

INTERNET

What luxury brands can learn from flash-sale sites

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By RACHEL LAMB

Luxury brands often count on flash-sale sites such as Gilt Groupe and Rue La La to move excess product at discounted prices. However, if these sites are better-organized and provide a more pleasant online experience, why should luxury consumers buy full-price?



Flash-sale sites are often lauded for their excellent and comprehensive customer service policies, sleek designs and easy-to-navigate sites. Some experts are wondering if discounted sites might have a thing or two to teach to luxury brands, rather than the other way around.

“Although it seems like a challenge and flash sites are likely cutting into luxury brands’ sales, there are some really strong reasons why customers are willing to pay full price,” said Andrea Wilson, client services director for iProspect, Fort Worth, TX. “The good news is true luxury consumers want the latest and the best.

“Since the majority of the flash sites – fashion especially – offer close-out or discontinued merchandise with limited sizing, it makes it an advantage to the luxury brand that their site will be preferred, as long as they offer newer and wider product assortments and the basics like navigation and customer service are still relatively strong,” she said.

Flash in the pan

A prominent difference between flash-sale site design and a luxury branded site is usability and navigation.

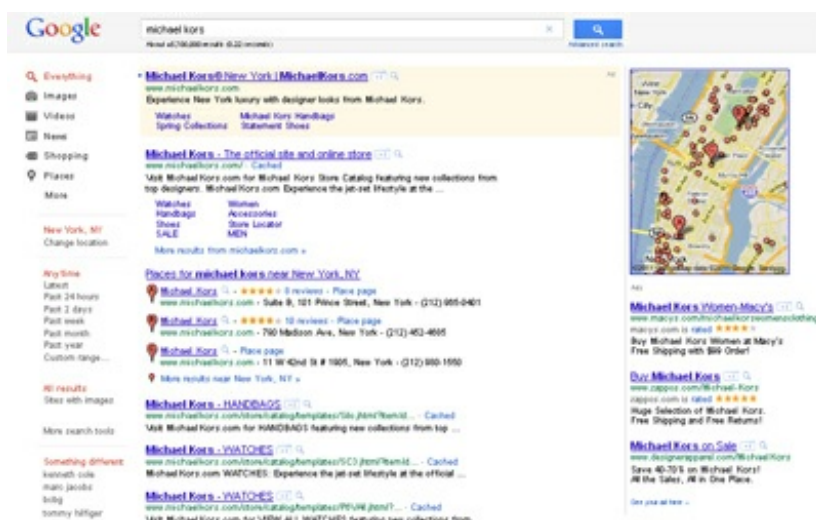
Many luxury branded Web sites, though aesthetically pleasing, are designed using Flash.

This poses a few problems. The first is that Flash makes it hard for consumers to find branded sites on a search engine.

Organic search results are the most commonly used resource to navigate to Web sites, but luxury brands' sites are usually image-rich and use Flash, which is not SEO-friendly ([see story](#)).

Brands could run into trouble when a consumer searches for a brand and a third-party site comes up first.

For example, when a consumer searches for apparel and accessories designer Michael Kors, other retailers such as Zappos, Nordstrom and designerapparel.com come up in ads in addition to the official site.



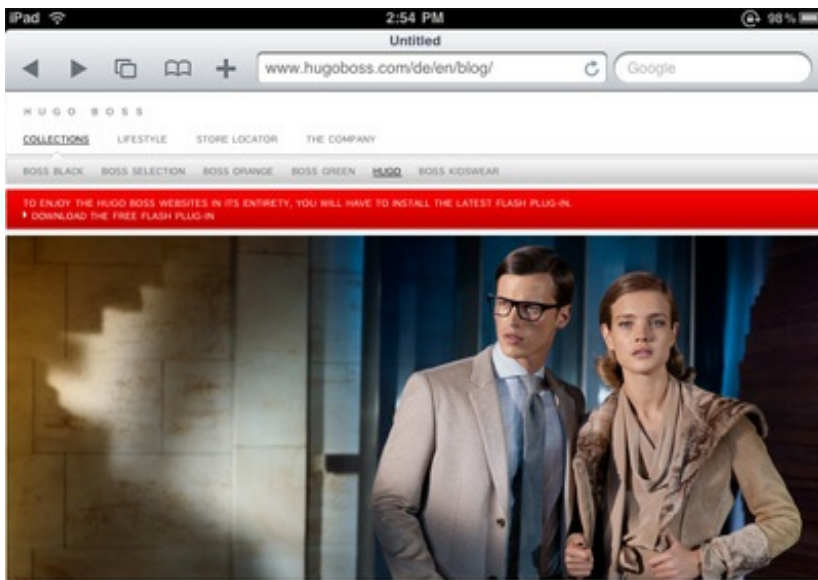
Michael Kors search on Google

Michael Kors will get return revenue from accredited retailers, but unaccredited third-party retailers could steal business and revenue.

On the other hand, flash-sale sites Gilt Groupe and Rue La La have invested in paid advertisements that appear first on a search page.

Additionally, Flash cannot be viewed on Apple mobile devices such as iPads and iPhones.

For instance, when German apparel and accessories designer Hugo Boss offered a live-streaming fashion show for mobile devices, the brand's Flash-designed blog could not be accessed by Apple users ([see story](#)).



Hugo Boss' blog is not available to be viewed via iPad

Since affluent consumers are rarely without their mobile phones, many of which are Apple devices, this could pose a problem if a brand does not have a mobile application or optimized site.

For the record, almost every flash-sale site has both a mobile app and an optimized site.



Rue La La's mobile app

Customer is always right

Flash-sale sites also excel in showing the product, which a main component of online shopping.

“Detailed product information is easily accessible through hover features like quick view, size and product detail, expected ship dates and sale-end dates,” iProspect’s Ms. Wilson said.

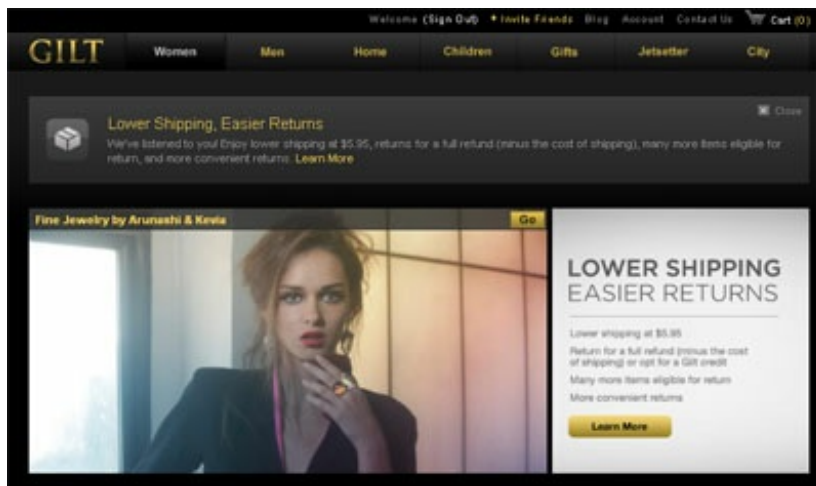
“Everything the consumer needs to know is in front of them for quick decision making,” she said.

Another thing that can be learned from flash-sale sites is customer service.

Luxury brands are known for their customer service over the telephone or at retail locations, but it is important to transcend that into the online space.

Flash-sale sites make their return policies and policies well-known.

For instance, Gilt Groupe tweaked its customer service policies to better reach the needs of buyers by offering incentives such as reduced shipping fees and more efficient return policies ([see story](#)).



Gilt highlights new shipping and returns policies on its Web site

“Flash sites illustrate that value is still important to the affluent and aspirational customers,” said Chris Ramey, president of [Affluent Insights](#), Miami.

“Flash sites execute,” he said. “It sounds so simple, yet many bricks-and-mortar stores fail to do so.”

Room for improvement

If flash-sale sites are easy-to-navigate and have friendlier policies, then why should luxury consumers bother to buy full-price for products?

“That's the problem,” said Al Ries, president of [Ries & Ries](#), Roswell, GA. “The more often a brand is on sale, the less often a customer will pay full price for the product.”

Therefore, brands should consider taking a few best practice from their discounted counterparts.

Luxury brands should get to know their customers with focused emails and online content tailored to their buying history and preferences, per iProspect's Ms. Wilson.

For instance, Gilt sends out emails with messages such as “We have your size,” or “We think you might like this.”

Brands should also make shopping as easy as possible, including easy navigation, product information and detail, quick buy and capability to buy via mobile.

Most importantly, brands need to just stop discounting their products, according to the experts.

“Most luxury brands should avoid flash-sale sites,” Mr. Ries said. “They might provide instant sales volume, but only at the expense of long-term positioning.

“Participating in a flash sale doesn't do the brand any good.”

Final Take

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