

RETAIL

How luxury retail can leverage live streaming for consumer engagement

May 8, 2019



Live streaming is very popular in China. Image credit: Alibaba

By SARAH JONES

As live streaming becomes an increasingly popular practice in China, Western labels and retailers are catching on to the tactic as a means of driving real-time interactions with consumers.

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Acting as a digital, influencer-driven version of home shopping television networks, live streaming enables brands to showcase products and stores through personalities. As more luxury shopping moves online, live video offers a way to connect the physical and the digital, enabling shoppers to get feedback and make more confident decisions.

"Live streaming in retail is essentially the intersection of QVC and HSN TV experiences with live events that are delivered via online and mobile devices," said David Naumann, vice president of marketing at [Boston Retail Partners](#).

"Many consumers have a desire to be the first to have the latest fashion or product, and this passion for immediate gratification makes live events and live streaming appealing for consumers and hence retailers," he said. "Live streaming is real-time retail in spades."

Going live

Research from IBM and Brandlive found that 61 percent of companies surveyed had used live streaming for ecommerce in 2017, making it the most common use of external broadcasts. Product launches were also popular for live streaming, with 47 percent having used a live session to debut new merchandise.

Live streaming is particularly prominent in China, where the growing trend helps to enliven online shopping.

Chinese ecommerce giant Alibaba has seen live streaming work for retail. Alibaba-owned marketplace Taobao almost quadrupled its sales through live broadcasting last year, with hosts generating about \$15.1 billion.

Taobao's 4,000 hosts create about 150,000 hours of content per day, which feature a collective 600,000 products. The most popular categories for these sessions are beauty and fashion, and 80 percent of the personalities are female.

Western brands are also tapping into Taobao's live streamers. For instance, Lancme worked with host Viya to

promote its products in a session for International Women's Day, leading to about \$1.5 million in sales.

"Brands have been using live-streaming platforms for both publicity campaigns and see-now, buy-now events driving directly to sales," said Liz Flora, editor of Asia Pacific research at **Gartner L2**, New York. "Tmall offers see-now, buy-now live streaming as a part of its broader development of online 'retailtainment,' while WeChat Mini Programs also now offer brands the opportunity to use this format.

"As of April 2018, the luxury brand adoption rate for live streaming was 20 percent on China's top live-streaming platform Yizhibo and 14 percent on Tmall, according to Gartner L2's Luxury China 2018 Digital IQ Index," she said. "We are only starting to see the U.S. catch up with the rise of Instagram live streaming; it's basically in its infancy stage here compared to how it's taken off in China."

According to Gartner L2, luxury brands' live-streaming efforts saw more views and engagement on Yizhibo than Tmall.

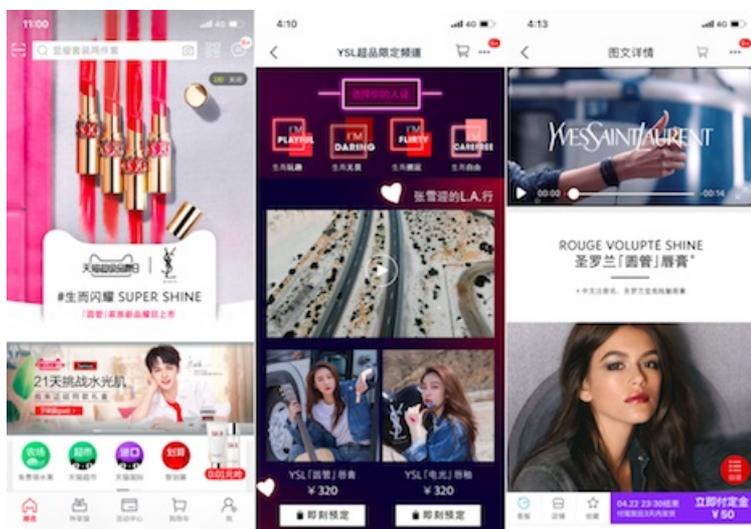
China's adoption of live streaming is reflective of the commercial nature of its influencers, or key opinion leaders. While influencers in the West tend to be tapped more for brand awareness, KOLs drive more transactional activity for brand partners.

"Choosing the right celebrity can help generate massive viewer numbers for brand live streams," Ms. Flora said. "When Wang Yuan of the popular Chinese boy band TFBoys live streamed his attendance at a Chopard Baselworld event from the pop group's Yizhibo account, the video received around 30.5 million views.

"Brands have also seen success choosing niche influencers that resonate with a live-stream platform's unique user demographic," she said. "M.A.C Cosmetics recently had an interesting campaign in which it launched a new lipstick collection in collaboration with China's most popular mobile game Honor of Kings.

"[M.A.C] leveraged gaming and cosplay live streamers to promote the lipstick on gaming livestream platforms, while pop girl group the Rocket Girls appeared on more mainstream social platforms. The brand reached its monthly sales average in one day following the launch of the collection."

Ms. Flora also noted that YSL Beauty's influencer-driven live streamed Coachella party in partnership with Tmall also had shoppable components on WeChat ([see story](#)).



Tmall Super Brand Day by YSL Beauty. Image credit: Alibaba

Bringing U.S. bricks-and-mortar shopping to a Chinese audience, ShopShops uses live streaming to immerse consumers in the retail environment when they are thousands of miles away. The bilingual hosts interact with products and try on merchandise that they like, and viewers can ask questions in real-time to get answers about everything from a product's color to its fit.



ShopShops live streams from the United States. Image credit: ShopShops

While live streaming is more established in China, U.S. retailers are also bringing it to the forefront.

Earlier this year, Amazon brought live streaming to its ecommerce environment, creating shoppable content. Amazon Live enables sellers to host shows, which can be viewed by shoppers on the company's product pages, their store and a live-stream hub.

These sessions include interactivity, and consumers can purchase items immediately during the broadcast, connecting content and commerce. In addition to driving sales, this opens the door for immediate conversation between a brand and its customers.

"Live streaming creates a sense of urgency that helps stimulate impulse buying, especially if the products are only available for a limited number of minutes or there is a countdown on the number of items available," Mr. Naumann said. "The limited availability of products is a great way to enhance a brand's exclusive image.

"For brands that are looking to create a buzz and increase the engagement of their customers, live streaming may be worth testing," he said.

Gen Z-focused ecommerce platform Dote is also leaning into live streaming with a social shopping experience that takes inspiration from the popular Twitch streaming service for video games. The company's Shopping Parties are hosted by influencers, recreating the experience of going to a mall with friends with virtual connectivity in what is typically about a 15-minute session.



Screenshot of Dote's live streaming. Image courtesy of Dote

"From a content perspective, live streaming is the ultimate format designed around the digital generation: it's authentic, unpolished and on-demand," said Adam Levene, founder of **Hero**. "Today's consumer is used to experiencing live content throughout culture, so it's no wonder this behavior is rapidly impacting the way they shop.

"Whether it's watching an Instagram Live, viewing a stream on Taobao or connecting with an associate live-streaming from store, the power of live gives brands the chance to build a greater human connection with their customer while bringing items and collections to life online."

Personal broadcast

Luxury brands have previously moved into live video with one-on-one experiences.

For instance, Swiss watchmaker Hublot unveiled a digital boutique that aims to make the online shopping experience more compatible with what customers would see when going into a physical store.

The Hublot Digital Boutique allows any customer the ability to discuss the intricacies of different products with Hublot sales associates in real time, just as they would if they went into the store. With this project, customers who shop online are able to select their closest Hublot boutique and speak remotely, either through Skype or FaceTime, to a Hublot sales associate who will guide them through the shopping experience just as they would in stores ([see story](#)).

Hero connects ecommerce customers with in-store associates, mobilizing sales staff for customer service online. This both empowers store employees to benefit from online sales while also allowing customers to shop more confidently via ecommerce.

Hero has multi-year deals with LVMH and Richemont, and has also been used by a number of luxury labels including John Varvatos and Harvey Nichols.



Harvey Nichols uses Hero to connect sales associates with customers online. Image courtesy of Hero

John Hardy rolled out integration with the app to a number of its stores around the United States. Through a combination of video and messaging, consumers can communicate what they want and have it demoed for them by associates in the store ([see story](#)).

"Ecommerce has long been a transactional experience, failing to recreate the personal experience of the store or boutique," Mr. Levene said. "It's no wonder digital conversion rates remain so low.

"Live streaming with an associate in-store, at the tap of a button, presents a major opportunity for consumers to benefit from the brick-and-mortar experience but with the added convenience of online shopping," he said. "A live stream brings the static photos on the page to life and gives experts in-store the ability to share their knowledge and make highly-tailored recommendations for the customer to either buy online, or come into store to try on."

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