

COLUMNS

Digital experiences are transforming luxury retail

September 21, 2015



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By A LUXURY DAILY COLUMNIST

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Luxury retail is being transformed by the emergence of digital experiences, representing a strategic investment for retailers brave enough to rethink how online sales should work. Implemented well, digital selling experiences can revamp the luxury sales segment and open up new markets.

According to Forrester Research, a significant portion of the world's luxury retail sales — about 30 percent representing 47 billion euros — occurs in Europe, with most coming from Italy, France and the United Kingdom.

The majority of these sales still occur in physical retail stores, but that is about to change in a big way.

Contextual emphasis

Forrester predicts that over the next five years, online sales in the U.K., France, Germany, Italy, Spain, the Netherlands and Sweden will skyrocket, with a predicted growth rate four times the entire luxury goods market.

The reason? Barriers to entry are falling quickly. Complex technical requirements and multi-country operations support are disappearing thanks to new commerce platforms.

Luxury clothing, watches, jewelry and shoes are more appealing to shoppers with high expectations when the online selling experience is deeply immersive and contextual.

Basic online catalogs will not cut it with luxury retail. Successful retailers operating in this space will deliver consistent, contextual online shopping experiences of a high caliber.

Siloed experiences erode brand cachet

Achieving this requires deep integration along the customer journey, including organizational processes, customer-facing technology and backend systems.

Because siloed digital strategies can erode a brand's digital experience potential, retailers must make technology, team and process integration their highest priority.

Work forward incrementally

Several well-known retail consultancies such as Accenture, Huge, XumaK and Agency Oasis are addressing the digital needs of retailers by focusing more of their practice on ecommerce integration and experience management platforms.

These consultancies find that retail clients want to move toward a richer view of the customer and extend existing skills, processes and technologies to create digital experience architecture. They also want to approach ecommerce and experience management incrementally, picking off the low-hanging fruit first and moving up the chain as new channels present.

The key to success for these clients is in seamless integration.

Project managers and digital officers should be asking themselves: How well does this integrate? Marketing should be asking themselves: How consistent is the customer's experience of our brand?

Layered integration approach

No retailer can be expected to rip and replace their systems and processes overnight, hoping that success is just a flip of a switch.

The ideal approach is to adopt a flexible integration platform that can interconnect various existing and future systems — commerce, content management, ordering, fulfillment and call centers — in layers.

This layering approach allows retailers to take stock of current practices and foundational technologies while leaving the door open to innovation. Then when a new channel pops up, for example, the Apple Watch, the integration platform can connect to it without requiring a massive rework of underlying systems.

Transform customer experiences

Through an effective integration strategy, companies can connect transactional systems through to experience management platforms to deliver content-rich shopping

experiences, no matter what channel.

Marketing can add new experience-driven techniques to ecommerce, such as personalization and mobile in-store promotions, resulting in an omnichannel strategy that is unified across the entire organization.

Layered integration frees marketers from slow, patchwork solutions that rely on complex direct integrations and customization, and allows retailers to capitalize quickly on new channels and geographical opportunities as they arise.

Layered integration lowers the total cost of ownership and reduces both risk and time to market for retailers wanting to offer a world-class shopping experience across any channel.

TO ADEQUATELY serve luxury retail customers, retailers must embrace integrated, scalable commerce technology, cross-channel marketing clouds, single-view analytic capability and organizational flexibility.

Only by adopting a layered integration strategy will retailers be in a position to capitalize on the future growth in online luxury sales.

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