterCard's Mike Manchisi on Holiday Shopping Trends

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.