

COLUMNS

## Luxury brands' boutique mindset a barrier to sales

January 4, 2016



*Marco Vergani is vice president and general manager of Europe and the Middle East at Digital River*

By **Marco Vergani**

The competition between ecommerce and conventional offline shopping channels continues to heat up even at the high end of the consumer market.

But too many luxury brands are being held back by their boutique ideals, missing opportunities to strengthen their relationships with consumers by selling direct-to-consumer online.

### Primacy of brand

We recently commissioned a **study** of 1,000 consumers. Our research revealed a compelling fact: when shopping online, 89 percent of shoppers visit the Web site of the brand that they are considering. This fact should give brands pause.

Even in the ascendancy of online marketplaces such as Amazon and Taobao even in the era when much shopping takes a micro-moment rather than a leisurely afternoon the vast majority of online shoppers take the time to go straight to the brand when they intend to purchase.

There is no substitute for the enduring luster of the brand itself. That is especially true for consumer luxury goods, where brands are particularly known for their prestige and quality.

Now here is a good question for upmarket brands: If eight or nine out of every ten of your prospective online customers visit your Web site, what do they find there?

Going direct online does not mean forsaking class for mass

Many makers of fine goods such as accessories and high-end electronics have been slow, some even reluctant, to seize the direct-to-consumer ecommerce opportunity.

Far too often, a consumer will encounter a brand Web site that amounts to nothing more than a glossy catalog of un-buyable products. Making an actual sale is out of the question.

This high-end resistance to direct ecommerce is short sighted.

Consider another sobering finding from our research.

While almost nine out of ten consumers will visit your Web site when shopping for your products, 31 percent say they will change brand allegiance if they cannot buy directly from you.

If you are not selling your products directly to the consumers who visit your Web site, you are losing about one out of every three potential online sales to a competitor.

Brands are powerful. So powerful, in fact, that brands that will not sell directly lose sales to other brands that will.

For many of the world's most prestigious luxury brands, there is a fear that direct online selling to customers will somehow cheapen a brand and give it mass-market appeal that has taken great effort centuries of artisan craftsmanship, or millions in painstaking research and development to build.

But our research shows this is not the case.

#### Case for ecommerce

Far from diminishing the luxury allure of a high-end brand, direct online sales can preserve, deepen and even protect the brand experience.

Consider the alternative: pushing online visitors to third-party retailers or marketplace sites leaves your brand vulnerable to lax or absent adherence to your brand guidelines, uncontrollable customer experiences and the possible introduction of counterfeit merchandise, which has been estimated to cost the global economy upwards of \$250 billion a year.

By selling your products on your own Web site, on your own terms, you preserve the equity that you have built in your name and reputation, and build intimacy and loyalty with your customers, which can fortify your brand for years to come.

You can provide the convenience that only online shopping offers while still extending the white-glove service that your clientele have come to appreciate from your main street boutiques or other offline settings. And you can protect your customers from counterfeit merchandise, ensuring that your site is the default destination for authentic items through strong control over your inventory and distribution channels.

FOR CONSUMER BRANDS, particularly at the upper end of the market, there is no substitute for selling online directly to consumers.

For a reasonable investment, you can reap lasting rewards: better sales, total control over your brand experience, deep customer insights and rich opportunities to build lasting loyalty. And deep loyalty, after all, is what high-end brands are made of.

*Marco Vergani is London-based vice president and general manager of Europe and the Middle East at [Digital River](#), a global provider of commerce-as-a-service solutions. Reach him at [marco\\_vergani@digitalriver.com](mailto:marco_vergani@digitalriver.com).*