

INTERNET

Does a repeal of Net Neutrality impact luxury ecommerce?

April 25, 2014



Bameys iPad app

By JOE MCCARTHY

If the Federal Communications Commission dismantles Net Neutrality, the Internet's reigning equality will likely be upended, which may affect branded ecommerce.

Sign up now

Luxury Daily

Net Neutrality primarily helps newcomers, Web sites that do not generate substantial revenue and sites that are using lots of bandwidth to, for instance, stream video. However, with mega-retailers like Amazon looking to get as much market share as possible, the potential ruling by the F.C.C. to polarize the net may end up limiting the diversity of ecommerce options.

"I think if net neutrality is lifted then smaller ecommerce platforms and brands will suffer because customers expect fast loading times," said Kyle Wong, CEO of [Pixlee](#), San Francisco.

"Data suggests that delay on ecommerce Web sites is a major contributing factor in page abandonment which ultimately reduces conversion," he said.

Polarity

Net Neutrality mandates that all Internet traffic be treated equally, which levels the most

basic playing field.

Of course, there are all sorts of other factors such as paid search, advertising, built-in audiences, convenience, habit, etc. that tilt the scale toward bigger players.

However, the F.C.C. has historically guarded equal access against lawsuits from service providers like Verizon and Comcast that want to institute payment tiers for access to better speed, so that more profits can be reaped.

Recently, the commission's approach has changed, opening up negotiations for a pay-to-play system.

Most observers have painted the Net Neutrality proceedings in dire terms.

Content producers incapable of paying the expected fees would slow down compared to those paying and, presumably, see their influence fade. Internet users are clearly disadvantaged in this scenario and the Internet as a whole would likely lose its vibrancy.

Tim Wu [for the New Yorker writes](#), "This is what one might call a net-discrimination rule, and, if enacted, it will profoundly change the Internet as a platform for free speech and small-scale innovation. It threatens to make the Internet just like everything else in American society: unequal in a way that deeply threatens our long-term prosperity."

Currently, powerhouses like Amazon have no edge when it comes to content delivery speed. If faster lanes become available, a sharp edge would likely appear.

As a Prime member, you get:



Amazon Prime offer

Many luxury brands still have lackluster ecommerce pages, so further barriers may deter investments. It has been proven that consumers abandon carts when pages load slowly and additional delays means more abandoned carts.

Some brands may recoil from improving their ecommerce, intoning the mantra that the Internet has always threatened exclusivity anyway. Some may simply surrender to Amazon.

If the payment tier is reasonably priced, most brands will pay and continue to operate

without issue. But if service providers create multiple tiers with the highest tier only accessible to those willing and able to pay, then there will likely be some impact.

Ultimately, other aspects of the internet will be hit harder than ecommerce.

"The fast lane and slow lane division and lift on Net Neutrality should not make ecommerce platforms suffer," said Laura Selfridge-Black, media relations and marketing associate at L2, New York.

Every aspect

A consequence that is more likely to be felt by brands concerns bloggers. Many brands have been teaming up with bloggers to increase aspirational audience size on social platforms and to gain credibility.



From St. Regis Family Traditions campaign

For instance, Swarovski increased its global appeal through a month-long interactive partnership with four international fashion bloggers that showed off the brand's jewelry collection for spring.

Swarovski's #SwarovskiLook initiative included tutorialized videos produced by the fashion bloggers, user-generated content on Instagram and a contest. Over the four weeks of the digital competition, the participating fashion bloggers were each assigned a week to present content to keep the effort fresh ([see story](#)).

Most bloggers will probably face difficulties without Net Neutrality watching their back. In one sense, this means that brands will have less content competition. On the other hand, the bridge to consumers provided by bloggers will be harder to come by.

Some other potential consequences facing brands include less online coverage, less social platforms to reach consumers through, hampered ability to stream video and disenchanted consumers overall.

Final take

Joe McCarthy, editorial assistant on Luxury Daily, New York

Embedded Video: [//www.youtube.com/embed/98sU-L8LjPU](https://www.youtube.com/embed/98sU-L8LjPU)

© Napean LLC. All rights reserved.

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