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The ecommerce evolution has arrived. Here is what you need to know

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The ongoing COVID-19 pandemic and the resultant social distancing and impact on bricks-and-mortar retail has accelerated adoption of ecommerce. But is ecommerce being done right by luxury brands and retailers? Image credit: Canva Studio from Pexels

By [Limei Hoang](#)

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There can be no doubt that the global COVID-19 coronavirus pandemic hit many industries hard, forcing them to rethink their digital marketing strategies as consumer behavior dramatically shifted during the crisis.

With the closure of stores around the world, companies and brands had to amplify their digital marketing efforts in a bid to boost revenues and reach customers online. One of the harder-hit industries was luxury, making this period one of the most difficult challenges that the market has ever had to face.

The crisis has already had a dramatic impact.

The market for personal luxury goods sales fell by 25 percent in the first quarter of this year, according to management consultancy [Bain & Company](#), with the slowdown expected to accelerate in the second quarter, leading to an estimated contraction of 20 to 35 percent for the full year.

These changes meant the luxury industry and, indeed, almost all other industries have had to rethink their business models particularly when it comes to online.

While some brands are taking a more wait-and-see cautionary approach, others are experimenting more with their digital strategies, from offering more personalized sales tactics and providing more transparency around brand values, to hiring data analysts and UX specialists in a bid to stand out online.

Here, we look at some of the key points discussed between [DLG](#) (Digital Luxury Group) founder/CEO David Sadigh and [Contentsquare](#) chief strategy officer Jean-Marc Bellaiche on how businesses can best adapt their digital marketing strategies to align with the radical shifts in consumer behavior seen during the global pandemic.

Adapt to survive

The crisis forced luxury brands to close some of their retail stores and to rethink their businesses models in a bid to survive.

Some brands that initially may not have been looking for ways to develop their digital marketing took a more proactive approach to improve their online presence and conversion rate.



Jean-Marc Bellaiche is chief strategy officer of Contentsquare

"We saw new behaviors emerging," Mr. Bellaiche said.

The executive oversees the strategy for Contentsquare, which is an experience analytics platform that helps businesses understand how and why users are interacting with their digital channels.

"Digital was already important, but now for every brand, digital is the main concern, Mr. Bellaiche said. "Brands are looking for ways to improve their online presence and online conversion rate.

"Some sectors have used this period to improve their digital strategy," he said.

"A lot of ecommerce improvements happened in two to three months, which are usually done in two to three years."

Checkout improvements, customer support tools upgrades and a reduction of sales partners are just some of the changes that brands undertook during the earlier months of the year.

It is a view shared by DLG's Mr. Sadigh.

"A lot of brands tried new things and will continue to test new things because they have no choice if they want to survive," Mr. Sadigh said, adding that he found an array of different reactions within the luxury industry.

"Some luxury companies were lost regarding communication and decided to remain silent, while others decided to take this situation as an opportunity to grow their ecommerce strategy by investing and developing more of an omnichannel strategy," he said.

"Also, by default, brands that already had ecommerce platforms benefited from a transfer of existing buyers. From retail or offline buyers to online buyers."

Personalized sale channels

One way that luxury companies have adapted their online activities is using new sales channels, such as [WhatsApp](#) and [Zoom](#), for personalized transactions, noted Messrs. Sadigh and Bellaiche.

Many clients, especially in luxury watchmaking, high-end jewelry and the luxury car industry, used WhatsApp for transactions with their clients, Mr. Sadigh said.

"If the client already knows the car they want to buy, they only need to ask the salesperson to have this car," Mr. Sadigh said.

"WhatsApp and Zoom are getting closer to the services offered in China by [WeChat](#)," he said.

"These trends are impacting the American companies such as [Facebook](#). They need to integrate these new services. It will not be surprising to see a new version of Facebook including video and transaction services."

It is a trend also seen by Mr. Bellaiche.

"Salespeople working in luxury boutiques called their clients to present a new collection or new products," Mr. Bellaiche said.

"Some of them also delivered the new products to the clients' house," he said.

"[Neiman Marcus](#) has a mobile application where a client can communicate with their personal shopper about

purchases during the crisis.

"These new sales channels will continue to be used by companies and are interesting for luxury brands as they offer a personalized service," he added.

Own your data

Another point for luxury brands to consider is knowing how to efficiently use all the data that it has available.

Companies need to find the best solutions and tools that will help them to improve their results, particularly from a user experience vantage point.

For instance, having an understanding of why some users are visiting a site, consuming its content, and adding to their cart but not completing a sale are just some of the things that brands should consider about a customer's user experience.

Figuring out why users visit a site is also key.

Many users often visit brand sites to find out information about a product, but leave the site to buy the same product on a retailer's site.

By understanding these elements of customer data, companies will be better served in knowing how to offer a better digital experience for their users, which in turn may help drive sales.

During the crisis' lockdown period, those with a strong online presence and ecommerce offering such as [Farfetch](#) saw a rise in traffic and transactions thanks in large part to their already established business models.

Companies that had a click-and-mortar strategy were also less impacted as they were able to transfer their market shares from offline to online.

These examples demonstrate how companies who use their customer data for deeper insights have benefitted from their learning.

Brand values and transparency

Many brands used the change of pace in the fashion and luxury industry to redefine their brand values, launching and investing more into sustainability and social initiatives in which they wanted to be more involved.

A [recent study](#) published in July by management consultancy McKinsey & Co. showed that consumers want fashion players to upgrade their social and environmental responsibilities amid the crisis.

Sixty-seven percent of surveyed consumers considered the use of sustainable materials to be an important purchasing factor and 63 percent stated they consider a brand's promotion of sustainability in the same way, per McKinsey.

The survey also showed that while 70 percent of surveyed consumers stuck with brands they know and trust during the crisis, younger consumers particularly Gen-Zers and millennials are more likely to experiment with smaller and lesser-known brands.

"It will be interesting to follow these sustainable initiatives in the mid-term and long term because we know that today clients are more concerned regarding the origin of the products and the type of organization behind them," Mr. Sadigh said.

"It would also be interesting to understand in the mid-term and long term if the brands supporting the Black Lives Matter movement, for example, will continue to be as much involved and supportive," he said.

One thing brands must note is that it is not enough for them to demonstrate a passing interest in subject matters that they think their customers are interested in, but to really take the time to listen, learn and invest in issues that they are committed to as part of their aim to be more transparent and open with their audiences.

Transform your culture

However, the biggest opportunity for a luxury brand to really facilitate change within its business is the capacity to transform its culture, noted Mr. Bellaïche. It is important to digitalize luxury companies and to change their culture for a more innovative, agile and collaborative one.



David Sadigh is CEO of (DLG) Digital Luxury Group

The notion of "try, fail, learn" as seen with Amazon where it experimented with mobile phones but failed and learned from its experiences to succeed with Alexa and Prime Video is a key example to follow.

Companies must be agile, Mr. Sadigh said.

The companies with a perfectly organized supply chain and a good knowledge of the final client and data seem better placed to react to the challenges of the COVID-19 crisis.

Moncler is a good example of such a brand, noted Mr. Sadigh, as the company takes a digital-first approach throughout its organization, from directly managing its ecommerce to defining its corporate structure through its digital platforms and customer touch points.

Moncler's prioritization of connection, from its "Energy Plan" program to help its team share at least one moment during each day, to its private Instagram account dedicated to its staff called @Monclertogether, organizing different activities for its employees, are just some of the ways it is pioneering change within its company culture.

Culture is more important than strategy itself, Mr. Bellaiche said.

"One important thing I learnt throughout my career both as a consultant and an executive, was a quote from [late management guru] Peter Drucker: Culture eats strategy for breakfast," Mr. Bellaiche said.

"This implies that the culture is more important than the strategy itself, because it will determine your capacity to react during good or bad times," he said.

"This is the reason why luxury companies need to look for new talents such as people working for startups who have this capacity to innovate, to collaborate and to react faster."

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