

FRAGRANCE AND PERSONAL CARE

## What impact would an Amazon-Violet Grey partnership have on luxury beauty?

July 31, 2017



Amazon could be gaining more luxury beauty brands. Image credit: Amazon

By SARAH JONES

Luxury brands have typically avoided retailing with Amazon, but the ecommerce giant is reportedly making a move to bring more upscale beauty labels to its platform.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

According to Women's Wear Daily, Amazon has entered a deal with beauty site Violet Grey, which carries high-end labels such as Yves Saint Laurent and SK-II, to retail products on its marketplace. For Amazon, this may bring the retailer a step closer to its luxury beauty aspirations, but what does this partnership mean for the brands involved?

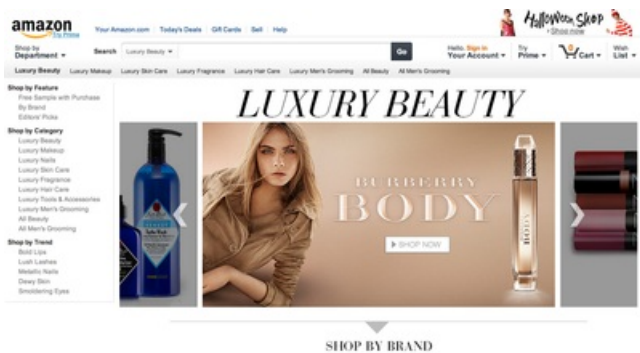
"Violet Grey has the brands and the relationships that Amazon wants and heretofore, have been difficult for Amazon to attract going solo," said Marie Driscoll, CEO of [Driscoll Advisors](#), New York.

"Luxury brands have been reluctant to join Amazon for many reasons including fear that the adjacencies of light bulbs, toilet paper and toothpaste will damage and erode brand image and brand value, loss of control and the selling ambiance of Amazon, a highly democratic platform that doesn't lend itself to the preciousness luxury brands demand in their selling venues," she said. "Violet Grey has established itself as an authority with a curated assortment of best of class, sometimes under the radar, beauty products."

Ms. Driscoll is not affiliated with Amazon, but agreed to comment as an industry expert. [Amazon](#) was reached for comment.

Beauty business

In 2013, Amazon launched a luxury beauty section. This centralized area carries makeup, skin care, fragrance, hair care and men's grooming products ([see story](#)).



Amazon's luxury beauty store. Image credit: Amazon

At the time, Nell Rona, a public relations spokesman for Amazon, told *Luxury Daily*, "We know that our beauty customers are searching for luxury beauty brands on Amazon and are excited to introduce this new experience that allows them to browse and purchase the brands and products they're looking for. Amazon also wanted to offer our brand partners an elegant and refined place to showcase their products to our more than 215 million active customers."

While only 24 brands were carried on the site the month it launched, including Burberry Beauty, as of January there were 202 labels retailing on the page, according to [L2](#).

Despite this growth, there are still a number of Amazon holdouts such as LVMH, which owns Dior and Guerlain, and Estée Lauder Companies, the parent company of namesake label Estée Lauder as well as skincare label La Mer and niche perfumer Le Labo.

However, Amazon may have found another route toward its luxury aspirations.

Violet Grey is a curated, editorial beauty site that sells products that are found, tested and approved by beauty experts such as makeup artists, hair stylists, celebrities and dermatologists. Labels carried on the platform include skincare brands La Mer and La Prairie, niche perfumer Frédéric Malle and makeup labels Chanel, Dior and Tom Ford.



Violet Grey focuses on the best of beauty. Image credit: Violet Grey

The retailer's collaboration with Amazon is said to include an agreement to retail a selection of brands on the ecommerce platform in return for a commission of 20-30 percent.

"Amazon's approach is always a direct relationship first, and if that isn't an option, develop a third party relationship with either the brand itself or a credible third party seller," said Donnie Pacheco, [Clean Channel Consulting](#), Seattle. "By partnering with Violet Grey, Amazon is not only gaining offers for the brands in their portfolio they are leveraging

the credibility of Violet Grey itself.

"Amazon approaches brands from the point of view of the customer," he said. "The Amazon customer wants these brands, so if the brands won't partner with Amazon direct, the next best thing for customers is to offer them through a trusted, established retailer that has direct relationships with the brands.

"Amazon wants well known retailers on its platform in every category, particularly ones that fill voids in the assortment and that provide great customer service."

High-end beauty and personal care products will likely dominate the beauty sector for the foreseeable future, since they have outperformed the standard two years in a row, according to a new report from Euromonitor.

The [insights](#) allude that the premium beauty industry is now leading the way, with an almost 6 percent growth. North America is leading with premium beauty and personal care prospects per capita spend ([see story](#)).

This Amazon move could mean bad news for the retailers that have previously had a monopoly on certain luxury cosmetic labels.

"We are witnessing the diminution of the department store model," Ms. Driscoll said. "The cosmetics floor has long been a profit center, however cosmetic firms have opened branded stores for a couple of decades in response to slowing traffic in department stores.

"Brick-and-mortar retail with beauty experiences, like the wellness efforts at Saks Fifth Avenue here in New York City and Harrods in London will do well, but generally, the consumer is looking elsewhere for beauty products." she said.

"If Amazon maintains the Violet Grey platform or a Violet Grey-like platform, over the long term Amazon executes to the long termsome luxury brands may get comfortable with exploring further opportunities on Amazon.

"However, brands would be wise to consider other optionsSephora, Blue Mercury and brand Web sites. While Amazon claims to be consumer centric, it isn't brand centric and in fact, similar to many traditional bricks-and-mortar retailers, its retail practices undermine brand equity building."

Amazon aversion

Amazon has a big problem with counterfeit products ([see story](#)). This, coupled with an association with discounting, has made it less attractive for many luxury labels.

However, there may be a case for partnering with Amazon. [L2](#) has noted that those who do decide to distribute through the site have seen their unofficial presence removed.

"Some brands refuse to acknowledge or even speak to Amazon," Mr. Pacheco said. "This often demonstrates a lack of understanding about what the platform is about and the different ways there are to work with Amazon.

"While these brands may not have any sort of direct relationship with Amazon, their product is likely available on the platform through unauthorized sellers, which creates a bad brand experience and a less than ideal customer experience," he said.

While Amazon continues to grow, its penetration into the most affluent households has decreased over the past year, according to research from the Shullman Research Center. Nevertheless, affluent classes' growing affinity for the marketplace provides a provocative counterpoint arguing for its eventual integration into the luxury industry ([see story](#)).

A high presence of fakes led Birkenstock to pull its brand from Amazon last year, allowing the brand to take back its brand from grey market sellers. However, according to its CEO, the brand has faced challenges keeping all of its inventory off the platform, as it learned Amazon was courting retailers asking to buy product from them.

If put into motion, this partnership between Amazon and Violet Grey could lead to luxury beauty brands having to fight for their right to decide their own distribution. This also comes as Coty is embroiled in its own legal battle over online selling.

A high-profile legal dispute between Coty and a German-based distributor, Parfmerie Akzente, has been ongoing for nearly a decade. Coty asked a German court to prevent Akzente from selling its fragrances, such as those by Marc Jacobs and Chlo, on Amazon

The case will determine if brands have the right to forbid retail distributors from selling through certain ecommerce

channels ([see story](#)).

"Brands should have the ultimate say over their distribution and can enforce this by not shipping or closing any distributor or account at anytime as they see fit," Mr. Pacheco said. "However, many forego having a tightly controlled distribution channel for sales.

"The grey market sellers that list product on platforms like Amazon procure their product from somewhere within the brand's distribution or are often a distributor or account selling under a different name," he said. "Brands often turn a blind eye or to not take the time to investigate where the leaks may originate because at the end of the day it is a legitimate sale that hits their bottom line somewhere in their distribution channel.

"Luxury brands can protect their brand image within retail by obsessing about their channels of distribution and focusing on the customer. While both of these may seem rudimentary, they are often overlooked or deprioritized. This includes holding partners such as luxury department stores accountable to having the best possible in-store and online customer experience and ensuring that their brand is presented in the best possible manner not from just a product presentation standpoint, but from a customer service standpoint for every customer that comes in contact with the brand."

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.