



Top Online Luxury Apparel and Accessories Retailers: What are They Doing Right?

Dennis Wenzhao Mu, Indiana University, USA

Wenqiao Liu, Zhejiang University of Science and Technology, PRC

Sharron J. Lennon, Indiana University, USA

Keywords: luxury, online, retail, apparel, accessories

Introduction. Luxury is traditionally, but not always, linked to wealth and wealthy people (“Global personal luxury goods,” 2015; Kim & Kim, 2017). Luxury is defined as something that is highly desirable and focuses on providing sensory and pleasurable experiences (“Global personal luxury goods,” 2015). There has been concern in the research literature that if luxury firms adopt an online retail format, they may lose their pleasurable sensory experience, their exclusivity, and brand image (e.g., Baker, Ashill, Amer, Diab, 2018; Castillan et al., 2017; Shen, Qian, & Choi, 2017). These researchers and a Deloitte report (“Global powers,” 2017) have commented on the difficulty for the luxury industry of transitioning to a digital distribution system, while maintaining quality and brand image. Yet, a survey of over 1300 luxury consumers from 11 countries (“Global powers,” 2017) found that nearly half of their sample believe that a digital format will become even more important for luxury in the future than today. Indeed, many luxury firms have successfully adopted online sales and, in fact, online luxury sales growth has outperformed instore luxury sales growth (D’Arpizio, Levato, Kamel, & de Montgolfier, 2017). The luxury market world-wide grew by 5% in 2017, while sales in the online luxury market increased 24%. As online luxury sales continue to grow, service expectations in digital and instore channels are also expected to grow (“Luxury e-commerce,” 2018).

Related Literature. Surprisingly though, there has been little research focused on the online luxury industry. Liu, Burns, and Hou (2013) compared online luxury shoppers to instore luxury shoppers; they found that online luxury shoppers most value the online convenience. Kim and Kim (2016) performed a content analysis of luxury fashion retail websites and found that shipping/delivery information was not often available. The researchers also surveyed 319 online luxury consumers. Results found that website customer service features such as order instructions, detailed shipping/handling information, multiple payment methods, information on return processing, order tracking information, and company contact information were rated high in importance. Furthermore, customer service features were positively related to e-loyalty. In a subsequent study Kim and Kim (2017) surveyed 310 online luxury consumers and divided them into high and low income groups. Low income consumers rated detailed shipping/return information as critical whereas high income consumers rated convenience as critical. To add to the literature on online luxury websites, we conducted a content analysis of the top online luxury websites selling apparel and accessories. Our purpose was descriptive and was guided by one research question: What is the state of the art in the top performing online luxury websites in terms of international customer service features?

Method and Procedure. For this analysis we purchased the *Luxury e-Commerce Report* from Internet Retailer, which ranked the world's top 93 (single-brand, multi-brand, and service-only) online luxury retailers by performance in 2017. The subset of these retailers that sold apparel/accessories was content analyzed since apparel and accessories account for 60% of online luxury sales according to the report. Since customer service expectations for luxury are expected to grow, we analyzed customer service features related to international purchasing.

Two coders visited all ranked single-brand retailer luxury websites ($N = 46$) and developed a custom coding sheet that contained 32 variables to assess the service attributes of these websites deemed important for international shoppers. Service attributes were adapted from Kim and Kim's (2016) research that assessed service quality on luxury websites. Two coders coded the top five websites together and established standards and procedures for coding the remaining websites individually. As the coding proceeded, new variables were added after discussion such as insurance and call back service. After checking the agreement rate from the initial coding, the two coders negotiated all discrepancies.

Results and Discussion. The sample consisted mainly of consumer brand manufacturers (34.8%) and web-only merchants (30.4%) with corporate headquarters mostly in the USA (47.8%) and Europe (32.6%). The sites had many customer service features that make it easy to purchase across national borders. On average these websites offered more than 99 shipping destinations. Nearly a third (32.6%) of the websites offered paired language with the shipping destination, so that after selecting the shipping destination, the language of the website changed automatically. International delivery information was largely available (82.6%) on these sites, as was international tax and duty policy information (58.7%). More than 6 payment methods on average were offered on the sites and currency option information was provided by 63% of the sites. The sites also provided some features that make it easy to purchase clothing; 71.7% provided size comparison information and 41.3% provided measurement conversion information. Both features simplify size selection. Many features found by Kim and Kim (2016) to be important to online luxury consumers were available on these top performing websites: order tracking information (97.8%), return/exchange information (73.9%), return labels (65.2%), and contact information such as contact us information (97.8%) and live chat service (45.7%); 100% had at least two contact methods and at least 2 contact phone numbers. Specific contact features that were largely lacking were 24/7 service (19.6%) and call back service (2.2%). Although there is room for improvement, we found the top performing luxury websites to be largely providing customer service information that facilitates international purchasing.

Significance and Implications. This research contributes to the scant online luxury research literature. Specifically, apparel and accessories luxury e-retailers can compare their own customer service features to those of top online performers and use these results to benchmark their own website features. Since the growth of online luxury is predicted and companies are likely to become more competitive, enhancing their online customer service features in the future may increase customer loyalty (Kim & Kim, 2016), and these results provide practical suggestions for features to include on their websites.

References

- Castillan, L., Chheang, C., Denoux, C., Ferrenback, C., Gerard, C., Hua, E., Van Holt, J., & Coste Maniere, I. (2017). Online luxury: The code breakers of a traditional sector. *Procedia Computer Science*, 122, 579-586.
- D'Arpizio, C., Levato, F., Kamel, M., & de Montgolfier, J. (2017). Luxury goods worldwide market study, Bain & Company, Inc. Retrieved from: http://www.bain.de/Images/BAIN_REPORT_Global_Luxury_Report_2017.pdf
- Global personal luxury goods market, 2015-2019 (2015, October). Retrieved from: <https://www.technavio.com/report/global-personal-luxury-goods-market-2015-2019>
- Global powers of luxury goods 2017: The new luxury consumer (2017). Retrieved from: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/consumer-industrial-products/gx-cip-global-powers-luxury-2017.pdf>
- Kim, J.-H., & Kim, M. (2017, November). Luxury consumers' e-service perceptions: Does income level matter? Paper presented at International Textiles and Apparel Association meeting, Belleair Beach, FL.
- Kim, J.-H., & Kim, M. (2016, July). Luxury fashion retailers and consumers' perceptions of luxury fashion websites. 2016 Proceedings of Academic of Marketing Science (AMS) World Marketing Congress, Paris, France.
- Liu, X., Burns, A. Cl., & Hou, Y. (2013). Comparing online and in-store shopping behavior towards luxury goods. *International Journal of Retail & Distribution Management*, 41 (11/12), 885-900
- Luxury e-commerce: The digital transformation of high-end retailing, 2017 edition (2018). Internet Retailer. Vertical Web Media, LLC.
- Shen, B., Qian, R., & Choi, T. (2017). Selling luxury fashion online with social influences considerations: Demand changes and supply chain coordination. *International Journal of Production Economics*, 185, 89-99.