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Why ecommerce platforms are consolidating luxury and fashion brands

July 19, 2017



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Consumers are now naturally more inclined to shop in a multi-category and multi-brand environment. Whether it is for consumer goods, food, entertainment and social media communication, companies such as Amazon, FreshDirect, Netflix and Facebook have all changed consumer behavior.

As a reference, Amazon now represents 50 cents of every dollar spent online and 25 percent of the total growth in retail, both online and offline.

Similarly, a luxury goods consumer can now expect to shop in a manner that is seamless across brands, product categories and channels.

Department store model online

We see a consolidation amongst luxury and fashion players that lets platforms emerge at the expense of the traditionally siloed and brand-specific channels.

Yoox Net-A-Porter Group, Farfetch, Bluefly and, more recently, LVMH's 24 Svres are all leading the way.

In fact, 24 Svres is a modern evolution of Le Bon Marche, which has roots that go back to Paris' first department stores. 24 Svres is today's version of mile Zola's The Ladies' Delight.

Another driver for the consolidation of shopping platform consolidation is the consumer pull that is generated by the mutual reinforcement of the brands.

It is a healthy and mutual benefit to have the choice between LVMH brands and some of their competitors such as Kering's Gucci.

I recall an email blast from 24 Svres which read: "What's new: Gucci, Chlo, Kenzo Shop now!" LVMH is clearly not shying away to promote Gucci (which belongs to Kering) and Chlo (owned by Richemont).

Interestingly enough, Kering and Richemont have joined forces via the merger of Yoox and Net-A-Porter.

Put together

The more that consumers converge into the same shopping destination, the more cross-selling and up-selling sales opportunities will arise.

In context, where margins become harder to defend, brand consolidation on ecommerce platforms helps reduce customer acquisition costs while increasing repeat purchases and stronger loyalty.

The luxury goods and fashion ecommerce platforms may just be an intermediate step of the consolidation driven by current consumer behavior, logistics and marketing synergies.

A new wave of consumption is emerging: ubiquitous ecommerce via social media networks and media content.

For instance, take a look at [Markable](#), a technology which allows any photo or video to be made shoppable, whether from a movie, music video or an article.

THE CONCEPT of a sales channel has been viewed as obsolete for some time and is now evolving with the notion of ubiquitous commerce.

Consequently, if commerce becomes dominantly done via platforms, social media and unstructured visual content, one may wonder how brands will convey their DNA, attributes and premium in a fragmented new space, far away from the siloed world to which they have become accustomed.

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