

INTERNET

## Amazon needs image overhaul to attract luxury brands: report

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*Amazon Fashion promotional image*

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By SARAH JONES

Despite Amazon's efforts to attract luxury fashion labels, the online retailer's official distribution rates sit at 16 percent, showing a general aversion to selling on the platform, according to a new report by L2.

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**Luxury Daily**

Luxury brands are very protective of their image, including retail, and they now have more options to turn to for ecommerce, whether their own direct-operated online stores or third party online retailers that specialize in fashion. If Amazon wants to woo more luxury brands, it will need to clean up its image.

"It will be hard for Amazon to overcome its image problem in the luxury fashion market," said Eleanor Powers, director, Insight Reports, at [L2](#), New York.

"There are a lot of options for Luxury brands which do not involve the brand equity risks associated with Amazon," she said. "There are pure plays like Net-A-Porter and many department stores have thriving online businesses. Luxury Fashion brands also have direct-to-consumer businesses as well."

L2's [Amazon Intelligence Report: Luxury Fashion](#) looked at a sample of 32 luxury fashion

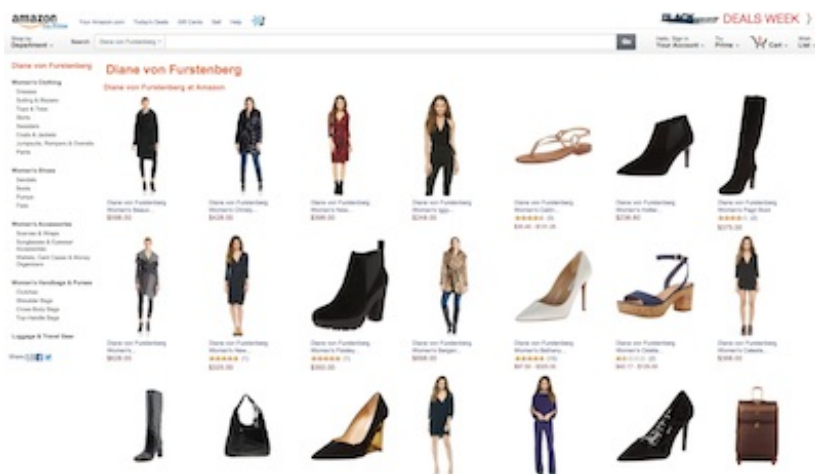
brands.

## Fashion courtship

In 2012, Amazon launched Amazon Fashion, a vertical shopping environment designed to appeal to high-end fashion labels, abolishing its deep discount policies and not requiring brands to take back their unsold merchandise. The retailer created a similar venture in its beauty store in 2013.

The pricing strategy results in a more stable price point for luxury items, with less frequency of adjustments than other items sold on Amazon.

However, even with the changed discount policy, Amazon has been unsuccessful at courting higher priced brands, with the distributing brands, including Diane von Furstenberg, at a lower general price point.



## *DVF items on Amazon Fashion*

The luxury conglomerates Richemont, Kering and LVMH, which own a bevy of fashion houses, do not distribute through Amazon, with LVMH keeping a “no-engagement” policy with the ecommerce site.

Luxury fashion is not alone, however, and behaves more like luxury beauty or professional hair care in distribution.

Of the 32 brands L2 tracked for the report, only five officially distributed on Amazon: Calvin Klein, Cole Haan, Kate Spade, Tommy Hilfiger and Diane von Furstenberg. On average, these brands have about 5,000 SKUs on the site, with many of them licensed products, such as eyewear or fragrance.

Licensed products are also a popular cause of leaks in distribution.

L2 sampled 2,448 fashion listings on Amazon, and found that 51 percent of the products were eyewear, a frequently licensed product. Of the eyewear found, 53 percent were for brands licensed to Safilo.



*Gucci eyewear is licensed to Safilo*

Many brands exist on Amazon only through third-party sellers, who may list products at outlet price points. Of those not officially distributing, the highest amount of SKUs were seen for Ralph Lauren, Dolce & Gabbana, Gucci, Prada, Burberry and Fendi, among others.

Comparatively, Hermès and Louis Vuitton have managed to keep their presence on Amazon at a minimum, with absolutely no Hermès products available on the platform. Hermès keeps its distribution tight, only selling through its own channels, and it has also been known to take legal action against unwanted sellers and counterfeits.

For a brand that isn't on Amazon in an official capacity, it can be beneficial to get on the Web site for control. Luxury fashion is an exception to the norm, where those brands that are distributing officially tend to have shallower discounts than those who are not distributing with the site.

Burberry distributes its cosmetics on Amazon to have more control.

"The perception that a Luxury Fashion brand can be found on Amazon.com at a deep discount would risk undermining the value of the brand in the eyes of the consumer," Ms. Powers said.

Consumer competition

While Amazon does have one of the lowest shipping times, it still cannot compete with retailers that have a physical store location, since they can offer more services.

Bricks-and-mortar retailers are having to compete with online retailers such as Amazon for the holiday shopping season, and they are finding new ways to get consumers to shop with them.



*Promotional image for Selfridges click & collect service*

A number of department stores offer click-and-collect services where consumers can order items online and pick them up in-person in-store and, in most cases, with no delivery fee. By doing this, stores are able to merge the ease of online shopping with speedier return, getting consumers to visit their stores in-person for convenience ([see story](#)).

Luxury brands are much more likely to sell through one of the independent online retailers that Amazon has acquired, for instance Shopbop, MyHabit or Zappos. Of the 32 brands studied, 81 percent have a presence on MyHabit and 72 percent are on Zappos Couture.

Some may choose to only sell lower priced diffusion lines on these sites, or stick with accessories and shoes.

The way these retailers merchandise products may be more in line with how luxury brands want to be seen, with large imagery and shipping and fulfillment services closer to high-end department stores.

"For luxury brands which distribute officially on Amazon.com, the enticements are the size of Amazon's business and the terms which they are offering to attract upscale brands," Ms. Powers said.

Final Take

*Sarah Jones, editorial assistant on Luxury Daily, New York*

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