

Luxury Finally Seeks Clicks

With growth in China slowing, more luxe brands will turn to the Web for new sales

Lucie Greene says she would have dropped \$3,000 on a Céline Palmelato handbag if the French label sold merchandise online. The 33-year-old, who heads worldwide trend forecasting at marketing shop JWT in New York, saw the purse in the brand's London store. But when she looked online, she saw Céline sold it only in stores. Since then, she's checked out pricey bags by **Saint Laurent** and **Victoria Beckham** that can be bought with a couple of clicks. Says Greene: "The inconvenience is making me consider other options."

About 40 percent of high-end brands don't sell via the Web, estimates consultant Bain. **Chanel**, for one, says it doesn't sell such merchandise on the Internet because it detracts from the physical store experience, which includes fashion advice and alterations. It does sell cosmetics online.

Until recently, giving short shrift to the Net didn't really matter. Companies such as **LVMH Moët Hennessy Louis Vuitton**, which owns Céline, had been able to boost sales by opening ever more stores in Asia. Chinese consumers account for about 29 percent of all luxury spending globally, Sanford C. Bernstein estimates. But with revenue on the mainland hit by a government crackdown on expensive gift-giving to officials, some luxe brands are finally giving in to the Web's inexorable pull.

Digital could be "the next China" for the luxury industry, adding about \$43 billion in sales through 2020, forecasts Exane BNP Paribas analyst Luca Solca. At the very least, luxe brands will need to be active on social media, as most consumers consult the Internet before spending,

and many millennials trust peer reviews on social networks more than sales assistants, says Laurence-Anne Parent, a senior partner at consulting firm Advancy.

Burberry Group, an early digital convert, was the first top luxury brand to allow shoppers to order products online and pick them up at stores. As early as 2010, the company let customers order clothes directly from its runway shows as it streamed them live on the Web. Brand fans can post photos of themselves wearing their Burberry coat on the Art of the Trench, the company's online forum. The retailer also uses an iPad app that gives data to in-store staff on an individual customer's past purchases from Burberry. In November the company's launching a mobile website that equities broker Redburn Europe figures could help raise digital purchases by 12 percent. And the company will start servicing online orders in China via a new warehouse by the end of this year. Digital "is a fundamental part of our brand from both a commercial and marketing perspective," says a Burberry spokeswoman. "It allows us to have a closer relationship with our customers." **B** —Andrew Roberts