

MARKETING

Luxury should take client-first strategy for tech investments

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Technology investment should be driven by consumers. Image credit: Intermix

By SARAH JONES

NEW YORK While innovations such as augmented reality may be appealing, luxury brands should focus on getting the basics of technology right before tackling the flashier digital features.

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At a panel hosted by Gartner L2, Astound Commerce, Fluid and CoreMedia on Oct. 30, speakers discussed some of the challenges and opportunities facing fashion and beauty brands as they strive to invest in omnichannel retail, from breaking down organizational silos to tackling the changing face of consumer engagement. While brands may have to pick and choose what they can do based on budget, staffing or positioning constraints, the customer should be at the heart of these decisions.

"For us, it's really been about ensuring that both the technology that we integrate and the approach that we have remains consistent with our DNA and history," said Jessica Martino, vice president of digital, client development and client services at **Louis Vuitton**.

Weighing investment

During the panel, moderator Lauren Price, director of client strategy for luxury and specialty retail at Gartner L2, noted that fashion brands are accelerating their efforts in direct-to-consumer retail, both through ecommerce and bricks-and-mortar boutiques. In the researcher's latest Digital IQ Index for the fashion category, it found that LVMH, Kering and Richemont have all grown their revenues generated from their own channels over the last decade.

This approach comes with challenges, however. Alex Richardson, director at **Jack Rogers**, said brands are now forced to perform a balancing act between furthering their own retail operations and driving wholesale revenues.

The difference between the wholesale and brand client may help make this distinction for brands. Scott Lux, vice president of digital for **Intermix**, spoke of his previous experience at John Varvatos, when clients would come to its retail stores or Web site for edgier pieces while turning to wholesale for more commercial designs.



Some luxury brands have already embraced omnichannel as their go-to strategy. Image credit: John Varvatos

From Mr. Lux's point of view, the brands that succeed in today's retail environment will be those that break down silos, merging online and in-store for both dollars in and out.

According to Louis Vuitton's Ms. Martino, her oversight is across online and in-store, as the brand thinks less about channels and more about being client-centric. This approach includes features such as store locators in newsletter emails, which she says has helped drive engagement for these consumer-facing messages.

Louis Vuitton's take on digital has also stressed keeping its personalized experience in tact.

For instance, the brand's use of chatbots is confined to its Facebook page, keeping humans at the core of the chat functions of its Web site. This allows consumers to ask the bots questions such as store locations, while using the trained brand representatives to discuss details about products.

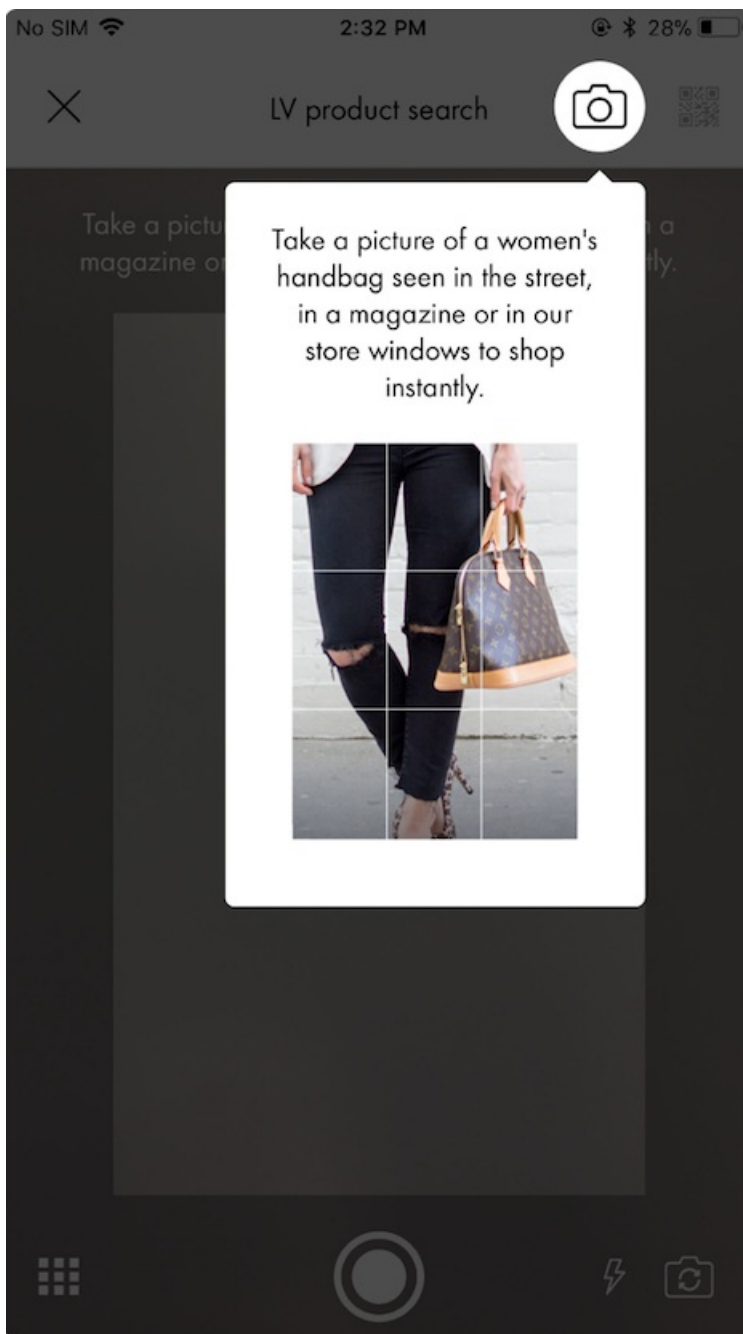
Despite the fact that two-thirds all traffic to fashion brands' sites now comes from mobile, brands have kept their investment in the channel fairly flat in the past year, according to Gartner L2's index.

Andre Balasz, digital product and program director at [Revlon](#), said that it is easier to create a new site to be mobile-first than to redevelop an existing Web site to be mobile-friendly.

Deciding to launch an application is even more of a commitment.

Ms. Martino said that it is important for the brand app to evolve alongside the Web site, creating a "living" platform. It is also beneficial if an app can provide a use value beyond a brand's other touchpoints.

Louis Vuitton's app, for instance, recently launched a feature that allows consumers to snap a photo of a product that they see to get information on similar Louis Vuitton merchandise ([see story](#)).



Louis Vuitton's app. Image credit: Louis Vuitton

Brands should also know where their customers are and invest accordingly. Mr. Lux noted that a significant number of transactions still happen on desktop, and that iPads are seeing a resurgence.

Another area where brands need to keep up is in fulfillment. Amazon has pushed all areas of retail to adopt speedier shipping.

For Louis Vuitton, this has meant flexibility, giving consumers options such as click-and-collect to let them tailor their delivery.

Marketing media

While retail channels are being disrupted, so is marketing. Mr. Balasz said that the beauty industry went through a disruption a decade ago, leading to a shift from traditional advertising to social media.

Brands today are expected to act as publishing companies, and that can be challenging and costly to keep up.

[View this post on Instagram](#)

Our galaxy-inspired look is in full effect for tonight's full moon Tag a friend who would love this look.

A post shared by Revlon (@revlon) on Oct 24, 2018 at 8:05am PDT

Instagram post from Revlon

As the retailer-brand relationship evolves thanks to direct-to-consumer channels, labels should consider collaborating with their wholesale partners for more than selling.

Retailers and the fashion brands they carry are missing out on a key opportunity to collaborate on social media, according to a report from L2.

While retailers are in the habit of posting content featuring merchandise, they often fail to mention the labels featured, a tactic that could drive sales for the store as well as awareness for the brand among a potentially larger audience. L2 sees an "untapped potential" for fashion labels to seek more social media placement from the retailers that they sell through, striking up a mutually beneficial relationship ([see story](#)).

But even with the rise of social media, for luxury brands, much of the engagement with clients continues to happen one-to-one. For instance, Louis Vuitton does not have a point-based loyalty system, it instead focuses on clienteling.

Intermix similarly leverages the in-store experience to drive retention.

"The challenge with loyalty is once you put it out there, you can't go back," Mr. Lux said. "So you have to be very mindful of what loyalty means for your brand."