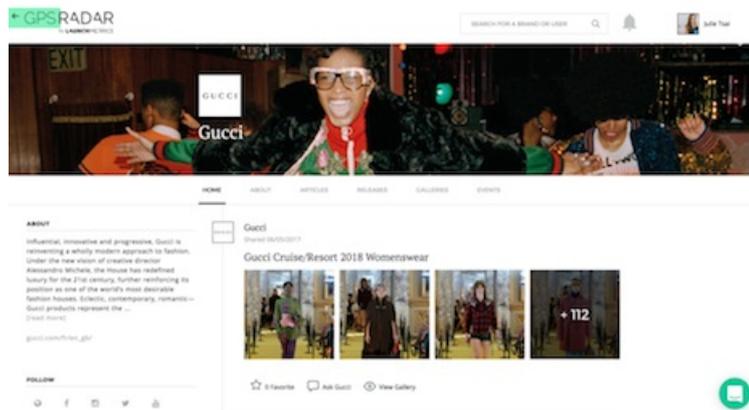


RETAIL

Gucci dominates online as millennials infiltrate the market

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Gucci brand page on GPS Radar. Image credit: Launchmetrics

By BRIELLE JAEKEL

Millennials' stronghold on the luxury consumer segment is estimated to continue, with the demographic taking up almost half the market share by 2025, according to L2.

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L2's Digital IQ Index on Fashion 2017 is exhibiting the changes affected the luxury sector, that are helping it bounce back after a difficult past year. Investing in online is vital for any brand, including luxury, to survive in today's climate of which the digitally savvy millennial controls.

Millennial takeover

While the majority of purchases are still being made in stores, digital still has a severe impact on the sales and purchasing decisions of consumers. For instance, L2 shows that 70 percent of sales are influenced by online, which will continue to grow as millennials corner the market.

Gucci was ranked at the top of the digital performers, followed by Michael Kors, Fendi, Burberry and Louis Vuitton, respectively. These brands have mastered the use of ecommerce, digital marketing, social media and mobile to help build their image and connect with consumers.



Luxury retailers also need to gain a stronghold on the digital sphere. Bergdorf Goodman so the biggest growth this year in terms of year-over-year traffic with an increase of 3 percent and an average monthly traffic of 1.6 million.

While the retailer saw the least number of traffic amongst its peers, it was the only one who saw any growth. For example, while Barneys New York has monthly traffic of 3.1 million, the retailer saw a decrease of 3 percent.

Neiman Marcus saw a 12 percent dip in traffic, but sees 8.6 million in total monthly traffic.

Bloomingdale's saw the biggest of 36 percent with total monthly traffic at 5.6 million.



Promotional image for Bloomingdale's sweepstakes

Online resale is one factor that could be damaging these retailers and brands. L2 notes that resale platforms such as The RealReal and Tradesy opt for aggressive digital marketing strategies, that manage consumers' price expectations at a much lower level.

The number of department store closures this year has hit an all time high, which could possibly force luxury brands to look closer at Amazon. Seventeen percent of brands a part of the L2 Digital Index have an established relationship with Amazon.

Additional insight

Multichannel retail does more than just improve the customer experience, it also causes consumers to spend more if they engage with a brand or retailer on both a digital and physical level.

According to new research from L2, the average omnichannel shopper visits a physical store more often and spends more while there than a non-omnichannel shopper. This data point shows that connecting with customers on multiple levels is one of the most important things the modern retailer can do to improve sales ([see more](#)).

While the vast majority of brands adapt desktop Web content for their mobile sites, only a small minority actually make use of unique mobile features such as application-linking or 360-degree product viewing.

According to a new report from L2, mobile use by brands today is widespread but many are not using mobile to the fullest potential. As mobile continues to evolve and mass-market brands take exceptional risks on mobile, luxury brands will have to step up their mobile adventurousness to compete ([see more](#)).

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