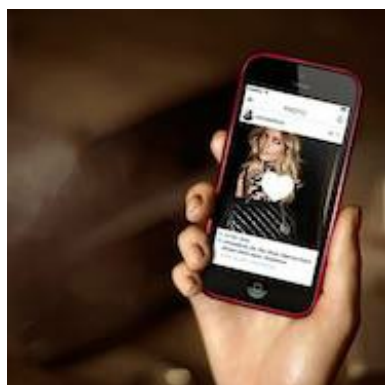


RESEARCH

## Research online, purchase offline trend is defining luxury sales: report

July 16, 2015



*Promotional image for #InstaKors*

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By JEN KING

Forty-five percent of luxury purchases are influenced by what the consumer has discovered digitally, according to a report by WBR Digital.

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The “Digital Advantage for Luxury Brands - Director’s Report: Luxury Interactive 2015” gives an overview of how digital has continued to affect and transform luxury brands, especially in terms of sales channels and revenue-driving experiences in the online space. As expectations for online experiences have changed, luxury brands have faced key challenges in the digital space from research to in-store logistics.

“[Luxury] consumers demand the best possible shopping experiences, and great customer service,” said Megan Kessler, executive director of **Luxury Interactive**, New York. “Fulfilling those expectations is extremely important in an industry that commands the highest price points for their products.”

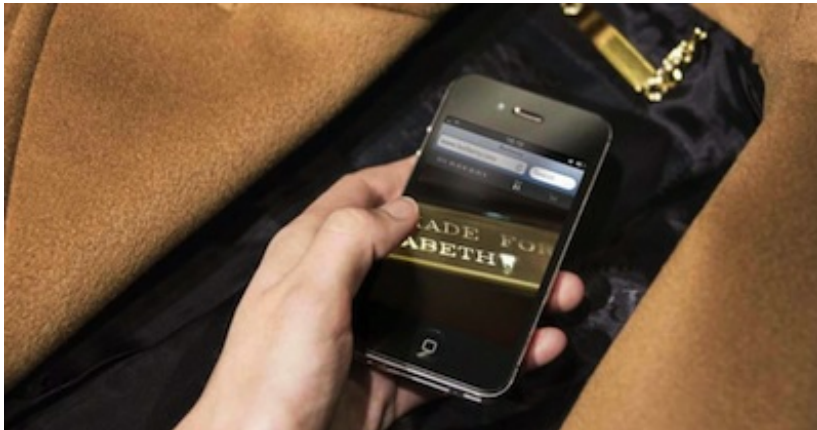
The “**Digital Advantage for Luxury Brands - Director’s Report: Luxury Interactive 2015**” was prepared using data gained over an eight month period. In this time, WBR Digital conducted research on the topic and interviewed a number of industry leaders.

WBR Digital produces the annual Luxury Interactive conference held in New York. Now in its ninth year, Luxury Interactive will be held Oct. 13-15.

### Challenging climate

Digital has clearly advanced in recent years as more and more traditional luxury houses embrace online channels to heighten consumer experience and streamline the purchasing journey.

Consumers are now using digital channels to peruse brand offerings more than ever before. The consumer journey that begins online has also affected in-store margins with 13 percent of offline luxury sales being generated from digital activity.



### *Burberry's mobile Web site*

Online sales have grown twice as fast as the luxury market overall, and 45 percent of purchases in the sector have been directly influenced by some interaction first had in the digital space.

With this comes significant challenges for luxury brands that dictate the correlation between the online and offline space while still maintaining a relationship that is inclusive of the consumers' needs.

One key challenge for luxury brands is striking a balance between the digital flagship and the physical. Content is key for commerce, and a brand's Web site is needed to ensure the "research online, purchase offline," or ROPO, journey is available.

Implementing in-store digital touchpoints such as virtual reality is one way luxury brands have worked to maintain both simultaneously. For example, French fashion house Christian Dior is exploring the parallels between technology and couture with the introduction of in-store virtual reality headsets.

The LVMH-owned house worked with DigitasLBi Labs France using a 3D printer to develop its Dior Eyes experience. By placing Dior Eyes in a number of its boutiques, Dior will maintain its relevance as the retail landscape acclimates to the changes in consumer behavior and mobile readiness ([see story](#)).



### *Dior Eyes virtual reality headset*

As the luxury consumer base has adapted to digital marketing experiences, especially mobile, online sales have accounted for only less than 5 percent of the industry's total \$270 billion generated per year. On a global scale, however, ecommerce in luxury has increased at a rate of 30 percent per year.

Nearly all brands have begun to allow for ecommerce to some degree, whether the platform is run in-house or by a third-party retailer.

For example, French fashion house Chanel took more steps toward its ecommerce platform with a shop-in-shop on online retailer Net-A-Porter's site.

Coco Crush, a six-piece fine jewelry collection, was launched online prior to being in-store. The soft opening of ecommerce through Net-A-Porter likely offered Chanel some insight to its consumer's willingness to buy online ([see story](#)).

With that in mind, it will be increasingly important for brands going forward to be able to properly measure these online interactions as consumer behavior changes rapidly.

### Truthers

WBR Digital found that amid these challenges there are three truths for luxury brands.

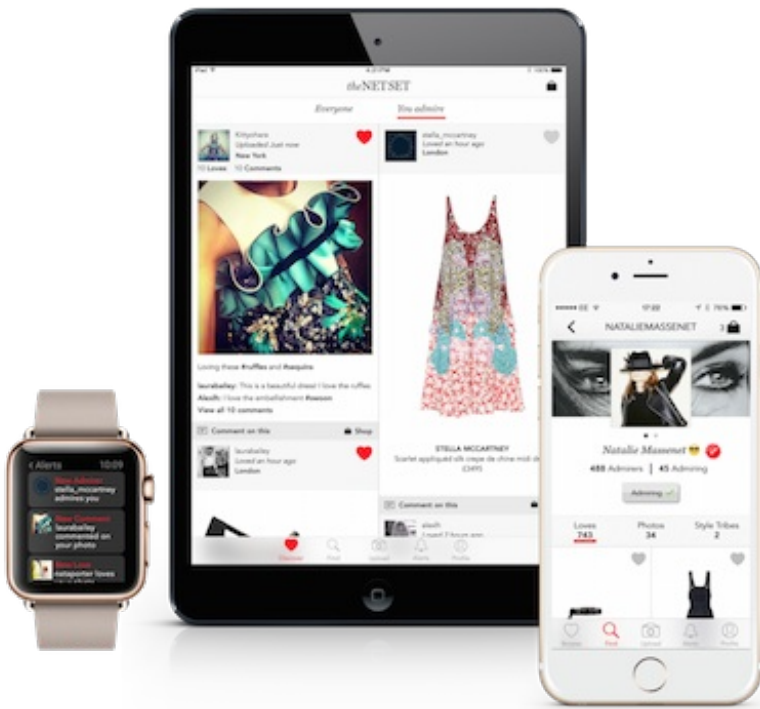
The first of which is "crossing the channel: bridging the gap between digital and physical," meaning that connecting all communication channels should be priority number 1. This allows the consumer experience to be unified across physical and digital and gives individuals options as how to interact with a preferred luxury house.

In terms of "research now means purchase: moving the luxury customer through the buying journey," WBR Digital stresses that as time progresses consumers will only become more reliant on their mobile devices to shop and discover brand offerings. This presents brands with ample opportunity to strengthen these channels, such as mobile-optimized Web sites and shopping applications.

For example, online retailer Net-A-Porter increased its mobile efforts with the launch of two apps that blend content with commerce.

Net-A-Porter's digital magazine The Edit has a new shoppable app, while a social

shopping network from the retailer, called The Net Set, debuted May 13. For Net-A-Porter's digital-savvy audience, these mobile apps give consumers more ways and choices of how to interact and shop ([see story](#)).



### *Net-A-Porter's The Net Set*

Lastly, by “implementing seamless in-store logistics, pushed by digital demand” luxury brands can transform the physical environment to be forward-thinking in terms of consumer experience and behind-the-scenes. Digital inventory search is just one example of how luxury brands can better the in-store experience, but L2 found that only 12 percent of brands enable consumers to view store inventories via mobile ([see story](#)).

“For years now, luxury brands have been digitally transforming, working to more effectively utilize all of their sales channels, generate better revenue-driving online experiences for their customers and keep pace with consumer expectations,” Ms. Kessler said.

### **Final Take**

*Jen King, lead reporter on Luxury Daily, New York*

Embedded Video: <https://www.youtube.com/embed/m4RqqwtmnBQ>

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