

Introduction

Moving beyond slow motion

“A journey of a thousand miles begins with a single step.”

—Lao Tzu, Chinese Philosopher

In April 2005, I wrote an article titled “Can the luxury fashion brand atmosphere be transferred to the Internet?” which was published on Brandchannel.com. Within days, my inbox was flooded with emails from people all over the world with comments, opinions and incessant questions about this new business area that had become crucial in luxury management. The emails were mostly from luxury brand executives, entrepreneurs, analysts, academics and students with the common interest of understanding how luxury can be successfully presented online. The majority of the messages revealed major concerns about e-branding and e-commerce and others questioned the challenges of understanding online luxury clients, and yet other messages expressed urgency in identifying a coherent manner of communicating online while preserving all the qualities of luxury. Some people also wrote to tell me that they thought I was nuts to believe that luxury should be placed online as the Internet was a mass medium that has nothing in common with luxury. One gentleman actually went as far as saying that I was living in a bubble of my own imagination. However, in general, the undertone of most of the messages was apprehension, perplexity and some disorientation towards luxury online.

Four years on, I am still receiving emails based on this article (unbelievable!) and although the luxury online situation has evolved, there remains a wide gap in the strategies, business applications and knowledge of every aspect of luxury online. This was proved in June 2007 at one of the luncheons for my previous book, *Luxury Fashion Branding*, where I had an interesting chat with a luxury marketing executive. It went along the lines of “So why did you write the book?” And I gave an answer along the lines of “I discovered that there was a real need for a book like this because no business texts existed on the topic and there is an important evolution taking place in the luxury industry... etc.” He complimented several aspects of the book but also mentioned that he thought the chapter that analyzed luxury e-business could have been more extensive as

this was one of the most challenging business areas for luxury companies (by the way, this is the second longest chapter of that book!) Anyway, I informed him that I was aware of the nightmarish nature of luxury e-business and that I was already working towards another book as a way to make my own small contribution towards the evolution of luxury online. The result is the book you now have in your hands.

I became interested in and began researching and experimenting in luxury e-business several years ago (in 2001, precisely) when most luxury brands viewed the Internet with suspicious eyes and several were still debating whether the Internet was worth their attention or not. At this time, only a handful of brands like Louis Vuitton and Gucci had websites while others like Versace had only a front page and yet others like Prada hadn't even thought of going a step further than their domain name registrations. During this period, two comments that I heard from two of the most respected French luxury companies left me appalled at how dismissive and undermining luxury brands were of the Internet – an indispensable business tool – but their comments also confirmed the state of luxury online at the time. One of them told me, “Uché, we're not interested in the Internet and we will never sell our products online.” The second brand's response when I asked about their e-business strategy was, “Our CEO doesn't like the Internet and he doesn't use a computer. We don't need the Internet. The Internet is not luxury.”

If you're guessing that these two brands have since “repented” from this somewhat outdated standpoint, you're right. These brands are also struggling while playing catch-up to the rest of the luxury industry – which is what happens to late adopters – even though the luxury sector as a whole is playing catch-up to the rest of the business world as the Internet continues to evolve. So imagine how far behind these two brands currently are.

The reality of the lateness of luxury online and the urgent need to address the strategic issues in luxury e-business has led luxury brands to realize the importance of establishing Internet divisions and creating an innovative corporate culture. It has also led to the creation of Club e-Luxe, the executive club for luxury e-business professionals which is dedicated to enabling the advancement of luxury practices in the context of the Internet, digital media, new technologies and innovation. Since its creation in 2006, the club has been meeting the objective of providing luxury companies with access to the cutting-edge strategies, applications, techniques, tactics, developments, systems and expert knowledge that is required to meet the inevitable challenges that luxury is currently facing in adopting new technologies. It has served as a unique platform for the advancement of the e-business practices of major international luxury brands who are also provided with access to the expert consultants and developers in the field. Club e-Luxe's creation brought about a turning point in luxury e-business practices and is one of the reasons that writing this book was possible.

As you may have guessed, this book didn't come about as an abstract idea or an accident. I decided to write it because of a real gap that was identified

in my daily practice as a strategist and consultant for luxury companies. This gap is linked to the necessity for progression on both strategic and operational levels prevalent across all luxury categories irrespective of product or service type. Constant exchanges with my fellow luxury professionals confirmed the lack of a clear and reliable approach in e-business strategies, applications, operations and metrics attuned to the mechanics of luxury management. Some of them even confessed that their decisions related to the Internet and new technologies were based on intuition and instinct rather than on strategies that have been developed from sound knowledge and a clear understanding of the Internet and luxury market. They constantly asked all manners of questions about luxury online and very often I found myself having conversations along these lines.

Q: Do we really need to be online?

A: Without any doubt.

Q: We (finally) have a website. Isn't that sufficient?

A: Cyberspace exists beyond your website. You need to control your brand in the complete World Wide Web.

Q: How can we drive traffic to our website? Should we pay for Google ads?

A: Internet users and luxury consumers search for specific luxury brand names in Google and are not likely to use phrases like 'best luxury brand' except if they're journalists or researchers. So it is better to build your offline brand awareness to support your online searchability and complement this with online buzz marketing through the social web.

Q: Should we sell our products online because other brands are doing so?

A: Sell your products online if your clients expect you to (and in most cases they do).

Q: Are consumers likely to shop more online because of the slow economy?

A: The economic downturn will surely affect the way clients perceive the value of luxury goods and services. They will increasingly use the Internet both to search for and to purchase luxury. The rate of purchase however will depend on market specificities.

Q: But the Internet is for the masses and luxury is for the... well, the wealthy

A: The wealthy are all online, sorry.

Q: Is the Internet going to go away?

A: Make another wish, please.

And on and on it would go.

It may seem that luxury companies have been unnecessarily difficult in approaching the Internet and in adopting new interactive technologies but this is hardly surprising if we take into consideration the very core of the luxury business. Most luxury companies were built on the foundations of skill and craftsmanship, high creativity, relentless innovation, exclusivity, made-to-measure, a strong vision, a unique clientele and the kind of passion that often borders on insanity. This drove the development of products that are often described as “masterpieces”, whether it is jewelry, fragrance, wine, spirits, gastronomy, watches, leathersgoods, automobiles, fashion and accessories; and in the case of services, the best experiences and comfort from hotels, private residences, travel and concierge services. If you take these characteristics and merge them with the Internet, which thrives on mass appeal, accessibility, availability and in most cases a “one-formula-fits-all” approach, you will agree that these qualities are hardly compatible with luxury. This explains the original phase of suspicion, confusion and apprehension that most luxury companies went through with the Internet.

Thankfully, we have moved on. However, the luxury sector may not be moving as fast as its public expects it to be in adopting cutting-edge Internet applications. This is largely due to the reasons already mentioned and also discussed in *Luxury Fashion Branding*. For example, Prada, one of the most respectable Italian (and indeed international) luxury brands didn’t have a website until 2007 – nearly twenty years after the invention of the Internet! And having a website is just one baby step in the journey towards real existence in cyberspace. If you add the adoption of interactive media through other channels like mobile technology and digital products, this will make website development far less than a baby step. Another brand, Azzedine Alaïa, which is a far cry from actually owning a website, leads the pack of luxury brands that demonstrate Internet aversion although news and information about the brand can be found randomly online, initiated, spread and controlled by consumers. Yet others like Mikimoto, Berluti and Christian Lacroix, which all have websites, have not yet strategically elevated their online presence to correspond to their offline brand positioning and values through their websites.

Beyond fashion, luxury hotels like the Plaza Athénée and the Jumeirah Emirates Towers have also under-utilized the Internet’s potential as a powerful channel for brand reinforcement, communications and CRM and not only for reservations. Yet others like the Ritz-Carlton and the Four Seasons have developed websites that have sacrificed their unique brand experiences for features so identical that one could be mistaken for the other. The luxury car segment is also not left out in the Internet strategy under-utilization. Brands

like Aston Martin and Ferrari have focused on functionality and e-commerce with the occasional video and flash animation on their websites while others are like Maserati, which actually provides the driving experience online and presents its cars as valuable symbolic objects rather than products, but has neglected to use the Internet to power its thriving Maserati Club.

To depart from this gloomy picture however, several initiatives have been recently launched as pointers in the direction of developing advanced e-business tools, strategies and applications that are suitable for luxury companies to adopt for best practices. In addition to Club e-Luxe, which congregates members annually in Paris through a summit where the latest luxury online strategies and applications are unveiled, there have also been e-business-themed conferences organized by bodies such as Luxury Briefing, the Walpole British Luxury Association, the Milano Fashion Global Summit and the *International Herald Tribune*. But what luxury e-business advancement requires today is more than seminars and conferences, which is one of the factors that convinced me that this book should be written.

In continuance with the progression of luxury in the digital age, this book has been written to provide an indication of practices required for the luxury business in the context of the Internet and technology. It contains information, data and analysis that have been collected over a six-year period as well as observations, strategies and applications that have been validated in ongoing practice. It includes conclusions that have been drawn from examining over five thousand websites and web elements during this period and practical insights garnered from consulting for several luxury brands worldwide.

This book is divided into two main parts – Getting It! and Doing It! The first part – Getting It! – serves to explain the progression and current state of luxury online and the second part – Doing It! – provides analysis, strategies and tools of different aspects of luxury online that may be used to enhance its role in luxury management and to ensure its continuous evolution.

References have also been made to the works of respectable luxury professionals like James Ogilvy, through the *Luxury Briefing* journal; Yaffa Assouline through *LuxuryCulture.Com* magazine and the multiple business leaders whose works have been published on Brandchannel.com, in addition to hundreds of websites, blogs, plogs, vlogs, mlogs, social networks, discussion platforms, online communities and virtual worlds. Notable researchers and academics like Kevin Keller and Elyette Roux and business writers like Mark Tungate, Larry Weber, Robert Scoble, Shel Israel and Eric Le Reste have also provided invaluable content through their publications that I have used to highlight the continuous evolution of the Internet and new technologies in the business of luxury.

To the best of my knowledge, the information provided in the following pages was correct at the time of writing (January 2008–July 2009). However, due to the fast pace of the Internet evolution and constant updating of

websites, you may find that some web contents may have changed between the time of writing and the time you acquired this book (or as a result of the existence of this book!). Although the Internet is in constant evolution, I have focused on ensuring that the analyses provided in this book are as timeless as possible, so that they may be applied progressively in different contexts, periods and across multiple product and services categories. Hopefully, you will agree so.

Some of the content of this book has also been translated into English from several languages particularly French, Italian, Spanish, Japanese, Chinese and Korean. In both cases where the translations were made by myself or by a professional translator, we have strived to remain as close to the original version as possible. However, if anyone feels that we may not have done justice to his or her text, I apologize in advance. I also send a note of apology and appreciation to my fellow luxury professionals, academics and others who were aware that I was writing this book and with whom I blatantly refused to discuss its contents. Thanks for understanding that my refusal of unsolicited opinions was not out of disrespect but purely because of the unstructured consensus and inconsistency of thoughts and practices of luxury e-business, as a result of the infancy of luxury online. In other words, I didn't want to be confused.

Finally, I can't resist adding that I'm excited to be a part of this generation where profound change is taking place in humankind's evolution through the digital revolution (I don't know about you). As the World Wide Web celebrates its twentieth anniversary this year, and reinforces its power to influence entire societies and shift the course of history – think the Obama Internet-powered campaign – it has become evident that this will be the most important business platform in the near future and that luxury needs to get its grip on it.

I have thoroughly enjoyed writing this book not only because of the passion I have for the subject, but also because I “lived” the online experience during the time that it took me to write. I wrote bits of this book in different places – Paris, Tokyo, New York, Shanghai, Sofia, London, Moscow, Montréal, Boston, Miami, Mumbai and the list would go on if I were to include several airports, airplanes, trains and waiting rooms (I hope my publisher appreciates this!). But it really didn't matter where I was because irrespective of location, I only needed to be “connected” and I was ready to go. This is the beauty of technology.

I hope you will find some value in this book and that you will agree with me that both the business of luxury and the luxury client have changed forever because of the Internet and digital technologies. If you do, then somehow my intention to make a contribution towards the development of luxury online would have paid off. And I had better stop here because I've been accused in the past of having the tendency to “go on forever” when I speak about the luxury business (that is, if I haven't already).



Figure I.1 *Club e-Luxe, the executive club for e-business professionals created by Luxe Corp, is playing a key role in the advancement of luxury online through providing luxury executives with access to the most advanced and cutting-edge strategies, applications, techniques, tactics, developments, systems and expert knowledge that is required to meet the inevitable challenges that luxury companies are currently facing in adopting new technologies*