

It's 1am in Sydney. A woman wakes up and turns on her iPad. She opens her Burberry app and goes to the latest catwalk parade live from London Fashion Week. She zooms in on a model sporting a trench coat, moving her cursor from the shoulder of the garment down to its belt. As soon as the show finishes, she logs her interest and waits for a customer service representative to call and take her details.

In six to eight weeks – four months ahead of its arrival in store – she receives her product.

This e-commerce initiative, which ran for a week after the recent London show, was a world first, the brainchild of Burberry chief creative officer, Christopher Bailey. So excited was he by the move, after the show he tweeted that the fashion house was “now as much a media-content company as a design company because it's all part of the overall experience”.

Burberry has 2 million fans on Facebook.

Conservative by nature, luxury brands such as Chanel, Gucci, Louis Vuitton and Bulgari have been slow to embrace e-commerce. They pride themselves on the store experience they offer customers. And that experience – with personal service (champagne at times), and a touch and look approach – cannot be re-created online. Furthermore, these brands argue, even if you could sell luxury online, the affluent consumer isn't interested.

Until now.

In October, New York-based Luxury Lab released its second annual L2 Digital IQ Index of 72 luxury brands, ranking websites and mobile applications, digital marketing strategies and social media initiatives to quantify brands' digital competence. Coach ranked number one, Ralph Lauren two and Burberry six.

A Luxury Institute survey found 34 per cent of affluent respondents have downloaded apps to their smartphones, with another 11 per cent saying they intend to do so in the near future.

Luxury brands are now scurrying to be recognised as having the know-how to compete in a digital world. “Today, nobody questions doing e-commerce,” Milton Pedraza, Luxury Institute chief executive says, “but a few years ago there was a little debate in

APPS-PAREL

In contrast with their reputation as leaders on catwalks the world over, luxury brands have perfected the slow embrace when it comes to technology. Will it be to their detriment?

WORDS BY
Hannah Tattersall

ILLUSTRATION BY
Rohan Cain

Pedraza says this is because luxury brands were in the “same constellation but not of the same planet as mass brands”.

They didn't see the web as able to replicate the store experience, without which, they believed, luxury brands weren't luxury.

“They weren't like Amazon.com; they weren't like Zappos.com,” Pedraza says. “They didn't quickly embrace the convenience factor of the internet. They were afraid of it.”

He says it's time luxury brands moved away from Flash sites that take minutes to load and annoy users, to embrace mobile applications.

Sites such as Foursquare can inform sales staff when clients enter a store. “Luxury needs to use that as the centrepiece to groom relationships,” he says. “You're using the mobile device to enhance the consumer and also to enhance the sales professional and make it easier to interact between the [two].”

The biggest mover and shaker in the luxury market, Asia, has spurred the need for brands to recognise online mechanisms globally.

A 2008 study by KPMG International found

says in China alone, 60 to 70 per cent of luxury consumers are 20 to 27 years old. “Luxury brands have to look overall at their strategies because for the first time there's such a big youth market,” she says.

Many global brands are yet to view Australia as a profitable market – in critical mass terms, we are not as important as China or the US. But Australia proved it was a robust market when it came through the global financial crisis relatively unscathed. And with our dollar at parity with the US dollar, Australians are embracing online retail in droves. We are the third biggest users of luxury shopping site Net-A-Porter, where the average annual spend per Australian customer is £728 (\$1190), when the international average is £313.

In a survey conducted by O'Rourke's firm, MO Luxury, in Australia in September, 57 per cent of respondents claimed to have visited luxury beauty websites. O'Rourke says Net-A-Porter has increased confidence in the online luxury market. The Richemont Group bought a 33 per cent stake in Net-A-Porter in April.

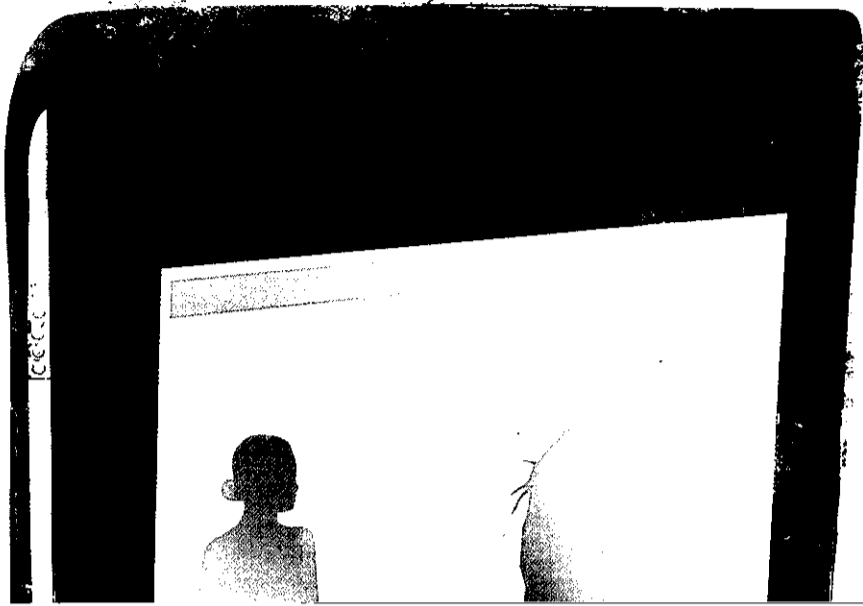
to break rules and push fashion forward.

“But when it comes to business strategy, that's not the case,” he says. “In business strategy, most luxury brands take pride in moving very slowly... they think about things in a decade or double decade way.”

While other luxury brands might see Burberry as a shelf down from them in the luxury store, Bailey's moves in the online world have not gone unnoticed.

Francesco Trapani, chief executive of Bulgari, says his luxury house has “made a massive leap in the scope and sophistication of its online initiatives” in the past few years. It has a Facebook page about its brand, products, events and activities around the world, shares campaign videos on YouTube, and uses Twitter in the US to engage with customers – it has about 4000 followers.

“We're evaluating the roll out of Twitter to other markets, but to date we haven't seen high demand for it elsewhere,” Trapani says. “Expect to see more mobile activity next year.”



plans to launch online shopping in Australia.

Juliet Fallowfield, Chanel Australia and New Zealand's corporate communications manager, says the company has been streaming shows from Paris to Australia within 24 hours, allowing consumers to watch and zoom in on product detailing. But it has not yet embraced e-commerce and she is unaware of any plans to do so. Chanel has a Facebook page and uses its website to alert consumers to news and announcements.