

MAKING THE MOST OF DIGITAL SALES CHANNELS

DIGITAL READINESS IN LUXURY RETAIL

What did 150 ecommerce decision-makers in large organisations tell us about the current and future role of digital commerce in their industry and business?

DIGITAL COMMERCE:

The use of the Internet, mobile networks and commerce infrastructure to execute transactions with consumers or businesses (Gartner)

The luxury retail sector has been one of the quickest to embrace the use of digital commerce. Major brands with a long history and traditional heritage have seen the potential in the technology, for both improving customer experience and driving sales, and have seen significant success as a result.

Comparing the luxury sector to other retail segments, it is clear that it has been the leader in digital commerce and appears likely to continue its successful move. According to the latest McKinsey/Altagamma Digital Luxury Experience Report, 75% of all luxury sales today are influenced by digital. This could go up to 100% by 2025. At a point where the sector has sped so far ahead of others, including grocery and non-luxury, what does the future hold?

Luxury retail has used technology smartly – opting to pick and choose which digital services to use and which to leave to other sectors. For example almost all (96%) luxury retailers currently use mcommerce. Selfridges is one such brand which has embraced digital technology with an established, mobile-optimised ecommerce offering. But it has only recently announced plans to launch a dedicated mobile app.



KEY STATS AT A GLANCE



100%

of respondents in luxury retail have seen the **positive impact of digital** in their organisations



61%

state that, over the next five years, **digital** will drive most of their annual revenue



56%

already have a **dedicated team in place** to manage digital commerce



96%

 of luxury retailers surveyed use **mcommerce** today. All have experienced benefits as a result

92%

are either already investing in the **Internet of Things (IoT)** or plan to do so within five years

Simply put, the brand has not rushed into digital technology investment. It planned and designed its digital offering to match its demographic and looks set to reap the rewards.

In our study which sought to understand the current state of digital commerce in the UK, all respondents from luxury retail believe digital technology has had a positive impact on their organisations. The main benefit was the ability of digital sales channels to help increase brand awareness (20%) with improving the customer experience (16%), improving reputation (16%) and allowing expansion of the product portfolio (16%) also cited.

The future looks equally bright and increasingly mobile-led. All luxury retailers surveyed stated they have experienced benefits as a result of mobile commerce specifically - the top benefit being the ability to collect data and target customers more accurately (83%). The experience led over a quarter (26%) to say that, over the next five years, most of their annual revenue will come from mobile. Naturally, luxury retailers are keen to keep this digital momentum going with 92% stating they are either already investing in the Internet of Things (IoT) or plan to do so within five years.

The future of digital in luxury retail is, to put it mildly, exciting and full of innovation. The key will be to continue to choose the digital channels and offerings wisely. While the Internet of Things is clearly an opportunity for all retailers, it is a new and, as yet, largely untested technology. Luxury retail must ensure it continues to follow its own rules of innovation - smart, seamlessly integrated and quick to re-invest the rewards.

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Salmon is a global digital commerce consultancy that defines and delivers market-changing solutions and customer journeys for the world's leading brands.

Established in 1989, with operations in London, New York, Sydney and Beijing, Salmon clients include AkzoNobel, Argos, Audi UK, DFS, Halfords, GAME, Premier Farnell, Sainsbury's and Selfridges.

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