

MOBILE

Digital channels influenced \$1.5T in-store sales in 2014: report

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Michael Kors uses Snapchat

By NANCY BUCKLEY

More than 70 percent of consumers expect brand digital channels to have knowledge of in-store product availability, according to a new report by L2.

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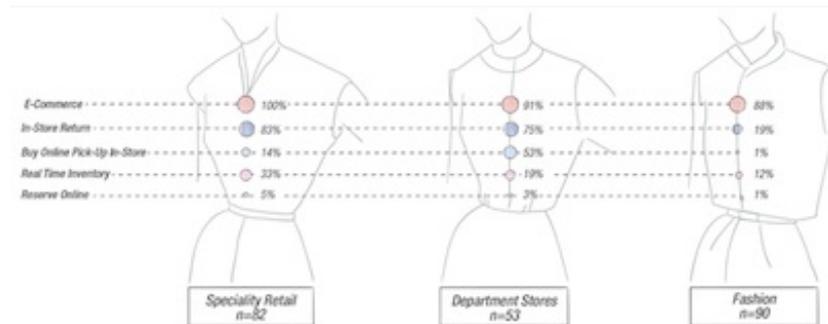
Accommodating both digital and in-store trends requires brands to adapt to ecommerce expectations of click-and-collect or free shipping, but also adhere to in-store demands. Many traditional brands face pressure from online retailers to offer better options for consumers turning to digital for both browsing and shopping.

"While luxury fashion in the past required a high touch, in person sale, things have changed," said Eleanor Powers, director, Insight Reports, [L2](#). "Overall fashion brands are still focused on online e-commerce conversion (e.g. by providing free shipping options)."

Channel options

Prior to interaction with a sales associate, 80 percent of United States consumers know what they want and how much they plan to spend. This knowledge stems from Web rooming, a concept that should be encouraged by brands because it leads to 40 percent higher conversions.

Digital channels effect 50 percent of in-store sales, despite direct-to-consumer ecommerce only accounting for 4 percent of sales.



Research online, purchase offline investments

Ecommerce is being challenged by larger online retailers. When British retailer AllSaints began accepting Amazon Payments there was concern among fashion brands, which escalated with the rumors surrounding Amazon and Net-A-Porter.

Amazon may be in talks to purchase Net-A-Porter, if reports that have been rumored are true.

The retail giant has been unsuccessful in entering the luxury industry in spite of attempts in recent years, and this potential acquisition could be significant for the future of both companies. The impact that this purchase could have on Net-A-Porter is unclear, but the retailer has been not been profitable despite its popularity ([see story](#)).

Amazon Prime's rewards encourage consumers to shop online and receive free shipping for an annual fee. The Prime membership concept has been adapted by ShopRunner, a platform used by one-fifth of luxury brands.

Without ShopRunner, consumers are shopping to a minimum spending level to receive free shipping, but even with that many consumers are pulled away from luxury brands to find less expensive items online.

Some brands, especially in Europe, offer click-to-collect. Without these options, consumers are Web rooming for products and then purchasing in-store. Even with this option, consumers expect brands to have easily accessible information about store availability.

Generational thing

Difference in digital options also vary across generations.

Consumers are split on their willingness to download luxury brand applications, but when dispersed into generations, 72 percent of millennials are inclined to download a branded app, according to a report from The Luxury Institute.

Digitization of the luxury world is slowly evolving as younger generations grow into being affluent consumers. Luxury clients differ across more than just generations, but understanding the prime and upcoming consumer can prepare marketing teams for the future ([see story](#)).

Changing to adapt to generational and technological changes requires brands to look internally and adapt within every channel.

"Brands also need to support the hand-off from digital to in-store to support a seamless shopping experience," Ms. Powers said. "This requires investments in infrastructure for local inventory visibility and providing options for click-and-collect and in-store returns."

Final Take

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