

MARKETING

Amazon, audio, mobile wallets: The next frontier for luxury

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Podcasts offer a way to reach consumers through audio. Image credit: Bang & Olufsen

By BRIELLE JAEKEL

NEW YORK Digital may be thought of as a space for discount and mass retail, but the revolution opens up new online avenues for luxury brands to close the gaps in the consumer journey.

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During a panel at Luxury FirstLook 2019 on Jan. 16, a group of speakers revealed the growing spaces in digital that will be the next important venues for luxury marketers, including new engaging content such as podcasting, smart speakers, wallet applications and Amazon. Each platform on digital offers its own benefits in connecting brands with users, and even if it is not for the majority of a marketer's audience, the niche aspect could be advantageous.

"While we don't really own our retail services, we love to find ways to make a great experience for consumers," said Jake Annear, head of innovation at LVMH's Mot Hennessy U.S.

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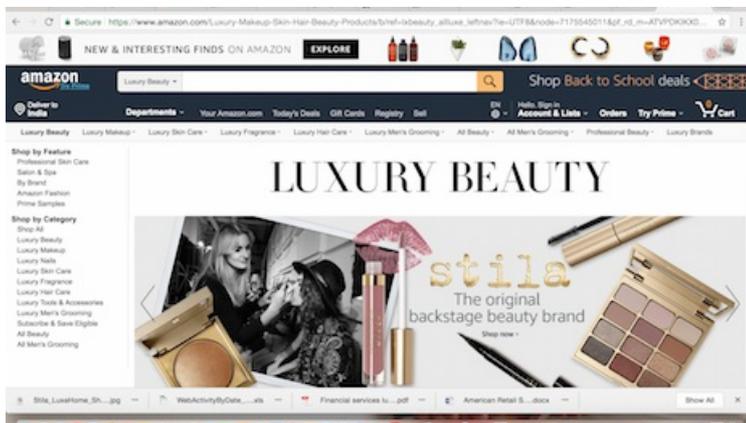
Apps are for lovers

Mot Hennessy's Mr. Annear explained that while the brands from the beverage group have little control over the retail process, the digital experiences they build can help establish a one-on-one connection with consumers.

Mr. Annear cited sportswear and footwear manufacturer Nike and its many online ventures, including an application solely for its sneaker launches that caters to a very small segment of its audience. However, this audience is extremely devoted to the brand and offers significant potential for Nike to tap.

Mot Hennessy could create similar engaging programs, for instance with Champagne lovers, focusing on developing a platform just for those who are interested in content surrounding Champagne.

Branching off the app conversation, Martini Media CEO Brian Fitzgerald touched on a digital platform that many luxury marketers have previously thought of as a place for discount brands: Amazon.



The beauty of luxury online. Image credit: Amazon

Mr. Fitzgerald explained that many of his luxury clients are interpreting the use of Amazon differently than they did even just a year ago. While in the past buying a \$2,000 watch on Amazon was unheard of, luxury Swiss watch brands are able to build their own storefront on the platform.

Amazon's reach and digital prowess allow manufacturers to run with new ideas and catch different segments of consumers.

For instance, one brand could focus on building a storefront on Amazon, providing most of its inventory, while another could focus on capturing the entry-level consumer with its lower price point items. It is up for interpretation.

Thanks to the rise of Amazon, retail is forever changed. The impact that the world's second most valuable company has had on the industry is undeniable, with research indicating that Amazon was responsible for a whopping 44 percent of all United States ecommerce sales last year, or about 4 percent of the country's total retail sales.

At first glance it may appear that big-box retailers are the ones with the biggest market share to lose, but luxury retailers are not immune to disruption ([see story](#)).

"The concern is that digital is a discount environment, but you're starting to see some of those walls breaking down," Martini Media's Mr. Fitzgerald said. "Especially in beauty, fashion and accessories.

"A year ago the idea of a luxury brand having a store on Amazon and being able to go on and buy a \$2,000 watch – that was unheard of," he said. "It is just about getting comfortable.

"More than half of all product searches now begin in the U.S. on Amazon. It is marketplace that brands cannot ignore."

Listen to your heart

The Martini Media CEO also detailed the potential of smart speakers.

While currently, the majority of consumers are using these artificial intelligence assistants for functional purposes, the consumer will change his or her behavior based on its capability. So as the speaker's functionality grows, so will the consumer behavior around it, creating a space for luxury brands to make a significant impact.



Voice assistants such as Google Home are gaining traction. Image credit: Google

While consumers are extremely connected to their mobile devices, the amount of content can be overwhelming. The use of AI speakers, voice technology and audio in general can be a break for them and a way for brands to cut

through the content cloud.

In congruence with the theme of audio creating a captive audience, podcasting has significant potential in engaging the affluent consumer.

A serious portion of the podcasting audience is made up of affluent consumers. While right now podcast advertising is for the most part cornered by new direct-to-consumer brands, there is serious potential for luxury brands.

Beyond just advertising, brands can use podcasting as a way to connect with listeners as well.

Storytelling is a central part of luxury brand building today, but some marketers are thinking beyond text or video to share their perspectives.

A number of brands including Chanel and Harvey Nichols have developed podcasts, looking to the medium as a means of connecting with consumers over audio. While still a relatively new concept for marketing, podcasts offer an appealing audience for luxury brands ([see story](#)).

Another platform brimming with potential for luxury brands, detailed by [Vibes](#) CEO Jack Philbin, is mobile wallets.

Currently, brands are highly attuned to the fact that consumers are using the Internet as the top form of research in purchasing decisions.

However, there is gap between consumers' online research and the purchasing stage. Retailers and brands cannot connect that a shopper saw an ad for an item online, and then came into a bricks-and-mortar location to purchase.

Mobile wallets can help bridge this gap, but also keep consumers engaged.

Many users will keep a ticket or discount card in their mobile wallet for significant time, which could allow brands to continuously interact with consumers. These brands can update these cards for various holidays and times of year, and use it as an ongoing way to connect with fans.

James Hathaway, international director of [L.K. Bennett](#), supported this notion by explaining that moving to a digital experience is about preserving the brand and creating an experience centered on consumer demands.

"From my perspective it's about how we protect the brand and how we control it," Mr. Hathaway said. "It is around the experience, it is the experience we give to the consumer and about the experience the consumer demands."

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