

COLUMNS

Defining luxury brands' post-COVID-19 Amazon strategy

April 5, 2021



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Of the few winners to come from the pandemic, Internet retailer Amazon is surely the biggest.

For the first time ever, it is projected to have exceeded a whopping **\$100 billion** in quarterly revenue in the fourth quarter, spurred on by brands using it as their ecommerce lifeline. In part, that growth has been driven by premium brands.

Fashion powerhouse

Amazon's biggest statement of intent in luxury retail is, of course, the 2020 launch of its online **Luxury Stores**, dedicated to the sales of luxury items on its mobile app and available to Prime members. It is arguably a lifeline for luxury brands suffering from shut shop doors, albeit one that is currently limited to consumers in the United States.

Brands including U.S. fashion label Oscar de la Renta are taking advantage of Amazon's new shopping model.

Outside the U.S., brands can cash in on Amazon's wider fashion bonanza.

According to Christine Beauchamp, more than 1 billion fashion products had been ordered via the online giant last year and that is before taking into account any parallel categories such as cosmetics.

But for a sector where relationships, brand engagement and sales have traditionally been nurtured on the shop floor, how best to navigate the shift online?

Importantly, how best to make the most of a platform that might not even have been a serious platform for luxury brands?

How best to catch up with the rest of retail and monetize the platform without denting the luxury positioning?

Amazon best viewed as part of wider strategy

The shift to online shopping is not a COVID-19 aberration, even in luxury.

According to **Kantar**, 33 percent of shoppers will continue to permanently shop online once the pandemic ceases.

McKinsey predicts that a fifth of luxury retail sales will take place online by 2025, totaling 74 billion more than triple the 20 billion in 2016.

This does not negate the role of the store, but it does amplify the role that Amazon will play in this ecommerce boom.

Shoppers are four times more likely to visit a marketplace such as Amazon than a retailer's own app or Web site, according to a third-quarter 2020 survey from Adobe.

Even for premium brands, Amazon is an experience platform in its own right, one that has a growing importance as part of the luxury sales funnel.

With this in mind, it needs to be viewed as part of a wider retail strategy that covers the entire digital toolbox: social, retailer Web sites, apps, influencers and more.

Yet, Amazon is often misunderstood. After all, it is tough to stay on top of everything from paid and unpaid advertising options to keyword research optimization, creative content elevation, pay-per-click strategies and more.

For example, the now-free Amazon A+ content listings tool boosts cross-sell, traffic and sales opportunities by 3 to 10 percent that is readily available with tangible benefits, and clearly something that brands should understand and use.

Personalize shopping experiences online

Another roadblock to luxury brands trading on Amazon has been its control of the shopping experience for third parties: you cannot really marry it with the wider, 360-degree brand experience. And for luxury retailers, specifically, Amazon's algorithms tended to strip away the all-important serendipity in favor of price and product range.

Amazon's Luxury Stores addresses this by offering brands the ability to enjoy auto-play imagery and in-motion graphics functions.

Additionally, brands retain control over pricing, inventory and selection, as well as choice over using Amazon's fulfillment centers or their own shipping.

Other advantages include the fact that Luxury Stores is invite-only for Prime subscribers, adding a semblance of exclusivity to the experience.

Brands can create Amazon shop fronts with the look and feel that customers would expect from a luxury brand, helping to reduce disconnects between a retailer's Web site, social media, apps or even advertising, and the Amazon experience.

It is likely that Luxury Stores will become integrated with Prime Wardrobe and Personal Shopper, and even incorporate in-app augmented reality try-on and other in-store tech, putting it well on the road to cementing its place as a key luxury retail outlet.

So where should it sit in a holistic retail strategy? Does it need its own sales strategy? Is it feeding back into other retail assets, or are the retail assets feeding into Amazon?

Actually, it is a bit of everything, deserving the same careful treatment as a store or owned Web site, with its own strategy such as any other channel, and one which also sit within a broader brand plan that seamlessly connects a brand's entire suite of assets.

Next steps on the journey

That is at the crux of post-COVID-19 success on Amazon and beyond: the seamless connection of brand assets and personality across today's retail ecosystem.

As the shopper journey continues to evolve at warp speed, customers are browsing and shopping anywhere at any time, on any channel.

Facebook, Instagram, Pinterest and even TikTok are now shoppable channels.

While Amazon might be the biggest channel currently, it is part of a wider ecosystem, one in which the single constant for success is a shopper-first mentality.

The secret to success is to know your customers: their needs, wants, why they shop where they do. Then take that knowledge to build an effective customer experience that is suited to the channel. Supplement what you know by

maximizing your data be that transactional, reviews, employee feedback so you have a bank of behavioral insights. From there, deploy the three-step approach to keeping the customers you hook in with content, advertisement and fulfillment.

With all the building blocks in place, take advantage of all that Amazon offers: its Brand Registry program that gives you the chance to roll out nifty FAQs, hi-definition videos and more on your pages; mix up the formatting of the ads you service on Amazon Advertising, given that **62 percent of U.K. shoppers** bought products after seeing them advertised on the site; and streamlined fulfillment, with the option of free shipping through Amazon's FBA program.

LUXURY BRANDS adopting a test-and-learn approach with a focus on improving the customer experience, backed by a shopper-first mentality, will learn more about what their customers want, sure. But they will also be best-placed for success in a retail environment that is undergoing unprecedented change.

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