

MULTICHANNEL

Connecting physical, digital touchpoints builds consumer relationships

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Street style photo used in Lyst outdoor campaign

By SARAH JONES

MONTE-CARLO, Monaco – The relationship between online and bricks-and-mortar stores is reciprocal, with each driving traffic and sales to the other, according to panelists at the Financial Times' Business of Luxury Summit June 8.

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During “The Phy-gital Revolution: What is Luxury Doing to Woo its Consumers?” session, speakers explained how a mix of both physical and digital touchpoints is best to give both a well-rounded understanding of the brand and ensure that consumers have access to products in a manner that they want to shop. Without a digital shopping platform as part of their retail strategy, brands may be missing out on opportunities to reach consumers.

"At the end of the day, the customer is not waiting for us... People are there, they're already shopping online, and the truth is if you don't realize it, you're missing something," said Ulric Jerome, partner and chief operating officer of MatchesFashion.com, London.

"On MatchesFashion.com we're growing really fast, because we have to catch up with the consumer demand," he said. "This is where it's coming from, and that's it, there's no

catching up.

"There's a big discrepancy between what the customer wants every second of the day, and what the industry is saying."

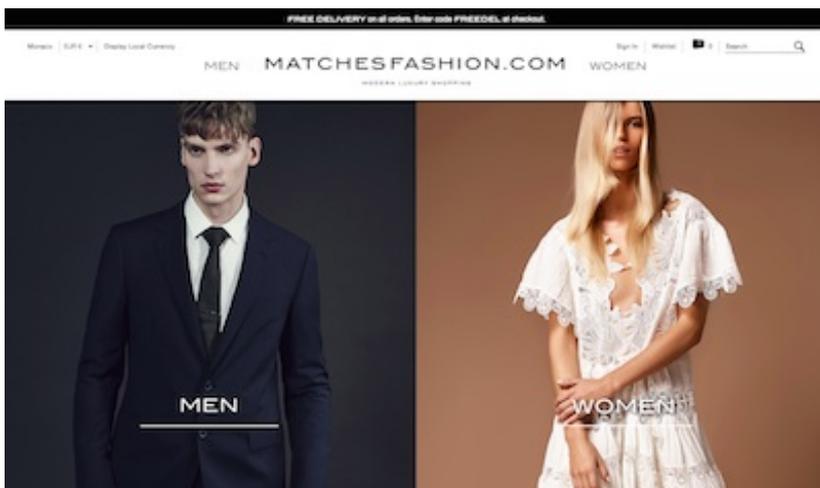
Clicks vs. bricks

Affluent consumers have shown their interest in buying goods online, but many luxury brands have been hesitant to embrace ecommerce as part of their retail strategy.

Chanel was the latest luxury brand to dip its toe into ecommerce through a three-week fine jewelry capsule on Net-A-Porter, but the brand currently limits its direct operated ecommerce to cosmetics. Even with the possibilities through ecommerce from a sales perspective, whether a luxury brand should sell online is still often up for debate ([see story](#)).

The panelists all agreed on the importance of ecommerce.

Six years ago, 100 percent of MatchesFashion's business was in-store, whereas today, with the same number of stores, 80 percent of its business is online. MatchesFashion's Mr. Jerome compared its care in coding its ecommerce platform to the craftsmanship behind traditional hard luxury goods.



MatchesFashion.com

When panelist Martin Bartle, currently global communications and ecommerce director at lingerie brand Agent Provocateur, was working for Lane Crawford to launch the retailer's ecommerce site, it saw strong uptick in visits, from 25,000 to 250,000 in one day, showing the high demand among consumers.

Agent Provocateur was one of the first lingerie brands to sell online, but its physical stores still play a large role in the consumer journey, as consumers have an immersive experience that gets them "hooked." Once the brand opens a store in a particular area, it spurs online demand.

To facilitate this personalized connection, the brand has digitized the black book, creating mini CRM systems and portals for each individual store's manager and staff, which enable them to see how each individual consumer is transacting.



Agent Provocateur storefront in London

Two years ago, only 5 percent of Agent Provocateur's customers were shopping online. Last year, this rose to 8 percent, but for the top, wealthiest consumers, 16 percent are buying via ecommerce.

Lyst, while enabling sales through its partners such as Net-A-Porter and Burberry, does not maintain its own stock of merchandise, instead focusing on helping consumers find what they are looking for and building relationships between brands and consumers. This strategic decision of letting its retailers handle distribution and fulfillment means that it does not directly compete with the brands it carries and makes the business more scalable.

Even Lyst, which operates entirely online, has an art gallery in London to build a physical presence. Here, the marketplace can host events and pop-ups with brands and screen fashion shows.



Lyst has also used physical advertising to reach online consumers

Lyst has also experimented with beacons and other phone-based in-store connections to drive sales for its partners. For instance, if a consumer touches down in a particular city, it can send a message about stores or brands that it knows they may like based on their browsing and purchasing history.

In the ecommerce environment, the role of the store changes slightly. Nathalie Remy,

partner at McKinsey & Company, said she sees brands choosing to have fewer, greater scale stores that serve more as showrooms than places of commerce.

Omnichannel approach

Ecommerce is only part of the equation, since consumers in different parts of the world have cultural preferences about how they connect and buy.

Lyst's app has grown the fastest in China, even with no translation from English and no currency conversion. With the worries in the country of fraud and counterfeits, seeing the western site makes them more confident in the authenticity of the merchandise.

Burberry developed a partnership with Line to reach Japanese consumers ([see story](#)), and reflecting Chinese consumers' willingness to buy within social apps, Yoox teamed with WeChat ([see story](#)).

Content, whether on the Web site, via social media or in magazines, also plays a role in consumers' perception of a brand.

Having an omnichannel strategy can help ensure that consumers have access to what they are looking for. This is especially important for luxury brands, for which most merchandise is spread out globally and at high price points.

Bricks-and-mortar retailers have to compete with online retailers such as Amazon, and they are finding new ways to get consumers to shop with them.

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](#)).

"To me, [stock availability] is one of the biggest challenges, not just for luxury brands, but for any brand in the world," said [Agent Provocateur](#)'s Mr. Bartle.

"When your product is spread so thin around the world, at such high value, having it in the wrong place, is a massive cost to doing business," he said. "And so actually we're at the early stages of it, but we're genuinely considering partnering with our franchise partners, our wholesale partners, and to be honest, anyone who's got our product anywhere in the world, whether it's in our stores or a department store.

"Because at the end of the day, our job is to create the demand and match the conceivable product. So I think to a certain extent, once we've solved the where is it problem, we should be very open minded about who gets to sell it."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York

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