A DECADE OVERNIGHT:
How Luxury’s Adoption of Ecommerce has Heralded in a New Golden Age for the Category

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LIKE MOST INDUSTRIES, THE LAST 18 MONTHS CREATED MASSIVE SHIFTS IN LUXURY

Valuing legacy over innovation, the pandemic forced brands to adopt to changes other industries started doing over a decade ago.
Of luxury sales are now completed online; nearly double what they were last year.

WITH NO SIGNS OF SLOWING BY THE YEAR 2025

Presenting both an opportunity and challenge to luxury

By 2025, online sales will account for 1/3 of total market value for the luxury category.¹

15–30%

Expected growth in consumers who purchase online for most categories in the next 18 months²

Ecommerce will challenge luxury with recreating the sensory retail experience of high-end goods and “white glove” service. How will they create the smell, the feel, the emotion online?
THE ADOPTION OF ECOMMERCE HAS BENEFITED LUXURY IN WAYS **BEYOND SALES**

- **Increased Geographic Diversity**
  - +21% of sales penetration in non-urban cities (like Kansas City)

- **Strengthened Brand Trust**
  - 75% of luxury consumers are willing to buy from the brand directly

- **Enhanced Data Capabilities**
  - 85% of luxury sales are now from customers tracked within a brand's CRM

However, that success will be short-lived unless luxury brands proactively improve the clientele experience.

The good news is that brands can take three simple steps to improve the ecommerce experience.

Hard to read?
Most luxury websites have similar navigation and layout to this slide.
USER EXPERIENCE: IMPROVE THE BASIC SITE FUNCTIONALITY

Many luxury websites currently lack basic usability functions found on most ecommerce platforms.

Simple changes can greatly improve the clientele’s experience perceptions.

The changes include:
- Product reviews
- Easy returns
- VR/AR to try on items
- Fashion expert commentary
- Receiving fabric samples

Source: Mintel, The Luxury Consumer, May 2021
Having an online destination only in English or the brand’s country of origin language, until now, has been a demonstration of strong brand currency. As growth in more localized markets continues (e.g., China, Taiwan), leveraging local languages strategically will be imperative.

**What brands are doing:**
Farfetch utilized machine learning to translate its website into 14 different languages.
Aston Martin hired local influencers to translate their marketing materials for specific countries.
The challenge of the pandemic led to incredible innovation in recreating the retail experience online. Those innovations were key growth drivers for other categories.

**What brands are doing:**
Gucci launched Gucci Live, a virtual experience set in Gucci 9, its innovation store in Florence, complete with cameras, special lighting, and in-person concierge service. Clientele can engage in a digital-only experience, tailored to them, in the comfort of their home.
WHAT COMES NEXT?
Challenges for luxury’s online expansion

Improving awareness and consideration among non-brand buyers will be key to unlocking future growth. Marketing can help solve for this in a few ways:

- **Improving Site Functionality**
- **Targeted Digital**
  - Knowing the importance of maintaining a brand’s image, leveraging digital to localize and target ads to select clientele can improve awareness and drive site conversion.
- **Localizing Marketing**
- **Recreating the Feel of Luxury**
- **Integration with Influencers**
  - With one of the easiest ways to improve the user experience, influencers are a natural way to review products and showcase brands in authentic ways.
- **Connected Commerce**
  - TV integrations can be an area where brands can tell the in-depth story of the brand, while directly connecting clientele with an opportunity to buy.
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