



# Luxury retailers slow to embrace the web

## WEB 2.0 STRATEGY

**Dan Ilett** on why top brands are reluctant to use the internet – and why they should not be

Luxury brands make sure they look after their customers, at least in the high street. Online, it is another story, as some of the smartest names in retailing struggle to work out how to use the web to interact with their clientele.

“High-end luxury brands face tough times as the retail slowdown gathers pace,” says Frank Lord, managing director for the Emea region at ATG, an e-commerce specialist.

“But international sales of luxury goods are continuing to flourish, because declining sales in the west are being offset by sales in emerging markets where economies are performing better.

“Since the only interaction these customers have with a luxury brand is in a virtual capacity, retailers need to ensure their site offers the same high level of service offered in-store.

“Some luxury retailers have started to do this, but many believe that opening up their offering to a wider online audience will result in a loss of control and damage brand values.”

A study by web consultancy Conchango confirms the difficulties luxury brands face online. Earlier this year, it examined the global sites of exclusive

names including Dior, Paul Smith, Molton Brown, Gucci and Louis Vuitton and assessed them for usability, brand experience, purchase and delivery (where offered).

While some scored well on readability, many were poor at offering help and support to customers. None of the brands surveyed provided an obvious or easy-to-use feedback option. They placed a “very low value on visitor loyalty and engagement, with an almost complete lack of incentive to log in and receive personalised content.”

The study found that when goods were ordered, their presentation or delivery through couriers further undermined the promise of luxury the brand offered.

“I would completely agree that independent luxury brands are failing to make a leap on to the web,” says David Hall, communications director at Affiliate Window, an affiliate marketing company.

“But the big question is, do they want to? They all have a bespoke presence on ‘designer’ high streets such as London’s Bond Street, concessions in stores such as Harrods, and can be found on exclusive niche websites like Net-A-Porter.”

He said these outlets cur-

rently are ideal for buyers of luxury branded merchandise, who are cash and time rich: “They are unlikely to spend £2,000 on an item they found on the internet.

“An online presence is great for merchants that

want high volume sales, but that’s not what the likes of Gucci, Chloe and Alexander McQueen are about.

“To be credible, fan pages on social networking sites need to be set up by genuine fans. But these high-net-worth individuals are social networking in Claridge’s, not online.

“If luxury brands push themselves on to social media and the internet, they risk damaging and devaluing the brand. Let’s be honest, shopping online is anything but exclusive.”

Supermarkets, on the other hand, have embraced internet shopping, even allowing customers to pick their goods from “virtual” shopping aisles.

Mr Lord of ATG would encourage luxury brands to make more use of Web 2.0 social networking tools: “Developments in technology have made it easier for brands to build personal relationships with customers online,” he says. “These

tools are important for lux-

ury retailers since high-value buyers often require some reassurance before completing a purchase.

“Now is the time for luxury brands to embrace the opportunities e-commerce presents. The argument that opening up a luxury brand to a mass audience will have a negative impact on brand values no longer holds true.”

Customer loyalty is important for exclusive brands and it would be unfair to say all fail in the online arena.

For example, a quick look on Facebook reveals Prada has more than 70,000 fans in a group dedicated to the brand.

Moreover, there are some luxury brands that do appear to have cracked the online approach. Erik Aeyelts Averink, president of SDL Tridion, the web content management company, points out some examples.

Lexus, the car maker, has an online presence which encompasses 29 markets and 23 languages, while providing a local feel, he says.

Emirates, the airline, developed more than 60 regional multilingual sites, while keeping branding consistent across all of these.

“We do not think luxury brands are failing to make the leap on to the web,” says Mr Aeyelts Averink. “Most have an online marketing



presence, mainly used to build brand awareness or as a reinforcement tool. But, global brands struggle to localise the essence of their brand across country borders and cultures.

“That’s where they are failing. It’s difficult for them to respond quickly to emerging markets and provide the localisation. As a mass market medium, the web has never fitted comfortably with their view of personal service.

“Luxury brands need to be more aware and open to embracing the possibilities the online community can deliver. They should look at the way more mainstream global brand owners, such as Unilever, are tackling exactly the same issues.

“The audience may be wider, but the issues of localisation, speed of response, connecting and communicating with people are the same.”

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