
THE CHALLENGE OF SELLING LUXURY FASHION ONLINE: TFE (TOUCH, FEEL AND EXPERIENCE) FACTOR

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ABSTRACT

One of the most challenging product categories to sell online is Luxury Fashion, which is also referred as sensory goods since they are best aesthetically appreciated and bought by consumers through TFE (Touching, Feeling and Experiencing). The biggest obstacle of selling these brands is difficulty faced to replicate the similar luxurious physical world experience which provides exposure to the consumer by touching, feeling, trying and experiencing. In contrast Luxury online sales are registering faster growth and more number of luxury online players is entering in the market. This exploratory study attempts at mapping obstacles in online luxury fashion sales and profile the leading online luxury fashion brands. This paper concludes with comparison of leading luxury fashion websites.

Key Words: Luxury Fashion, Online selling, Strategies, Internet

1. INTRODUCTION

1.1 The concept of luxury:

Luxury brands are unique and occupy a distinguished place in the mind of both buyers and people who cannot buy but aspire for it. Nueno and Quelch (1998) define Luxury as: Those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high. One more key concept to luxury brands is “rarity principle”: the prestige of the brand gets eroded; if too many people own it (Dubois and Paternault, 1995), the luxury brands must be desired by all and consumed by happy few (Kapferer, 1996). The brands have higher level of awareness, dream value and aspiration but can be bought by only select discerning consumers. Creating and managing ‘aura’ is at the heart of luxury brand system. It is advocated that the aura can be created with the help of body sensors like touching feeling and experiencing, which require a physical world environment and cannot be sold successfully online.

1.2 The state of online Selling and Luxury Fashion

Online buying is more acceptable to a consumer now than few years ago, the prevailing growth in online shopping is 15 times faster than that of general retail sales (IMRG, 2002). We are beginning to see how shopping on the web is related to shopping in more traditional ways; and what we see is more “evolutionary than revolutionary” (Dholakia and Uusitalo, 2002, p. 459). The growth in online sales may be attributed to falling of two critical barriers of global online sales First was retailers have to figure out how to deliver products to consumers around the world cost effectively and how to process payments online while minimizing risk. Now this sounds simple enough -- just take credit cards and use FedEx (Yunker John 2006).

Global B2C e-commerce is forecast to hit US\$562 billion by 2006 (Sharrard, 2001). US leading with online retail sales for 2005 came in at about \$165 billion, a 20% lift over

2004 (Forrester 2006). Internet presence is informational or transactional in nature. The choice between them, according to Quelch and Klein (1996), is evolutionary. We have witnessed companies adopt the information-to-transaction approach: where a company supplies image/ product information and then evolves to offer transactions such as selling to customers. According to a recent National Retail Federation Foundation survey (wwd 2006), 94 percent of retail companies reported having an online presence in 2005, nearly double the amount of 2004. Also found that, for the third year in a row, retailers ranked increasing online sales as their number-one priority. Roughly 6 percent of all apparel that's bought in the U.S. is purchased online. Apparel had been a preferred online purchase item in the past as well; it was reported as a compelling channel for apparel products in the United States (Beck, 2001). The list of favorite purchase categories in the US indicated more than one-third of respondents had purchased apparel and accessories online (Liu, 2001).

Online luxury sales are growing at a faster pace than total online sale, Forrester (2006) reports that luxury online sales, including jewelry and designer fashions, rose 28 percent to \$3.2 billion last year from 2004. That was faster than the 22 percent increase in total online sales, excluding travel, which reached \$109 billion in 2005. However the sale of luxury products in customer-to-customer online market places such as eBay or Amazon.com is an inevitable phenomenon that demands radical action. Last year, sales of Louis Vuitton products on eBay reached US\$ 60 million, while sales of Rolex on the same online auction website recorded more than US\$ 1.5 million per month reported by (IC Agency 2005).

The paradox of 1) the argument that luxury cannot be sold successfully online due to sensory factors and 2) the online sales growth at a faster pace than total online sales is studied through literature survey and observation of select online websites.

2. METHODOLOGY

2.1 The study on challenges in selling luxury fashion online primarily adopted literature survey method for finding obstacles faced by luxury fashion brands in selling online with specific issues relating to touch, feel and experience .The study also attempted case studies and thereafter conducting a cross case analysis for conclusions.

2.2 The study was carried out with the following objectives:

2.2.1 Mapping the challenges faced in online sales of Luxury fashion brands with specific reference to touch, feel and experience factor

2.2.2 Documenting emerging technologies for overcoming challenges

2.2.3 Developing brief case studies of existing luxury online players and conducting cross case analysis for conclusions.

2.3 The study is primarily exploratory by nature and uses extensive literature survey and observation method. The literature survey established the need for conducting the study further by using the case study approach. Within that situation, the author's task was to

understand what is happening and how the players manage their roles Part and parcel of this approach is a comparative orientation and this paper compares various online luxury players. In the current scenario, study began with understanding of Luxury, within that situation; our task was to understand what is happening at luxury fashion online selling front, we did this mostly through literature survey and observation.

3. TFE FACTOR (TOUCH, FEEL AND EXPERIENCE) AND LUXURY FASHION:

3.1 Challenges:

*"It's not just about being able to try the \$500 sweater on. It's about trying it on in a wonderful atmosphere where you are fussed over," --Laura Ries, co-author of *The 11 Immutable Laws of Internet Branding (Business week 2005)*. Human touch is integral to the upscale sale, and those used to it will be hated to part with it. In all, there exists much speculation about the ability to be able to sell clothes online as for example Mintel (2003) suggests individuals like to feel and see garments before purchasing*

Uche Okonkwo (2005) argues that the luxury shopping experience is different from the conventional shopping experience since Luxury goods are sensory in nature and their purchase requires the utilization of the human senses of vision, aural, smell and touch. This often requires human and physical store presence, which is absent in the online virtual environment. The web also lacks the exclusive and prestigious locations where the luxury stores are situated.

Another important study which needs mention is by Francesca and Carolina (2003) attempted to map the attitude of Managers of leading Luxury brands on online selling. The attitude and opinion Managers are summed up as follows:

- The first problem was to how to show a garment in truthful and complementary manner, There is fear of disappointment by what consumer may see as luxury brand on the net
- Not able to touch and feel the garment was another problem, A marketing Manager reported saying 'you need to see and touch the garment and there is a sales assistants advice
- Respondents felt that that the holistic experience could not be transmitted through the web, A Director reported saying 'you remove the pleasure purchase ,that is to go in shop , being received being received all the aspects disappear on the web
- In response to sales, reported that sold 6-7 garments when 6-7 thousand visited the site
- On relationship, are build and developed through human contact the executives felt that it they are made in boutique and in the multi brand stores

The study by Francesca and Carolina (2003) further mapping the consumer opinions on reasons of not buying online top three reasons were: Could not find what they were looking for, The second reason is people like shopping experience – Touch and try, the third reason was security issues.

3.2 Technology issues and TFE (Touch, Feel and Experience):

In online selling only two-body sensors namely eyes and ears are used for Person to person and product engagement Communication compared to In Store where all five-body sensors (Eyes, Ear, Mouth, Nose and Hands) in buying process. By using multiple senses the consumer can draw a complete picture and evaluate product easily for buying. Some positive developments in information and Communication technology for online shopping (Barlow et al 2004)

- Computer processing power doubling every 18 months
- customizing the website by adapting the content of the website and adapting to navigational behavior
- Virtual realities are achieved through wearable technology : Head mounted displays and data gloves
- Hap tic (force or tactile feedback) allows user to touch feel manipulate by using small sensors it is tried to emulate the natural feeling. Small sensor to lightly pull or stretch the skin with thee strength which matches the tactile feel one would get from a real object - Stroking the virtual coat will give the same feeling as a real coat .Digital smell output device when plug in with the computer can give whiff fresh fragrance.

4 WEB PROFILE OF LEADING LUXURY FASHION PLAYERS

The profile is based on information available on the website

4.1 Net-a-Porter

The founder is Natalie Massenet, an American Fashion Journalist .The site is one of the world's most successful high-fashion e-tailer. It is based in London and is accessible to the global customer who likes to see and buy latest clothing and accessories by the world's leading designers, online. It showcases 100 top designers and ships to more than 90 countries around the world. The website was launched in June 2000. Since then, their sales have doubled each year from £1.2 Million in its first year to £11.2 Million last year and announced their profits to be £227000. (screenpages 2006).

The website displays the best looks by the trendiest labels from London, Paris, Milan, New York and Los Angeles that includes Miu Miu, Chloé, Jimmy Choo, Bottega Veneta, Fendi and Marc Jacobs. The site gives a look of a fashion magazine by showing the trends in fashion and collection available for purchase. The information provided for the latest fashion is contributed by the trend forecasters, opinion makers and journalists formerly from Vogue, Tatler, Elle and W which further helps and educates the customer for the purchase decision.

Net-a-Porter targets a global market. The products can be made available in any part of the world by shipping the ordered products with taxes and duties pre-paid. The website is easy to surf and one can easily locate what is required. It gives safe and secure e-commerce experience for its customers. The user can look for the latest trends in fashion by clicking on their magazine link. For shopping, the surfer can view their catalogue available links of clothing, bags, shoes and accessories. For the users who want

to look for collection of particular designers can also select it from the designers' page, and can get their collection available on the website with click.

To tackle the touch, feel factor while online shopping the website provides with the complete shopping experience for its customers, by starting with the look of a magazine which can be informative by giving latest trends and showing the original photographs of the models with clothes and accessories. This can initiate the interest of the customer to continue shopping. In the catalogue the products are displayed which can also be segregated by the designers or by the colors and can select by reading a short brief and thumbnail pictures given with them.

The user can click and read the complete details about the selected product. Different views of the product are available just a click away for the user to have a clear look of the product. We can also zoom in the picture to have an idea about the feel of the product with the enlarged picture. The picture quality is good and helps the customer to decide upon the purchase. There is also a short editor's note provided to give explanation of the product and some recommendation of any accessories that can be bought along with. The clothes are shown on dummies with complete dressing. The user can decide upon the size and colors available. Sizes can be confirmed by clicking on their size charts. At any point during online shopping if the customer has any query that can be taken care of by sending an e-mail to their customer care or by calling them up on the customer care number.

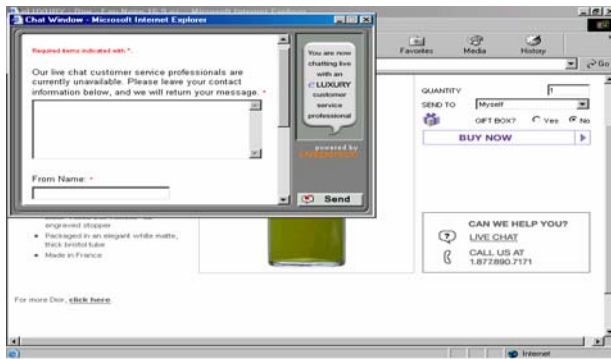
4.2 E-Luxury.com

ELUXURY.com provides the latest fashions for women and men and kids. The company eLUXURY.com, Inc., is owned by LVMH (Moët, Hennessy, Louis Vuitton). The website started in the year 2000 and its corporate office is in San Francisco, CA. The website is working with prestigious names like Louis Vuitton, Christian Dior, Celine, and Fendi, along with prestigious brands - DKNY, Marc Jacobs, and La Perla, by Terry, Baccarat, and more.

Eluxury.com is available for the people living in US only. The web surfers around the world can surf the website for the high fashion products but cannot order for it.

The website provides with a wide variety of handbags, shoes, accessories, women's ready-to-wear, men's clothing, kids clothing, cosmetics and fragrances for its customers. The site also gives the product available at discounted prices (on sale), which are displayed in red text. The user can also select the items to be gifted to one person or multiple persons so that the items are sent in a gift pack.

The user can shop by brand or by category. Site provides with the detailed description of the items selected. Clothing and accessory items can be viewed from different angles and in different colors (if available) by moving the mouse pointer on the required link. We can also view the closer look of the product in the same way. Facility of LIVE CHAT with a customer care executive is also available for the users for the solution of any kind of queries about the product and the procedures. This can greatly help the user/customer for purchase decision, overcoming the obstacle of touch and feel while shopping online.



4.3 Armani.com

The Armani Group is one of the leading fashion and luxury goods groups retails fashion and lifestyle products including apparel, accessories, eyewear, watches, jewellery, home furnishings, fragrances and cosmetics under a range of brand names: Giorgio Armani Privé, Giorgio Armani, Armani Collezioni, Emporio Armani, AJ | Armani Jeans, A/X Armani Exchange, Armani Junior, Armani Baby and Armani Casa.

Their website www.armani.com is very beautifully designed. It shows all the brands of Armani group on one page. Their online catalogues are only for display purposes. Armani is selling perfumes, cosmetics, watches and products of “Armani Exchange” online that too only for US customers. Products of other brands of Armani are not for sale; their catalogues are available to show its latest collection and trends.

In Armani Exchange products are available for men and women. Items can be sorted according to according to sizes and price range. After selecting any item one can see a short description of the product. The user can select the color and size required. The picture of the product can be clicked further to see it from different angles... It also shows the details of the swatches and the sizes. A very clear description is given to the customer. There is no LIVE CHAT available for assistance in shopping but the customer can send an email or can call up their customer care number available on the website.

4.4 Gucci.com

Gucci Group N.V. is one of the world's leading multi-brand luxury goods companies. Through the brands Gucci, Yves Saint Laurent, Bottega Veneta, YSL Beauté, Boucheron, Sergio Rossi, Bédar & Co., Roger & Gallet, Alexander McQueen, Stella McCartney and Balenciaga, the Group designs, produces and distributes high-quality personal luxury goods, including ready-to-wear, handbags, luggage, small leather goods, shoes, timepieces, jewellery, ties and scarves, eyewear, perfumes, cosmetics and skincare products.

The website www.gucci.com gives a very ecstatic look, which is in accordance of the image of the brand. It gives links to 3 locations viz. United States, United Kingdom and Other countries. Online shopping is only available in UK, that too only for ‘luxury impulse’- accessories like shoes, belts, scarves, time pieces, writing instruments etc. No clothing is available for sale online. Catalogues are available online for the users to view. One can zoom in the picture of the items selected. Customer care assistance is not available on the website. Because of the big file size of the WebPages the site takes time

to load. The website is informative for the latest product offerings by the brand. Shopping online can be a difficult experience.

4.5 Neimanmarcus.com

The website www.neimanmarcus.com offers products like apparel for men, women and kids; shoes, handbags, jewellery, accessories, cosmetics, fragrances, home products and many more. The user can select the items according to the brands available or by categories. One can also search for the items required by entering the keywords in the search window. The website has a lot of reward/gift facilities in it. The site is user-friendly. Apparel available on the site is displayed on the models instead of dummies, which gives a real look and fall of the garment and further helps in deciding for the purchase. Pictures can be zoomed to have a clear look but there is no option available to view the product from different angles. A very brief description about the product is given.

For further assistance the user can use the LIVE CHAT with a customer care executive or can e-mail them the queries. The website could have used the 3-D technology of the items available from different views.

4.6 Nordstrom.com

The website offers men's, women's and kid's collection with shoes, handbags, accessories etc. It also offers a separate designer's collection where the user can have the items sorted according to designers. The pages are very simple to understand for a new user. One can easily search by entering the keywords of what is required. The user can search items according to the name of designer or by the product category. For the item selected, a short description is given along with the type of fit (in case of apparel) so that the user can have an idea. This can help the customer to imagine whether the product will suit him/her. The apparels are shown on the real models. For some products different views in 2-D are available. But for the apparel one can only zoom in the picture or have a larger view of the picture.

The website also offers other products, similar to the selected ones, to give an option to the customer, helping the customer to select which is good to have during shopping. For further clarifications of the product LIVE CHAT with the customer care is available giving a complete shopping experience to its customers.

4.7 Vivre.com

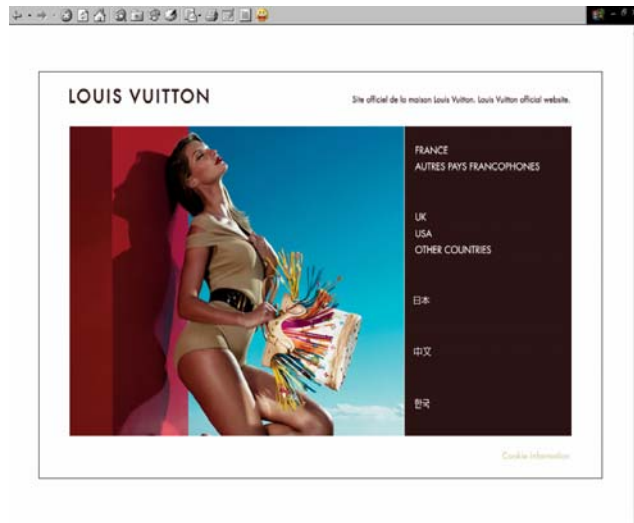
Vivre, the biannual magazine, launched its website Vivre.com in 2001 to meet the needs of the affluent online shopper. It includes more than 150 of the world's most well-loved brands, many of which create exclusive offerings sold only through Vivre.

The website www.vivre.com is the form of a magazine, giving latest trends and articles on latest fashion. It provides its users with clothing, accessories etc. Product search can be a bit confusing for a first time user. Clear description about the product is given when selected with its thumbnail picture. The picture of the product can be seen with an enlarged view and from different views (if available). No different facility is available for the user to tackle the touch, feel experience. No LIVE CHAT is available for

assistance while shopping. The user can send an e-mail for any kind of queries or can call up their toll free number.

4.8 Lvmh.com

World leader in luxury, LVMH Moët Hennessy - Louis Vuitton possesses a unique portfolio of some 50 prestigious brands. The Group is active in five different sectors: Wines & Spirits, Fashion & Luxury Goods, Perfumes & Cosmetics, and Watches & Jewellery. Louisvuitton.com has a beautiful website and buy link with e luxury.com



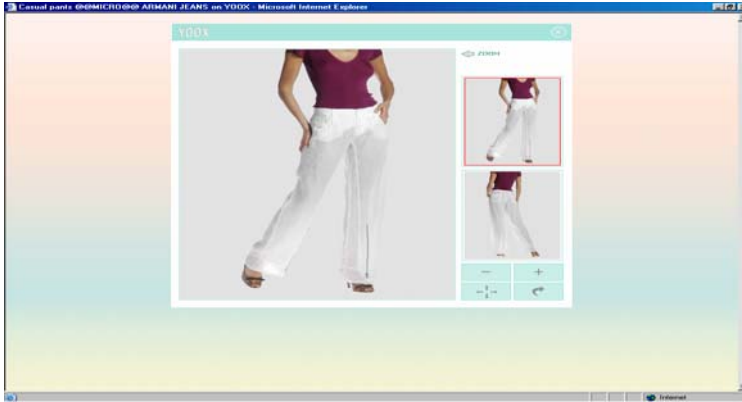
4.9 Yoox.com

YOOX is an Italian virtual store offering a mix of fashion products uniquely via its web-site: items by internationally renowned brands, selected end-of-season items at accessible prices, vintage collectibles and limited editions by cutting-edge designers. The items sold through YOOX'S website are categorized in: women's fashion, men's fashion, baby room, vintage section and talent scout section that are dedicated to young designers. Inside every section, consumers may focus their research by kind of garments, by designers, by size range and by colors. Within these categories, items are broken down to facilitate online purchasing: with the formula "payment upon sale". This turns into a remarkable advantage, as the company does not sustain any financial burden related to stocks.

The user can view products by brand/designer label or by the product list available on the main page. Items are given a very basic description and composition of the materials used. Items can be viewed from the front and back view and pictures can be zoomed in. Pictures are not of very good quality. There is confusion about the item available in different colors and sizes. Although there is a size chart given in the help section giving details of the sizes used but are not very easy to understand.

The user can sort the products by size, color and price. The user can also select to see the number of items (8, 12 or 16) on one page at one go. There is no live chat available for the users. For any queries the customer will have to send a message to the outsourced

customer care from a link on the website. The website does not use 3-D technology to show the garments or different products available for the customers. The website has shown all the products available to the viewer but it takes time for the new user on how to go about it. While looking for items, the user can see the front and back view in a different window-



4.10 Chanel.com

Chanel the international luxury goods company, was founded in France by Gabrielle “Coco” Channel in 1912 and remains one of the world’s prominent fashion houses today. Under the guidance of designer Karl Lagerfeld, the House of CHANEL remains dedicated to luxury, fashion, style and image. Channel website shows the latest designs and collections available with their stores but it is not selling its products online from its website.

Table 1: Luxury fashion brands online:

S.No	Brand	Turnover	Format	Products For	Availability	Touch, Feel, Factor
1	Eluxury	NA	Web Retailing	-Men -Women -Kids	Only US	-Picture from different views -Live Chat
2	Net-a-porter	\$11.2million last financial year	Web Retailing	-Women -Kids	Ships to more than 90 countries around the world	-Pictures from different views - No live chat
3	Yoox	36 million Euro in 2004	-Web Retailing	-Men -Women -Kids	Europe, US, Canada and Japan	-Pictures from different views - No live chat
4	Vivre	NA	-Catalogue Sales -Web Retailing	-Men -Women -Kids	Europe,	-Pictures from different views - No live chat

5	Neiman Marcus	\$241.8 million in 2004. 16.8% increase in 2005	-Retail Stores -Catalogue Sales -Online	-Men -Women -Kids -Home	US	-Pictures can be zoomed but cannot be viewed from different angles -Live Chat
6	Nordstrom	Increased 53.1% as compared to 2004	-Retail Stores -Catalogue Sales -Online	-Men -Women -Kids -Home	US	-Pictures from different views for certain products -Can be zoomed -Apparel displayed on real models -Live Chat
7	Gucci	NA	-Retail Stores -Online	Men Women	-Online Sales only for UK customers	-Better display of Products -Pictures can be zoomed in -No Live chat
8	Armani	Total 1428 million Euros in 2005	-Retail Stores -Online only for Armani Exchange and perfumes, cosmetics and watches	Men woman	-Online Sales only for US	-Better display of Products -Can be viewed from different angles -Better description of products -Pictures can be zoomed in -No Live chat
9	Chanel	N.A	Retail store /Not selling online	Men woman	NA	Overall good experience
10	Louis Vuitton	N.A.	Retail stores/Selling online through e luxury	Men woman	NA	Overall good feeling

Compiled from information available from websites

5 CONCLUSIONS

The following conclusions are drawn on the basis of literature review and cross case analysis. The challenges of selling luxury online are immense, however at the same time opportunities offered by Internet resulting in fast growth of sales of few luxury players

who ventured in the sector: Large numbers of luxury brands have ventured for marketing /online retail. They may be divided in the following groups:

- The group of top of the line luxury fashion brands like Chanel, Christian Lacroix, Cartier etc having website home pages for marketing and communication through video clips of Fashion shows etc. Clearly staying away from online retailing from the fear of not being able to protect Aura.
- The luxury fashion retailers selling “Luxury Impulse” through own website, brands like Hermes, Armani Exchange etc
- Pure web retailer of Luxury fashion like E Luxury, Yoox etc. Providing full service experience through live chat etc.

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ACKNOWLEDGEMENTS

The author expresses his sincere gratitude to Mr.Himanshu Manchanda for his assistance in this effort.

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