

RETAIL

Ecommerce growth underscores need for frictionless retail

January 25, 2021



Products are finding people through digital discovery channels. Image credit: Instagram

By SARAH RAMIREZ

Digital sales can no longer be the sidekick to a retailer's main business, as the COVID-19 pandemic has made ecommerce a matter of survival for brands.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Executives from the retail and technology industries speaking at the National Retail Federation's Big Show on Jan. 22 shared their experiences in ecommerce since the start of the pandemic. Online shopping has greatly accelerated since lockdowns began in early spring 2020.

"This shock to the retail system was profound," said Karin Tracy, U.S. head of industry for retail, luxury and fashion at Facebook, New York. "Ninety-eight percent of consumers are trying new shopping behaviors, new brands, new places to shop and, of course, new shopping methods."

Frictionless shopping

Online shopping has shifted from the desktop to the smartphone.

According to Ms. Tracy, mobile purchases accounted for 40 percent of the \$60 billion spent on Black Friday. Shopping hours have also evolved, with about \$2.7 billion in spending done overnight.

Consumer behavior has also adapted to expanded omnichannel offerings, with retailers that have adopted curbside pickup or buy-online-pickup-in-store seeing 33 percent higher online sales growth than competitors without those options.



Neiman Marcus was one of a number of retailers to introduce contactless curbside pickup during the pandemic. Image credit: Neiman Marcus

Another change Ms. Tracy noted is the shopping journey itself. In what she describes as "discovery commerce," social media algorithms have become more sophisticated at suggesting products for users to purchase, in a manner similar to suggestions from Netflix or Spotify.

However, when shoppers are ready to make a purchase online the process needs to be as quick and uncomplicated as possible. For instance, shoppers can now make purchases through Instagram in a matter of steps ([see story](#)).

"During COVID, very single consumer became savvier and more sophisticated about buying things online so the expectation is so much higher now," Ms. Tracy said.

This is an area where online shopping has an advantage over in-store, particularly as more "one and done" shoppers are continually new retailers.

"The shift from COVID is real, where retailers are now serving the mainstream shopper versus the seasoned digital shopper," said Jessica Murphy, cofounder and chief customer officer at retail technology company True Fit, Boston. "Demand for personalized digital experiences has really grown exponentially across all age groups."

"I still believe that there is a very big opportunity to connect data in a way and to really create those interactions that are going to be meaningful and the opportunity to get the right products in front of the right people," she said. "Use data to really create these emotional connections that are really driving that long-term value."

Ecommerce in China

In China, online shopping has evolved differently, particularly in the luxury space.

According to JD.com's Kevin Jiang, ecommerce has made luxury more accessible to younger consumers, particularly those in lower-tier cities. Shoppers are becoming more confident about going online for large purchases, whether for premium brands such as Coach or true luxury.

"We have focused on the top luxury brands like Prada, [Salvatore] Ferragamo, [Giorgio] Armani," said Mr. Jiang, president of international business at JD.com fashion and lifestyle, Beijing. "These brands are also doing extremely well."

British fashion label Burberry is another brand that is making a play at the Chinese market.

Burberry experienced strong sales growth in mainland China during the third quarter of its fiscal year, both in-store and online, as it continued to face challenges amid the COVID-19 pandemic. Digital full-price sales saw triple-digit jump in mainland China year-over-year ([see story](#)).

The brand is looking beyond digital offerings and also focusing on physical retail. Burberry opened the luxury sector's first social retail store in Chinese tech hub Shenzhen, a tier one city, this July.

The store, backed by Tencent technology in an exclusive partnership, is designed as venue for exploration, inspiration and entertainment, letting shoppers experience Burberry and its products in person and on social media. A dedicated WeChat mini program allows consumers to unlock exclusive content and personalized experiences and share them with their communities ([see story](#)).

"Some of the top luxury brands, they are actually out there very aggressive stage and opening new stores in China, because the Chinese population is very well spread out," Mr. Jiang said.

© 2021 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.