

## **Luxury Brands Dip Toes in E-Commerce Waters**

Louis Vuitton, Chanel and other sellers of luxury goods are improving their online offerings in response to customer demand. Online sales make up 6% of the total for luxury goods, triple the share in 2009, according to McKinsey & Co. Loretta Chao WSJ

Luxury brands are finally starting to embrace e-commerce.

Online sales have grown to 6% of all luxury goods sales, up from just 2% in 2009, as companies selling high-end goods give in to the demands of their increasingly tech-savvy customers, said Nathalie Remy, head of McKinsey & Co.'s fashion and luxury practice, and author of a report on the sector due out this week.

Many luxury brands resisted the shift to e-commerce due to a technology gap and security concerns, as well as fears that online sales would dilute their brand. But customers now expect their favorite brands to be online, forcing a change of tactics.

With brands including [LVMH Moët Hennessy Louis Vuitton SE](#) 's Fendi and French fashion house Chanel now experimenting with online sales, e-commerce is expected to make up 18% of luxury goods sales by 2025, Ms. Remy said. The growth is primarily fueled by luxury brands' own websites and department stores, which together made up 44% of online luxury sales in 2014, up from 36% in 2011.

"They started later and they are catching up," Ms. Remy said.

For some higher-end luxury brands, catching up means something very different from how the rest of retail approaches e-commerce. While mass market retailers are building out distribution centers and speeding up shipping to compete with [Amazon.com](#) Inc., luxury retailers often ship in very small volumes. They keep less inventory, and the inventory they have is often spread out on showroom floors across the globe.

Security is also a concern. Brands fear that by giving customers easier access to their goods they are also aiding counterfeiters, Ms. Remy said. Theft is a risk when transporting high-value inventory.

[Sealed Air](#) Corp. , a maker of protective packaging, sells a packaging product with the luxury market in mind called Korvuu, which fixes products in their original retail packaging to the bottom of delivery boxes, making it more difficult to remove them, said Tim McInerney, global director of the product line for Sealed Air. It can be custom printed on the insides of the box to give the packaging a luxury feel, but is designed to be plain and discreet on the outside.

The changes needed for a shift to e-commerce can be especially painful for companies that traditionally allocate much of their spending to building stores that double as showrooms, Ms. Remy said.

Ultimately, luxury brands have higher margins and therefore more leeway to experiment with new ways of delivering their products, whether it's offering a white glove delivery services or more customization options, she said.

Their customers want "a very high bar in terms of experience—they want perfect things," Ms. Remy said.

**For monthly and annual retail trade reports please see the US Census website:**

<https://www.census.gov/retail/index.html>