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## Luxury brands falling to the wayside of mass retailers online: National Retail Federation

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By KAYLA HUTZLER

Luxury brands are missing the mark when it comes to online retail and falling behind mass retailers in consumers' minds, according to a survey by Stores magazine.



Stores' Favorite 50 Online Retailers list was noticeably lacking in luxury brands, with Nordstrom being the only luxury retailer to make the list at No. 30. The survey asked 8,379 shoppers which Web sites they shopped most often, and then compiled a list of the most mentioned retailers.

“When people spend big money, they want to touch and feel the products – there is the social experience to luxury shopping,” said Marshal Cohen, chief retail industry analyst at the NPD Group, Port Washington, New York.

“Luxury takes on a different meaning when it comes to the online experience,” he said. “Does this mean luxury and online don’t have a reason to co-exist? Not at all.

“But the luxury part of the pie is that consumers want the bricks-and-mortar customer service experience, and at the luxury level this is different in-store and online.”

The **NPD Group** provides consumer and retail market research information with a focus on consumer behavior for a wide range of industries.

Mr. Cohen is not affiliated with the National Retail Federation, but agreed to comment as an industry expert.

The **National Retail Federation** declined comment for this article.

**Stores magazine** is a publication of the National Retail Federation.

Lacking online luxury

Stores magazine ranked the top 50 online retailers, based on how many people mentioned that retailer when asked the questions, “What Web site do you shop most often for apparel items?” and “What Web site do you shop most often for non-apparel items?”

Nordstrom was the only luxury retailer to make the top 50 list, coming in at No. 30.

This is likely because many affluent shoppers still prefer the in-store experience where they can touch, feel and try-on products before buying them.

In addition, luxury purchases are often emotional for consumers, given the high price points they are paying.

The luxury in-store customer experience involves building a relationship between salespeople and the consumer for first-class service which is something that affluent, Generation X consumers appreciate, according to Mr. Cohen.

Also, given the fact that a majority of affluent consumers are typically older, they are not as comfortable shopping online and entering payment information as younger generations are.

Indeed, many consumers are hesitant to buy luxury goods online because of the large counterfeit goods market on the Web.

The overall lack in enthusiasm over buying luxury goods online is a large reason they are not the top 50 list, and may not necessarily be a reflection of luxury brands' Web sites, per Mr. Cohen.

Learning curve

However, luxury brands can learn something from the mass brands and retailers that made it to the top 50.

The top 10 list included Amazon, Walmart, eBay, Best Buy, J.C. Penney, Kohls, Target, Macy's, Sears and Google.

For example, Amazon was rated so highly because of the retailer's easy checkout process, which has a one-click feature for registered, repeat customers, per the study.

In addition, those consumers who listed Best Buy among their top-visited online stores mentioned the brand's order online and pick up in-store option that allows them to see the product and easily return it in-store if it is not what they expected.

Also, eBay was on the list largely in part to its mobile-optimized site, which sold more than \$2 billion worth of goods through mobile devices last year, per Stores.

Indeed, luxury brands are going to need to provide consumers with a simple checkout process, easy returns and a mobile site if they wish to get ahead.

However, the most important job for luxury retailers will be to get affluent consumers excited about shopping online, according to Mr. Cohen.

Assuring consumers that the products are luxury quality and not knock-offs is a major portion of this.

“Luxury retailers are going to have to put legitimacy into the [online] occasion – how do consumers know they can trust the site, and know [that] the product is what they are asking for?” Mr. Cohen said.

“Retailers are going to have to convince the consumer that it is worthwhile to shop online, and get some of the in-store experience to resonate online,” he said. “Luxury brands cannot just offer a one-dimensional view of a product.

“They need to increase the stimulation of the online experience to get people engaged and excited about shopping online. Luxury consumers shop because they love to shop.”

[Please click here to view the full top 50 list from Stores](#)

Final Take

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