

COMMERCE

L2 ramps up global ambitions following \$16.5M investment

March 13, 2014



By JOE MCCARTHY

L2 is accelerating its global expansion with a \$16.5 million investment from venture capital firm General Catalyst and the appointment of two media and technology executives, Paul Sagan and Larry Bohn, to its board.

Sign up now

Luxury Daily

The partnership marks new territory for L2, which has up to this point navigated research and consultancy on its own terms. However, the investment will help L2 achieve its mission of disrupting the consultancy industry, as much of the invested money will go to advanced technologies and building the team both in New York and abroad.

"This environment is changing so much," said Scott Galloway, founder of L2, New York. "Because of the advent of new technologies, we can supply our algorithms and, using ongoing benchmarking, provide a member brand with actionable insights.

"[General Catalyst] has a strong reputation for investing in technologies that disrupt," he said. "They're entrepreneurs. It's nice to have a decent amount of empathy for other entrepreneurs."

L2 is currently tracking more than 5,000 global brands for its subscription-based intelligence services. The firm's Digital IQ Index registers 850 data points to uncover

strengths and weaknesses across a brand's digital footprint.

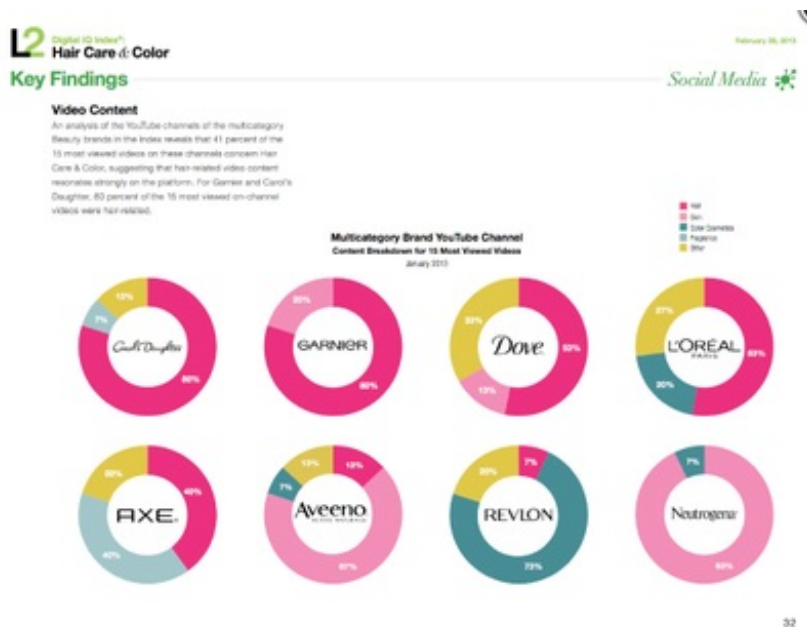
Benchmarking the investment

Mr. Sagan, a partner at General Catalyst, and Mr. Bohn, the firm's managing director, will offer guidance to L2 as it expands.

General Catalyst has a reputation for investing in companies that instigate change. Some stand-out disruptors include Airbnb, Demandware, SnapChat and Warby Parker.

Mr. Galloway said that other investment opportunities had been pitched and denied in the past.

Broadly speaking, L2 now has more room to improve its benchmarking system and real-time reporting in Europe, Asia, and Latin and North America.



From Hair Care & Color report, 2013

More efficient technologies will be acquired and deployed to scrape the data points that L2 monitors.

This data will then be expounded upon and bundled into coherent information by a larger team that will extend for the first time beyond the SoHo headquarters in New York.

L2's signature digital indices track how brands perform in the digital space in different markets.

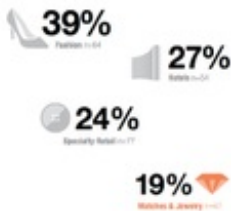
Brands receive rankings based on Web site, digital marketing, social media and mobile. Supplementary reports that delve deeper into key geographies and emerging platforms are also available.

KEY FINDINGS

Digital IQ Distribution

For the second straight year, Tiffany remains the only Genius in the industry, suggesting the brand's early digital investments could provide an insurmountable advantage at least in the short term. While up significantly from a year ago, 80 percent of the Watches & Jewelry brands are still ranked Average or below, and the industry continues to be the weakest examined by L2.

Percent of Brands Classified as Genius or Gifted



Digital IQ Distribution

Percentage of Brands per Digital IQ Class



13

From Watches & Jewelry report, 2013

In 2013, the firm nearly tripled its portfolio of reports from the year-ago period and it is easy to imagine that number multiplying again in the near future. Market-specific beauty reports have begun to emerge, hinting at what L2 will likely accomplish for each of its studied product sectors.

Consumer packaged goods and food and beverage will be two areas that receive substantial attention.

Mr. Galloway envisions a regularly updated heat-map that member brands can quickly retrieve to see how and where they should direct resources and how they stack up against competitors.

L2 recently won Luxury Daily's 2013 Researcher of the Year for its fast-growing report portfolio and rigorous research methods that empower luxury brands with blueprints for digital proficiency around the world ([see story](#)).

Spurring innovation

Mr. Galloway, also the founder of Prophet Brand Strategy, said that the consultancy model has grown stale.

Oftentimes, firms will charge hefty prices for months of analysis that culminate in dispensed platitudes and pointed-at presentations.

Brands can no longer afford to wait months to implement new tactics. The digital world calls for real-time consultation that yields measurable improvements.

L2 aims to shift the paradigm by leveraging its reports to offer fast guidance at a lower price.

"There isn't a brand that is a member that doesn't walk out with 20 to 30 things that they're going to do," Mr. Galloway said.

Final Take

Joe McCarthy, editorial assistant on Luxury Daily, New York

© Napean LLC. All rights reserved.

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