

COLUMNS

## Amazon's lessons for luxury

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*Marie Driscoll is CEO of Driscoll Advisors*

By **Marie Driscoll**

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Extensive product selection and availability, supported by efficient and reliable order fulfillment along with best-of-class checkout are foundational to Amazon's value proposition, creating industry-leading customer satisfaction rates and high-loyalty metrics. Ergo the Amazon Advantage.

As Amazon deepens and broadens its relationship with consumers, luxury brands would be wise to take notice. The Amazon goal is to be the world's most customer-centric company. You had better not rest on your luxury laurels.

### Platform shows

Last week's launch of "Style Code Live," a fashion entertainment platform replete with the live-video streaming 30-minute fashion shows five days a week hosted by reality and fashion show celebrities is just another well-thought-out Amazonian move to immerse itself into the millennial lifestyle and future purchasing habits.

The soft launch of seven private-label apparel brands is a clarion call to retailers around the world that Amazon is in the apparel business for the long game, and we are in the early innings.

Non-differentiated retailers are at the greatest risk, with department stores, broad-line retailers and off-price retailers vulnerable over the long term.

Powerful global brands with innovative product, omnichannel execution and superior in-store experiences that span entertainment to hospitality can still flourish, and maybe even leverage the Amazon platform in a brand-appropriate way maintain a full-price strategy within the Amazon ecosystem.

Luxury brands are not immune to the Amazon competitive onslaught and would be wise to adopt a few of Amazon's strategies, specifically, price and inventory transparency across all channels of distribution, fulfillment across multiple channels, intimate client knowledge, a platform to rate products, exercise brand engagement and be social, and a Prime membership that provides members with early access to limited-edition product and exclusive experiences.

The Internet already provides price transparency for many brands. But in a world where the shopper wants immediate gratification, inventory transparency is more important when your favorite brand is out of stock locally.

Both in-store with an associate and online and mobile, luxury brands should provide a complete listing of product availability, spanning all retail and online establishments and let the shopper chose the fulfillment.

Help your customers get the merchandise they want, and you will make them happy and create an experience that

fosters return visits and loyalty.

#### On track

Amazon has been tracking consumers' movements on the Web and in-application, paths to purchase, the side trips, the impulsive mistakes and product returns for about two decades.

The wealth of the data provides Amazon with insight into the next product that delights or merely meets the shopper's immediate needs. Either way, Amazon is intricately weaving its way into the fabric of the customer's life with its "Recommendations for You, Marie" stance.

Luxury brands, with their innate aspirational cachet, are welcomed into our dreams gladly. Please me, we beg, as luxury shoppers increasingly purchase in a search for meaning or completion.

Amazon is pedestrian versus the status we give luxury brands, therefore a favored luxury brand has our attention when offering product, fashion and style advice. In-store, at its best, this is clienteling.

Luxury brands need to extend this intimacy to their online platforms. Here, Burberry leads the way, offering live chat as well as a Call Me Back feature. Coach has a Contact Us phone number and live chat, while Chanel and Dolce & Gabbana only offer a Contact Us number on their United States Web sites.

#### Prime time

Part of Amazon's charm in the virtual world, which we have come to take for granted, are customer reviews that provide insight and depth within a two-dimensional retail platform. This practice Amazon made famous and many retailers and brands have adopted as their own.

Reviews are socially relevant, and community building although negative product and brand comments can and do surface. That said, authenticity is the order of the day, and negative reviews can alert brand managers of failings while there is still time to correct them.

Amazon has an estimated 46 to 80 million Prime members worldwide. In the U.S. prime membership fees are \$99 annually for adults and \$49 for students and membership provides two-day free shipping, Prime Instant Video, the Kindle Owners' Lending Library and Prime Early Access. The latter is a 30-minute lead on Lightning Deals and sales events on MyHabit.

Amazon claims Prime is built around exclusivity and that is a feature worth replicating in the luxury context.

For an annual fee, a luxury brand could provide its advocates with early access to limited editions and new fashion product as well as special events such as wine tastings, gallery openings and product launches. An elite brand membership would put back some of the exclusivity and specialness in luxury.

Finally, some, but not all, luxury brands should avail themselves of the Amazon platform, using it to get brand visibility for licensed and aspirational products such as fragrance, sunglasses and watches. Not the entire assortment, but the more widely distributed SKUs.

#### Search party

Amazon is the search engine for shopping, so think hard before you say no to Amazon.

A search for Tory Burch on Amazon generates 2,749 results including sandals, sunglasses, shoes and wallets though not all the product was Tory Burch but other competitor brands and at the bottom of the page, a link to the Tory Burch official site.

A similar search for Coach yields 8,019 results and a link to the Coach official site as well.

For Chanel, it yields 141,606 results, but a closer look reveals that many of the items are not Chanel but rather "similar to" and there was even a Versace pillow and a misspelled "Channel Slouchy Off the Shoulder Sweatshirt."

FRANKLY, I WOULD rather browse and shop at the brand Web sites. But given the traffic Amazon enjoys and the propensity to add an item to the basket, entry-level luxury products could enjoy strong sales at Amazon.

It is not brand enhancing, but a presence on Amazon is not that damaging either.

*Marie Driscoll is CEO and principal consultant of [Driscoll Advisors](#), New York. She is also adjunct professor in the department of international trade and marketing at the Fashion Institute of Technology, New York. Reach her at [marietdriscoll@gmail.com](mailto:marietdriscoll@gmail.com).*

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