

MARKETING

Data analytics can help luxury brands find and target their most valuable customers

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International ecommerce is popular for luxury and can be optimized through data analytics

By DANNY PARISI

NEW YORK When it comes to ecommerce, luxury brands would be best served by spending their resources finding out who their most valuable customers are and doing whatever they can to retain them.

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Speaking at Luxury Roundtable: Engaging Gens X, Y & Z May 3, three panelists during the "Ecommerce and Mobile: Symbol of the New Path to Purchase" session spoke about the ways that luxury brands can tackle ecommerce. The consensus among the group was that building a flexible, strong ecommerce model is important and that consumers should use data analytics to analyze who their best customers are and adjust their models to target those consumers.

"The concept is fairly simple," said Mark Logan, CEO of WealthEngine. "Find your best customer.

"Customers come to us and ask for us to analyze the info on their best customers, the customers that stay extra nights at the hotel, repeat customers," he said. "We analyze that and when the big data comes in we can dip into that database, highly curated, highly accurate prospects for new good customers."

Luxury Daily produced Luxury Roundtable: Engaging Gens X, Y & Z on May 3.

Ecommerce models

Luxury brands have always had an international audience. With notable luxury names on almost every continent as well as a focus on travel, leisure and cosmopolitanism, luxury consumers have long been comfortable with traveling around the world to access their desired products and experiences.

The rise of ecommerce has made this international order even easier, with luxury consumers in Spain being able to shop Neiman Marcus in New York without leaving the country.

But, even luxury brands can be stretched thin trying to cover the whole world, so it is important for those brands to know when and where to spend their resources in acquiring and retaining international customers.

Data analytics can help. By using strong data analysis from companies such as Mr. Logan's WealthEngine, luxury brands can create an image of what kind of customer they want to sell to and adjust their strategy accordingly.



Mike Griffin, Mark Logan, Sharon Gee

But the panel was quick to warn that outside data alone is useless without a strong ecommerce framework to analyze and make use of it.

"Data is no good unless you can match it to existing data," said Sharon Gee, senior vice president, North America of BORN Group. "So unless we already know how the pieces come together we won't be able to deliver the ecommerce experience that consumers need.

"After you consult the acquisition problem, you have to go back and say who's the most valuable customer," she said. "You need to be able to know who this person is, then get more data on them and more people like them."

To best make use of this data and to target their most valuable customers, luxury brands have to be able to build an ecommerce platform that is fluid, simple and easy to use. Their platforms must be on par with the high-quality experience that its customers are used to at physical luxury boutiques but in a digital format.

However, the panel cautions against being overly ambitious on ecommerce, particularly when one entity dominates that world so completely.

"The elephant in every room is Amazon," said Mike Griffin, vice president for consumer experience at Pitney Bowes. "I don't think anyone thought they would be the largest apparel retailer or that they would spend more on content than NBC, but both are true.

"Brands will not win on drone delivery, but they can win on brand knowledge and consumer experience," he said. "The things that they can do, they need to make perfect."

Content and commerce

Another aspect of luxury ecommerce the panel touched on was how content can interact with commerce.

Luxury brands, by virtue of being tastemakers, have a much larger opportunity to deliver editorial content along with commerce. Their shopping Web sites can double as both inspiration for purchases through content and access to those purchases with ecommerce.

For example, The Drive, an automotive publication owned by Time, Inc., recently opened its own shopping platform that bridges the gap between editorial and shopping.

Dubbed SHOP, the platform was developed in collaboration with Detroit Trading. With this move, The Drive is joining a rising trend of editorial publications dipping their toes into commercial transactions in addition to media ([see story](#)).



Sharon Gee

This strategy is supported by research, such as a report from L2 that found localized content to be a major driving force of international ecommerce.

Cross-border ecommerce opens up brands to shoppers in countries that are growing more rapidly than established, saturated markets such as the United States and Europe, but retailers should do their due diligence before making a move. To make headway with global consumers, localization efforts should deliver both market-specific content and commerce features ([see story](#)).

While content is vital to luxury ecommerce growth, the panel urged luxury brands to maintain control of the message put forth through the content and not outsource it.

"It all starts with your customers, your brand, your message," WealthEngine's Mr. Logan said. "There's no singular approach.

"At the end of the day you have to send your own message through many channels in your way," he said.

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