

COLUMNS

Proper use of digital in selling personal luxury goods

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As digital has greatly disrupted bricks-and-mortar retail sales, luxury has been hit really hard. Consumers increasingly dislike going shopping in stores. As luxury is the segment most dependent on stores for the first purchase of a particular brand's line, the decline in store traffic will continue to hurt luxury sales disproportionately unless many necessary steps are taken.

In the luxury space today, bricks-and-mortar stores need to be understood to exist first and foremost as venues to create new customers and then monetize those relationships primarily through very smart use of digital.

When falling in love with a luxury brand, the customer usually needs the first-time experience of physically being in a store to put on the clothes, feel the quality and luxury of the fabrics, see the colors, experience the fit and look and touch, and see the authenticity, detail and craftsmanship.

The same emotions apply to leather goods, watches and jewelry.

On the other hand, once that first purchase has been made in a store, the luxury customer is much more comfortable making additional similar purchases of the same brand online.

First blush

In the personal luxury goods market, the proper role for digital selling is "usually not on the first date."

The critical first purchase of a luxury brand's merchandise needs generally to take place in a mono-brand store, luxury department store, specialty retailer, boutique, shopping salon or showroom.

In true omnichannel fashion, that first purchase is then leveraged both digitally and through future purchases in bricks-and-mortar stores.

The digital dilemma in luxury at the highest level has been "how do you use digital to get a first-time buyer to make the initial purchase online?"

If you are smart, you generally do not aim to use digital in this way. Instead you focus on digital, print advertising and social media to get people into your stores.

The big question is, what are your processes after the first purchase so that people go on to become much bigger

customers and buy more of the same series both in-store and online?

Taking stock

Life is tough in the retail space. Stores are so expensive to design, build, stock and operate. Huge advertising and marketing dollars are spent getting people into stores.

It is essential to digitally leverage bricks-and-mortar purchases and turn customers into clients and connoisseurs.

As the great Peter Drucker famously observed, "The purpose of a business is to create a customer."

What the bricks-and-mortar luxury stores need to learn is how to effectively use digital to get that customer to buy, buy, buy.

The promised land of luxury retail is all about understanding the strengths and limitations of bricks-and-mortar stores on the one hand and online selling on the other hand.

It sounds great to talk about omnichannel, but it is vitally important to understand how the different channels must work together.

The successful omnichannel process is a virtuous circle and a very complex chain of events that needs to be executed with great skill.

Flicker of hope

There has been much talk of the need for magic to transform the in-store luxury shopping experience.

But the central retailing truth is that all the bread and circuses in the world do not hold a candle to the right selection and availability of great merchandise. Product is king.

Retailers need to focus relentlessly on finding the proper equation for the breadth and depth of merchandise, and that entails having what people want in the size that fits them.

Omnichannel gives stores the ability to supplement inventory on-hand with additional merchandise from their ecommerce site or other physical store locations.

But this theory of omnichannel availability only holds if you really have the merchandise people want. Here is where the mono-brand stores have the upper hand.

LUXURY IS DEPENDING on digital for very significant growth to make up for the decline of in-store sales.

The promise of digital will only be realized if brands and retailers truly understand the strategic challenges that they are facing and the deep work involved in making omnichannel thrive, beginning with their greatest asset: their current customers.

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