

The background of the slide is a collage of various green plants, including dark-leafed foliage in the top left, a trailing plant in the top right, a small plant in a glass container in the middle left, and a large trailing plant in the bottom left. At the bottom center, a person's hands are visible, holding a Samsung tablet and interacting with the screen. A dark purple semi-transparent overlay with white text is centered on the slide.

# A DECADE OVERNIGHT:

*How Luxury's Adoption of Ecommerce has  
Heralded in a New Golden Age for the  
Category*

August 2021

# 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.



*MUCH OF THAT CHANGE IS DUE TO THE ADOPTION OF ECOMMERCE*  
**LUXURY'S ONLINE SALES GREW FASTER IN 12 MONTHS THAN THE PAST 5 YEARS**



24%

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.<sup>1</sup>



15-30%

Expected growth in consumers who purchase online for most  
categories in the next 18 months<sup>2</sup>

Source: 1. Bain, *Pandemic Spurs a Transformation of the Luxury Market*, December 2020; 2. McKinsey, *The Great Consumer Shift: Ten Charts That Show How US Shopping Behavior Is Changing*, August 2020



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)<sup>1</sup>



**Strengthened  
Brand Trust**

**75%**

Of luxury consumers are willing to buy from the brand directly<sup>2</sup>



**Enhanced Data  
Capabilities**

**85%**

Of luxury sales are now from customers tracked within a brand's CRM<sup>3</sup>



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



### **Hard to read?**

Most luxury websites have similar navigation and layout to this slide

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



User  
Experience



Localization



Experiential

## USER EXPERIENCE: IMPROVE THE BASIC SITE FUNCTIONALITY

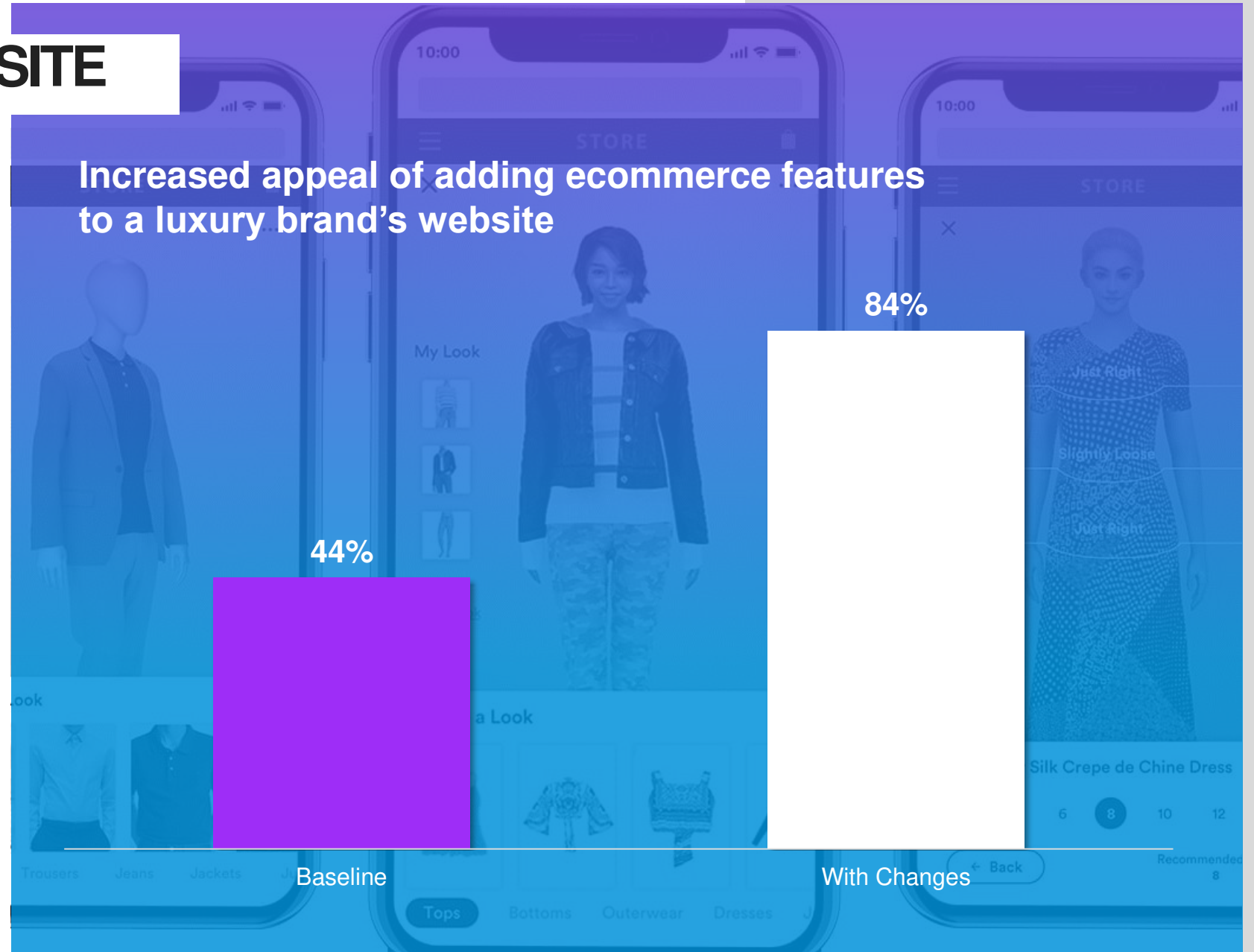
Many luxury websites currently lack basic usability functions found on most ecommerce platforms.

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

Increased appeal of adding ecommerce features to a luxury brand's website



Source: Mintel, *The Luxury Consumer*, May 2021

## LOCALIZATION THE LANGUAGE OF LUXURY

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.



# EXPERIENTIAL RECREATING THE FEEL OF LUXURY ONLINE

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



## 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

## Localizing Marketing



## 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

## Recreating the Feel of Luxury



## 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





**THANK YOU**

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# CONTACT US



**Megan Ryan**

*VP, Client Strategy*  
*Megan.Ryan1@nbcuni.com*



**Sean Wright**

*VP, Client Strategy*  
*Sean.Wright@nbcuni.com*



**Rosie Nisanyan**

*Manager, Client Strategy*  
*Rosie.Nisanyan@nbcuni.com*

