COLUMNS

More success online means more risks for luxury retailers

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Mike Potter is cofounder/CEO of Rewind

By Mike Potter

The early numbers are in for the online holiday shopping season, and the future looks bright.

According to Shopify, brands using its ecommerce tools sold $5.1 billion-worth of goods from Black Friday to Cyber Monday. That is a 76 percent increase from last year.

According to a recent report from Deloitte entitled, "Global Powers of Luxury Goods 2020," high-end brands have been slow to embrace online, but the landscape is quickly changing.

Making it click
Running everything remotely will likely be the new normal for a while, and brands that resist this seismic economic shift may be left on the sidelines.

According to the same Deloitte report, the world's Top 100 luxury goods companies generated revenues of $281 billion in 2019, up from $266 billion in the previous year.

That bodes well for high-end retailers using software like Shopify Plus and BigCommerce.

Consumers are looking for better shopping experiences. They want the feeling of "buying local" from the comfort of their own home. And since "from home" could be the reality for months or years to come, now is the time for retailers to focus on long-term planning and mitigating any risks that stem from running an online business.

When it comes to bricks-and-mortar stores, veteran retailers have a strong grasp of the risks they face.

But the ecommerce boom has revealed new vulnerabilities for luxury brand retailers, especially when it comes to their new and most valuable asset all the data they are creating thanks to the online shopping surge.

Ecommerce data: Easy come, easy go
A high-quality experience is synonymous with most luxury brands. First impressions matter. So imagine if a potential customer logged on to your store and saw this:

It is a nightmare scenario for any brand. Customers want to browse, but the digital shelves are empty. It is a common assumption that if something is online, it will always be there.

All the beautiful product shots, enticing product descriptions, stunning new AR and 3D experiences, orders, customer information, gift cards, payment systems, and more: all this information gets entered and created over time, but that certainly doesn't mean it will always be there.

In fact, our 2020 Data Protection Survey Report, found that one in four retailers has lost one of these critical pieces of data. All the things you depend upon to conduct business online. Why does this happen?

Without getting too technical, it is simply a matter of how online software saves and protects data.

A tool such as Shopify or BigCommerce will always give you the ability to log into your store, but it will not guarantee that all your data will always be there. This responsibility rests on each and every merchant. And there are many ways your data can be lost or deleted.

In the physical retail world, we do not think twice about restricting who has access to products, insuring our inventory, or setting up state-of-the-art security systems to keep out thieves. But businesses setting up an ecommerce store do not always consider their digital risks.

Cyberattacks, integrations with other types of software, and employee errors which are even more of a threat in the new world of remote work can all wipe out your digital data in one quick click. And just as a lack of inventory leads to no sales, so can a lack of ecommerce data.

Best practices for protecting online store data
There are three key pillars we recommend for protecting all your vital data.

The first one is only to give access to the people who need it. In retail, we sometimes call these people "keyholders." And in a digital store, it is no different. This ensures that only a select number of people are authorized to view, change,and access the data. Otherwise, you take on a bigger risk of information getting deleted by accident and, in some cases, on purpose.

The next step: Use complex passwords and two-factor authentication.

Creating hard-to-replicate passwords is common knowledge these days but still something we rarely do. Using an online password manager such as 1Password can help with this.

Two-factor authentication sometimes called 2FA is a security measure where, to access your online store, you need a second device to "authorize" log-in requests. It is often a smartphone or some mobile device, but you can also use a laptop. It deters cybercriminals because they need access to a specific device to break-in.

The final step is to create a backup strategy for essential ecommerce data.

Many online stores have manual processes for this. They save all their data in separate files and store them on a hard drive or in the cloud.

There is nothing wrong with this approach, but it is time-consuming to repopulate an online store with all those files and maintain an exceptional online shopping experience for customers. It can take days, sometimes weeks. And keep in mind, every time you make a change to your store, you need to manually update all associated files.

If you do not want the burden of all this manual work, you can use a backup-as-a-service program. This is software that automatically restores any lost data.

There are essentially two approaches to this. The first is to hire a software developer to build you a customized solution, which can be a very expensive proposition.

The other solution is to source an off-the-shelf solution that integrates with your online store. However, make sure you do your homework. Not all backup solutions are made equal and some may not play nice with your store environment.

WHATEVER YOUR APPROACH, any strategy is better than no strategy.

There is an old adage in retail, "You can't sell what you don't have." And ecommerce is no exception.

As consumers embrace more online experiences, keeping your online store up and running will be vital to success.

Shoppers have more choices and control than at any point in history. To ensure your future ecommerce success, ensure all the data you need to keep your customers happy, from the time they enter your online store to the time they check out, is always available.

Mike Potter is cofounder/CEO of Rewind, Ottawa, Ontario, Canada. Reach him at mike.p@rewind.Io.