

COLUMNS

## Luxury brands need to be digital

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By **Tom O'Regan**

The holidays are behind us, and it is time to take account of what we learned so that we can be better positioned for the New Year.

This past holiday season retailers saw a huge lift in both digital and mobile sales transactions.

Screen numbers

According to IBM's Digital Analytics Benchmark report, online sales were up 10.3 percent in fourth-quarter 2013 compared to the year-ago period.

In addition, the report found that mobile accounted for 35 percent of all online shopping traffic, which represents a 40 percent spike from fourth-quarter 2012.

Overall during the 2013 holiday season, mobile sales represented 16.6 percent of all online sales, up more than 46 percent from the comparable quarter in the prior year.

Not surprisingly, the affluent are playing a big role in the overall digital shopping trend.

According to Ipsos' monthly Affluent Barometer in November, spending among this group was tracking 10 percent to 20 percent ahead of 2012.

Like a majority of seasonal shoppers, retail and electronics topped this group's holiday wish lists. But strong interest extended across a variety of categories, with comparable figures pointing to high-end luxury items.

According to Affluence Tracking Study #24, 33 percent of the affluent surveyed said they asked for fine jewelry/watches during the past holiday season.

Luxury apparel was not far behind.

Unlike flat screen televisions and the latest toy fads, these big-ticket items did not see huge price reductions, and were not part of any retail stores' door buster incentives.

These are not the same type of items that the average shopper fought for after they finished their Thanksgiving turkey. These lavish gifts are typically given thoughtful consideration.

Yet, the brands selling these items need to rethink how they reach potential buyers, and going digital is key.

Video gaga

Though luxury shopping is often as much about the shopping experience as it is the purchased item itself, luxury brands should consider the brand experience beyond bricks-and-mortar.

Today's digital landscape offers luxury brands extraordinary tools to effectively show-off their products.

Innovative ad units such as the IAB Rising Stars afford marketers the opportunity to integrate video and have interactive product tours and relevant content within the ad units, creating an engaging experience that can easily be shared across a consumer's social network.

Of course, engaging content, not ads, motivates consumers to share with their personal networks.

Brands that create videos which capture our imagination will reap the benefits from the increasing socialization of media. It is not about selling a product. It is about telling a story.

While video is still a relatively new ad model, it appears to be working.

Interestingly, the affluent audience, notorious for being the hardest to reach in traditional channels such as television, finds video to be the most effective form of digital advertising.

According to Ipsos, 41 percent of affluent consumers said they took an action after seeing a video ad. What is more, research shows video ads increase purchase intent five times more than standard banner ads.

#### Smart call

Deloitte anticipated that mobile and social would play a large role for holiday shoppers across income brackets this past season.

Seven in 10 consumers said that they planned on using their smartphone for a variety of purposes during the holiday shopping season, such as finding store locations (56 percent), researching prices (54 percent) or getting product information (47 percent) than to shopping or browsing products online (45 percent).

Forty-five percent of respondents said they would use social media during their purchase consideration for things such as gift ideas (48 percent), discount research (44 percent), product reviews and recommendations (40 percent), browsing products (37 percent) and checking out what family or friends desired (35 percent).

IBM's numbers backed this up, revealing that traffic to retail sites from smartphones made up 21.3 percent of all online visits.

In addition, tablets brought in 11.5 percent of all online sales, with transactions on tablets averaging \$118.09 per order.

The IBM report also revealed that shoppers referred to retailers by Pinterest spent, on average, \$109.93 per order.

Facebook leads saw an average of \$60.48 per order, but the online giant managed to convert visits into sales 3.5 times more often than Pinterest did.

This broadening shopping community offers brands the opportunity to reach consumers at all stages of their lifecycle.

Luxury brands, in particular, can capitalize on these channels to extend the VIP in-store customer experience, bolster their exclusive brand identities and offer further incentives for customers splurge.

WHAT ALL OF this tells us is that, despite the significance of the bricks-and-mortar luxury shopping experience, affluent customers are flocking to online commerce, and brands are going to have to catch up to those trends to make the most of their revenue potential this year.

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