

RETAIL

How luxury brands can leverage ecommerce to bounce back post-COVID-19

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Ecommerce is key to the retail growth of luxury brands. Image credit: Pexels

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As we move into May and as the world embraces adapting to a "new normal" due to the coronavirus pandemic, this is a good time for luxury brands to take stock of their digital strategies and review the role that ecommerce plays within their business model.

While companies in the luxury space were quick to pivot to ecommerce as a response to COVID-19, questions still arise on whether what is being done is driving value for consumers, as well as the business as a whole for what lies ahead.

Adapting digital brand communications

In light of the current situation, it is not "business as usual" in terms of how brands communicate across digital touch-points.

While many luxury brands have generously repurposed production capabilities to manufacture critical necessities for the medical community, there are also significant opportunities to engage with consumers.

Brands can use this time to partner with their ambassadors and leverage assets from sponsorship engagements. A key example would be providing content for fans with a message that resonates and supports the "stay at home", "social distance," and "stay active mentally and physically" global messaging.

If one thing is for certain, now is not the time to stay idle or to continue working on outdated marketing tactics and brand communication plans.

In times of a global pandemic, being healthy and safe can also be considered a "luxury" and brands should evaluate how to best connect on a human level, acknowledging and reinforcing priorities for their consumers.

Ramping up omnichannel capabilities by leveraging Web site and CRM

In essence, the retail flagship store is no longer on the high streets, but rather on a brand's Web site. The challenge here is to ensure consumers are getting the same level of luxury service that they have come to experience in bricks-

and-mortars.

Luxury companies will also need to strike a balance between brand experience and ease of finding products in a seamless manner.

This is where UX plays a crucial role in ensuring the experience is not at the detriment of consumers finding what they are looking for or should find.

While luxury online fashion retailers such as Net-A-Porter have been leading the way in finding that balance, brands including Gucci and Louis Vuitton can also claim some success here, judging by their continuous [Genius L2 Research ranking](#).

There is also an opportunity for augmented reality (AR) to offer consumers the chance to view products with a high level of detail in their own homes, complementing 3D product images on Web sites.

In the world of luxury beauty, it is already being [successfully deployed](#) by some retailers such as Sephora.

For more than a year, in-store shoppers have been able to match skin complexion to makeup shades and hair colors in real-time. This now presents the opportunity for brands to elevate the product experience online, especially in the case of high-end jewelry or watches.

One element that is often neglected is the "last mile" of the ecommerce experience, which is especially important for brands in the luxury sector.

It is not just about receiving the purchase in a fancy box with a ribbon, but rather the entire journey from user navigation, to transaction completion, to the package arrival at the customer's doorstep. What does that experience look like? How does it compare with a standard online order, say from a retailer such as Amazon?

One such example in China is [JD.com's Luxury Express](#), which extends a White Glove Service to deliver purchases to customers' homes in electric vehicles, rather than the usual scooter services on offer.

Boris Ziegler is managing director of SO Digital, a service which provides insights into post-purchase experience performance across markets and industries. He believes that customers who buy premium products online indisputably deserve a premium purchase and service experience as well.

"Crafting such an experience within a rapidly evolving ecommerce ecosystem is an ongoing challenge as it covers a wide range of touch points beyond packaging and out-of-box experience," Mr. Ziegler said.

"Luxury brands need to understand that not only are they competing on experiences with other luxury retailers, but when it comes to ecommerce, they're also competing against all other e-commerce players."

What constitutes an "exclusive" experience when it comes from a luxury brand? Are touches such as free delivery expected as a standard feature in ecommerce?

Staying close to consumers on the digital side can also support offline initiatives, especially when things slowly return to normalcy. As consumers continue to be impacted by travel restrictions, brands will need to use customer relationship management (CRM) to target domestic demand, in and around key retail locations.

Brands with strong CRM capabilities can benefit by identifying important consumer groups e.g., high lifetime value and providing value, for example, exclusive times to visit stores once they reopen.

Burberry has already been leveraging their enhanced omnichannel tech capabilities to gather insights into its key consumers to better serve them in-store and before they arrive. Now will be the time when these key differentiators will make a brand stand out.

Supporting and promoting e-retail partners

As a solution to maintaining sales during the pandemic, [Patek Philippe was one of the early movers](#) in the luxury watch space to pivot and allow authorized retailers to sell online. This was definitely the right move and goes to show that there is a willingness to adapt.

Brands need to focus on engaging and prioritizing the right retail partners who can align on the same brand experience, as well as providing the same level of expected service online.

The challenge will be in developing the right assets and tools for brand amplification on retailers' digital properties. This is especially important to ensure consistency in how you expect your consumers to experience your brand.

"Although they carry huge online sales potential, the downside of e-retailers is their (lack of) commitment and capability to uphold unique brand identity," Mr. Ziegler said.

"Fearful of brand commoditization effects, luxury brands have (rightfully) stayed clear from significant e-retail ventures. But as the new reality unfolds, luxury brands might need to rethink this approach. This will be challenging, but if done right can also be rewarding, both for revenue and brand equity."

In the long-run, luxury brands will need to take measures to adapt their digital and ecommerce tactics beyond just the short-term pivot to selling online. The unprecedented business impact of COVID-19 further highlighted what was already an underlying development for many luxury brands.

Just as teams within brands are getting a crash-course in remote work while being challenged to remain productive, luxury brands will experience the same in regards to ecommerce, digital communications and developing their relationships with the relevant e-retailers.



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