

COLUMNS

What the rise of luxury ecommerce during the pandemic means for the ecosystem

January 12, 2022



Sean Sewell is senior vice president for EMEA at Partnerize

By [Sean Sewell](#)

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

No area of retail provides a more interesting pandemic era study than luxury.

As COVID-19 drew more consumers online, more disposable income followed, despite limited outward social interaction or live events to strut newly procured luxury goods.

As seasoned masters of the digital ecommerce experience, many direct-to-consumer (DTC) fashion and luxury brand marketplaces, Nordstrom and the like, had invested early on in their infrastructure to become consumer-centric in delivering an online experience within the category of luxury fashion.

These retailers were already well positioned for the pandemic period. With COVID-19 effectively closing many stores, luxury footfall came online and into the arms of resellers such as MatchesFashion, Net-A-Porter, Farfetch, et al. The ecosystem got even more populated.

Emerging tactics for re-owning the consumer

With the ecommerce influx of the past year-and-a-half, it became infinitely clear that the category, as a whole, must now become more acute at selling directly to the consumer and doing so online.

Among other things, this meant putting online consumer orchestration at the center of the experience.

The same alert extended to brands themselves. No longer would the glamorous, somewhat aloof standalone luxury brand Web site suffice to captivate the luxury minded shopper.

As new, innovative breeds in the ecosystem even prior to COVID-19 marketplaces, resellers and brands that understand the new DTC imperative presented practical commerce options and positive, well-merchandised shopper experiences that can be modeled. There has been much new learning to share over the past 18 months or so.

With slightly different business models and therefore margin pressures, however, it is worth noting though that both marketplaces and resellers continued and built upon their successes even during COVID-19, while still facing real

pressures from the mother brands themselves.

So, as we come out of the initial pandemic period and continue to adapt, widespread alert across the ecosystem is transforming into action. And through the tests and lens of the past year, there is a lot that legacy luxury brands can learn from the new breed of luxury DTC on operating to thrive.

Let us not forget that luxury retail is roughly a \$300 billion market worldwide and was predicted to grow 3.5 percent in 2020 to **47.7 billion** in the United Kingdom market alone.

Keeping competitive is about "owning the consumer," which means owning that consumer's luxury brand affinity and, practically speaking, his or her habitual ecommerce experience.

The most successful, popular DTC luxury brands have always been all about trying to re-own that consumer who is in market looking to spend money on a product. They tend to be most focused on sharpening the DTC experience itself rather than attracting the customer initially.

Partnership and affiliate programs are an ideal strategy and approach for this marketer, because these programs can be deployed and live at all touch points across the buyer journey.

Therefore, they not only aid DTC in influencing a prospective buyer, but also enhance the experience throughout.

Once they have engaged the consumer in a well implemented experience, the DTC brand can re-target and resell, and establish a relationship with that consumer over time to drive more brand loyalty through repeat purchase.

Over the past year, "sharpening the DTC experience" has come to mean something as simple as moving from static images to providing consumer multiple views of a product.

Role that partnerships can play to organize and scale

We have really seen the space take to partnership marketing, as it has continued to evolve as an option for modern luxury marketers.

Luxury D2C needs to invest even more into the partnership channel and curate a range of partners who can interact and drive the type of consumer they want to buy from them and with whom they want to establish a relationship.

With the rising costs alone of search and social as individual channels for the DTC marketers, partnerships via platform solutions make more economic sense.

Similarly, working with individual influencers can be nothing if not unwieldy and inefficient.

Therefore, as a strategy and a structure, a well-organized partnership program provides a whole host of different kinds of approaches, be it content, shopping comparison, discovery through an influencer, within one construct.

With all of this placed under one umbrella, you have the benefit as a marketer of fixed costs associated with acquiring the consumer. You are only paying to fully acquire or convert this consumer rather than paying to simply access consumers, like you do on paid search, social and display a level of waste that continues to rise as prices in these channels do.

Further, the ability to use a platform to discover, automate, track and attribute performance of partner types is helping elevate and scale the efforts of the luxury brands really engaging in partnerships.

Even the ability alone to use the platform to identify the right partners to be leveraged across the buyer journey saves time in all other aspects of partner management.

In short, the combination of a more innovative, thoughtful commitment to ensuring shopper ecommerce experience and the adoption of partnerships as a strategy and approach are driving success within the luxury ecosystem.

The next thing to consider is what kinds of new breakthroughs or creative approaches we might see in the next couple of years.

As luxury brands realize that the partnership opportunity spans well beyond last-click options, we are likely to see marketers really enhancing their approach and getting more creative.

We already see this heightened, improved approach with those brands working with loyalty partners such as airlines that have needed to pivot their programs to allow points redemptions outside of travel offers because of the implications of the pandemic.

We see others working with banking partners to broaden their reward programs out further and offer more premium retailer options.

Overall, technology will continue to be a driving force in luxury, infiltrating its way into partnerships to enhance the overall buyer experience

IN ESSENCE, partnership or affiliate marketers are becoming more tactical in how they sell to consumers online and control the distribution of their product and messaging and that is a good thing, as it shows attention to experience in a very detailed way.

It is through that level of committed attention that brands can discover how best to scale and optimize programs.

Sean Sewell is senior vice president for EMEA at [Partnerize](#), London. Reach him at sean.sewell@partnerize.com.

© 2022 Napean LLC. All rights reserved.

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