Luxury brands need luxury retail experience, even online

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By Jonathan Ross

Luxury brands have been slow to embrace the Internet. Despite the sales potential offered by the online medium, it has taken many years for the overall luxury sector to shake off its attachment to high-quality advertising in traditional channels. In fact, many still view it as “not for them.”

However, a recent study by management consultancy McKinsey & Co. and Altagamma, the Italian association of luxury brands, appears to finally dispel the idea that online shopping is the preserve of discounted brands and shoppers looking to pick up a bargain.

Under study
As far as the luxury category was concerned, there was a nagging suspicion that shoppers needed to experience a tactile relationship with their potential purchases in a way that could never be achieved online.

The McKinsey study surveyed more than 300 luxury brands, 700 Web sites and more than 2.5 million online comments, including those on social media platforms.

Digital sales are expected to reach about $18.5 billion in the luxury market by 2016, but the survey also found that use of the Internet by consumers for research and price
comparison meant that about 15 percent of total sales in the luxury goods industry are
directly generated by digital media.

As much as one-fifth of store sales – a market worth in the region of $42 billion – is said to
be directly influenced by the online experience.

As attitudes within the industry have begun to evolve, luxury brands have started to explore
the potential of more sophisticated Web sites, user-friendly shopping applications and
well-produced video content, as well as daring to embrace social media platforms.
This change in attitude is definitely a step in the right direction, and brands that want to
make a success of their ecommerce strategies should be focussing on three key areas
from now on:

Web site
This might sound like an obvious place to start, but luxury brands enjoy a certain degree
of freedom that other commercial brands lack.

Customers come to a particular brand site because they are looking for luxury, and not
because a brand returned highest in Google search results.

Once they get there, they should experience the same experience of luxury that the brand
would like to identify within a physical store.

This means that user experience is key, with intuitive navigation and elegant execution
being top priorities. This can only be achieved through extensive testing and feedback.

Service
Closely linked to the idea of a luxury user experience, comes service.

Again, this might seem like an obvious statement, but when it comes to ecommerce it is
the small details that can elevate the customer experience.

The idea of luxury often implies the idea of unapproachable, which is never going to work
in ecommerce.

Shoppers need to be able to feel they can contact you easily if they have any issues with an
order.

Simple checks can be added in the online purchasing process to help customers ensure
they receive the product they are expecting, or easily find the product you intuitively know
they need.

Embrace multichannel
Luxury brands can leverage return on investment through a multichannel approach.

Pulling in data from bricks-and-mortar retail sites and measuring online click values can
help sort online searches effectively.

Customer reviews and a brand blog to drive traffic to key products should also be
considered, even if the idea of using blogs and social media platforms is a more
egalitarian method of communication to which luxury brands are often used.

BROADLY SPEAKING, the rules for luxury ecommerce are the same as those for more everyday products.

But if special attention is paid to the user experience and customer approval rates, luxury brands will be well placed to take full advantage of the exciting growth in the online retail sector.

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