The state of luxury watch e-commerce.

29 April 2019

Executive summary.

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>40%

Percentage of all luxury watch brands that are selling via their wholly-owned e-commerce channels.

UK/US

The markets in which around 80% of those brands are offering direct-to-consumer services.

Cartier
Louis Vuitton
Dior
Bell & Ross
IWC

Top 5 brands (in the UK) offering the best e-commerce experience in terms of differentiating features.

Foreword.

Christopher Peterson.
Head of Data & Analytics at DLG

Luxury watch brands are slowly catching up when it comes to direct-to-consumer e-commerce. But the few of them who are ahead - Richemont and LVMH - who have decided to speed up their online strategy, are widening the gap.

More than just selling online, their direct-to-consumer approach allows them to significantly grow their knowledge on consumers, grasp fast-changing behaviors, adapt services on a client-centric basis, and overall master the customer experience, from online to offline.

The objective of this research is to provide a quantitative perspective on the state of luxury watch e-commerce and digital customer experience.

Methodology (Part 1).

- Based on **primary research** conducted by DLG Data & Analytics team, this report aims to be a neutral and factual review of the **62 luxury and premium watch brands** identified by DLG for its WorldWatchReport Benchmark. For this study, **only the watch segment** is taken into account: jewelry and accessories segments have not been included.
- What do we mean by "**direct-to-consumer e-commerce**"? When buying a watch online, the full commercial transaction is conducted on the brand's platform (users are not being redirected to a wholesaler, for instance).

Our study is divided in 2 parts:

1. We first deep-dived into the **e-commerce landscape**, unveiling surprising facts on market distribution and social shopping, among other things.
2. Based on an in-depth analysis of 27 criteria, we then established the most **differentiating service offerings** when it comes to e-commerce experience (e.g., we take mobile-optimization initiatives as given). It includes topics such as content, on-demand support, delivery options, exclusivity. This analysis allowed us to establish a **ranking of the luxury watch brands** with the most differentiating online features.

Brands analyzed.

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A. Lange & Söhne | Audemars Piguet | Baume & Mercier | Bell & Ross | Blancpain | Bovet 1822 | Breguet | Breitling | Jaeger-LeCoultre | Jaquet Droz | Longines | Louis Erard | Louis Vuitton | Maurice Lacroix | Montblanc | Omega

Bremont | Bvlgari | Carl F. Bucherer | Cartier | Chanel | Chaumet | Chopard | Concord | Panerai | Parmigiani | Patek Philippe | Perrelet | Piaget | Rado | Ralph Lauren | Raymond Weil

Corum | De Bethune | Dior | Ebel | Eberhard & Co | Franck Muller | Frederique Constant | Girard-Perregaux | Richard Mille | Roger Dubuis | Rolex | Romain Jerome | Sinn | TAG Heuer | TechnoMarine | Tiffany & Co.

Glashütte Original | Graham | Greubel Forsey | Harry Winston | Hermès Paris | Hublot | IWC Schaffhausen | Jacob & Co | Tudor | Ulysse Nardin | Vacheron Constantin | Van Cleef & Arpels | Vulcain | Zenith

62 LUXURY WATCH BRANDS (WORLDWATCHREPORT™ SCOPE)

Brands analyzed.

BAUME & MERCIER
Bell & Ross
BREITLING
JAEGER-LECOULTRE
LONGINES
LOUIS VUITTON
MAURICE LACROIX
MONT BLANC
BREMONT
BVLGARI
Cartier
Chopard
CONCORD
PANERAI
PIAGET
RADO
RALPH LAUREN
CORUM
Dior
EBEL
TAGHeuer
TIFFANY & Co.
Glashütte ORIGINAL
GRAHAM
HERMÈS PARIS
IWC SCHAFFHAUSEN
Van Cleef & Arpels

27

OF THEM ARE SELLING VIA THEIR WHOLLY-OWNED E-COMMERCE CHANNELS

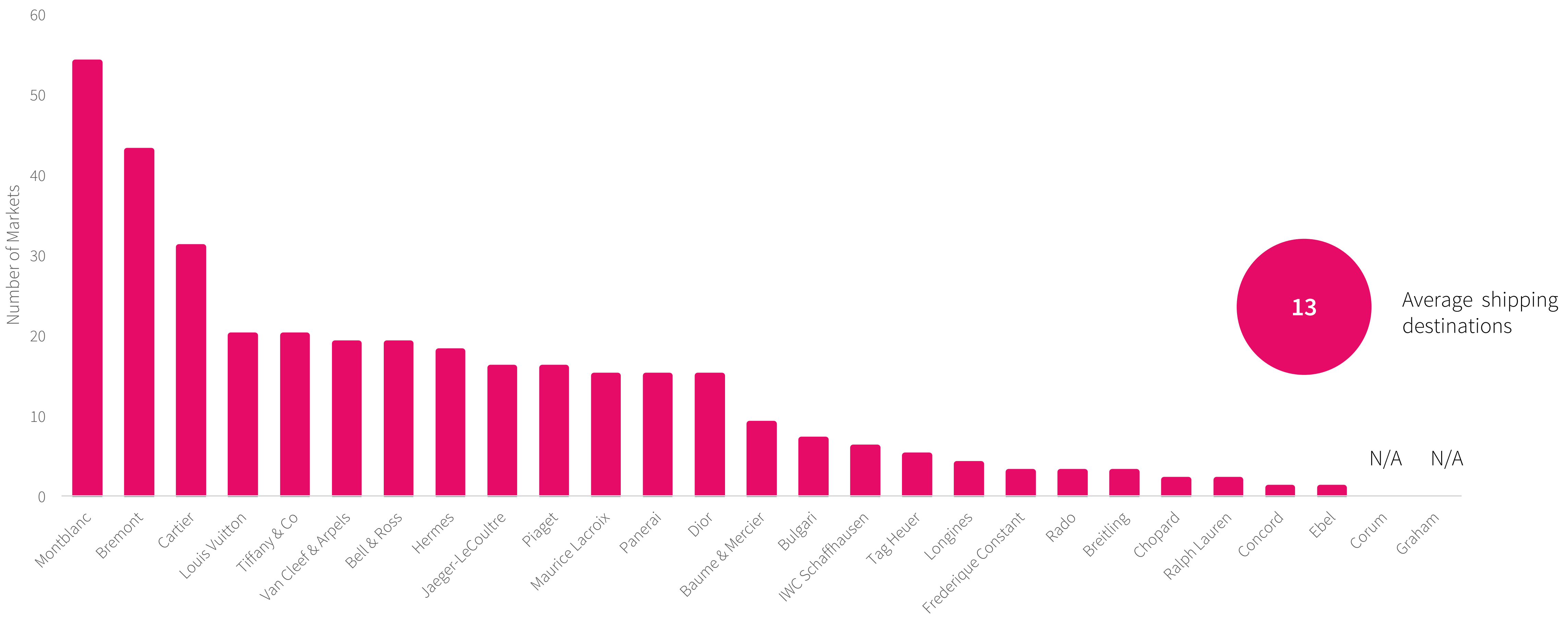
Part 1:
E-COMMERCE LANDSCAPE.

#1

A luxury watch brand sells to 13 different markets on average.

Market distribution by brand.

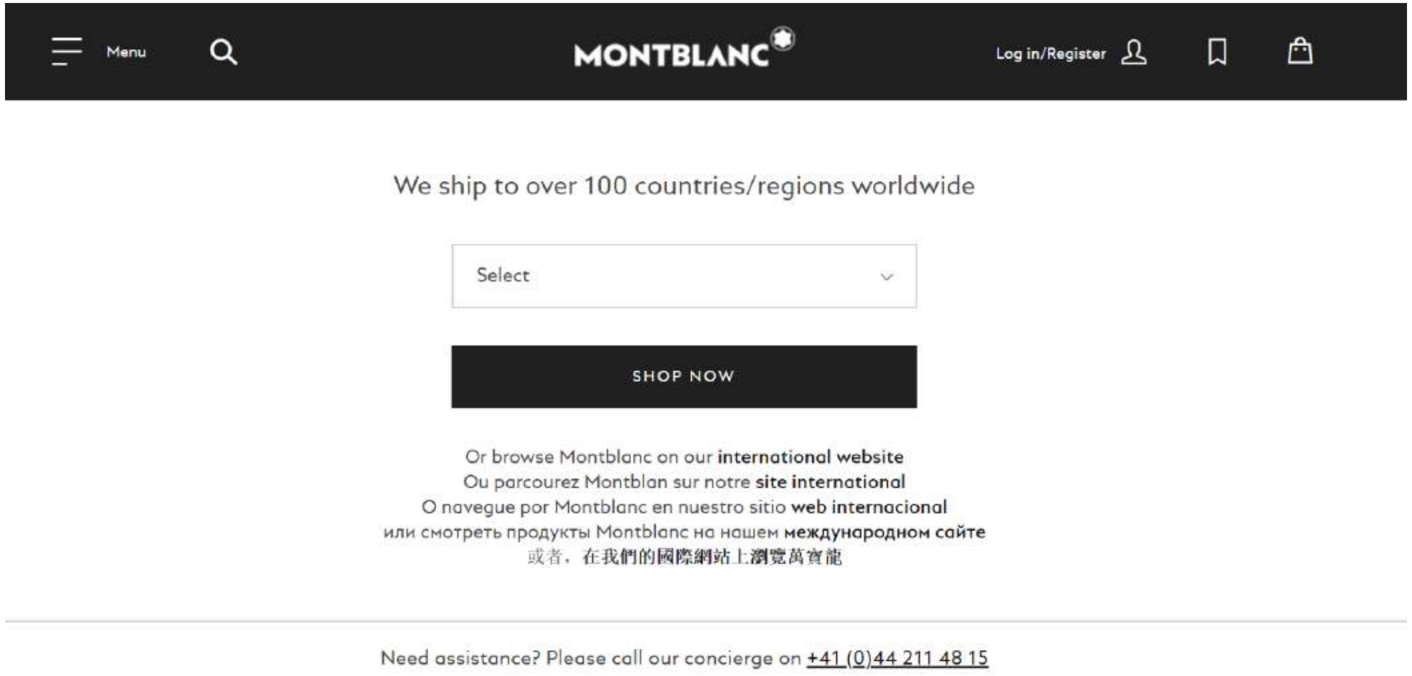
Market distribution tends to be quite limited, with roughly 13 shipping destinations.



#2

Montblanc sells to the highest number of markets.

Leading the way with 54 markets.



- Montblanc launched its own e-commerce platform in 2011. Being a **multi-category brand** has allowed it to develop a strong online purchasing experience across the world.
- Owner Richemont's brands could leverage Montblanc's experience more (e.g., multi-currency, payment methods, logistics network) to facilitate expanding **reach**.

The CEO Perspective.

"In my opinion, omni-channel is the only answer for our client needs in the future. It has to go beyond e-commerce and should open a real experience and simplification for our customers. Their needs and demands are getting more and more differentiated and this will only increase in the next five years. As digital technology grows in importance and becomes a central part of life, it opens up a whole new world in terms of purchasing experiences – and this is where we need to continuously adapt to all the changes and circumstances in order to offer the best shopping experience to our clients."

Nicolas Baretzki

CEO of Montblanc

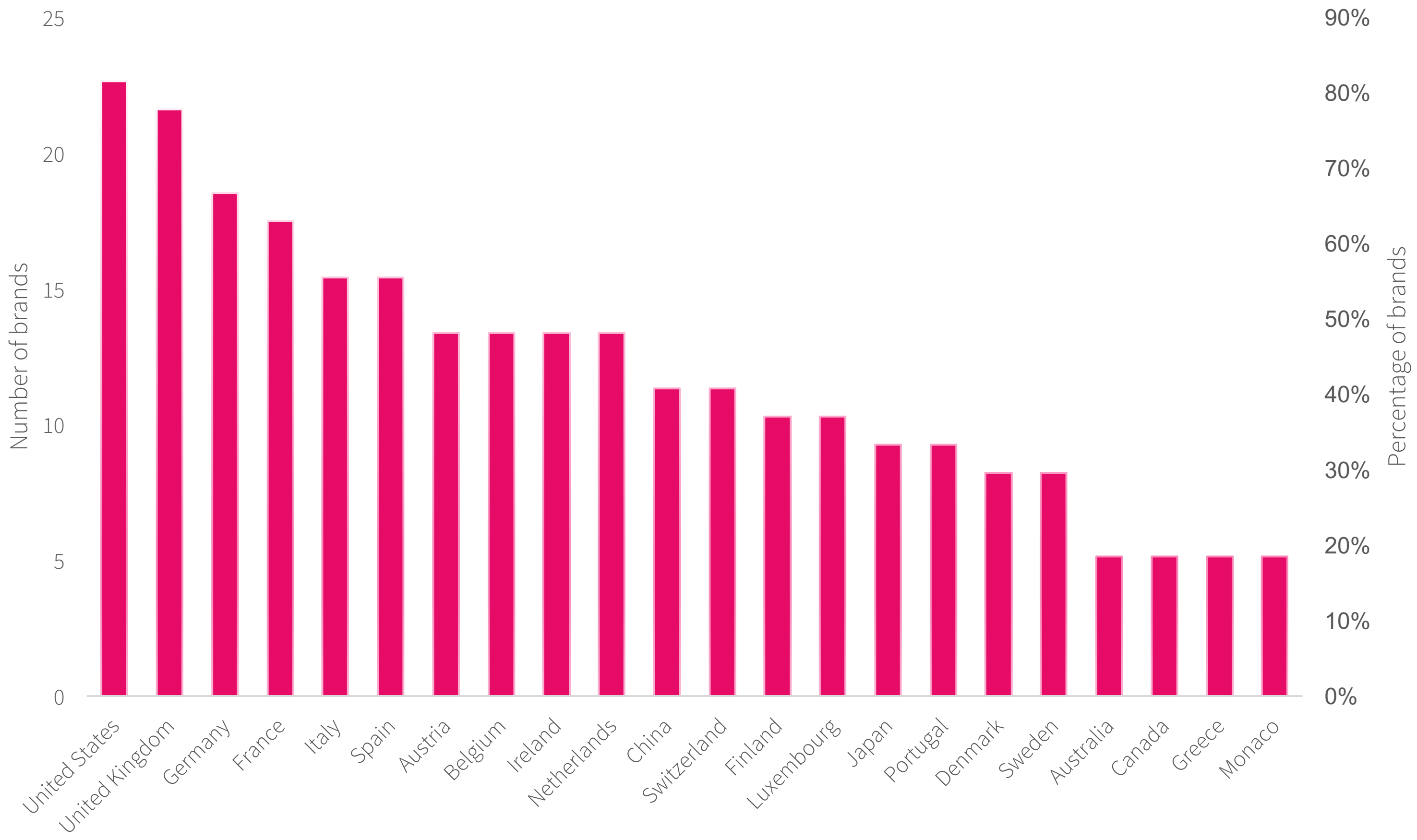
In an interview for Luxury Society

#3

The US and UK are the key markets. Very few brands are venturing into Russia, Brazil, India and South America.

Top markets.

The US and UK emerge as the markets in which most brands are offering direct-to-consumer services.



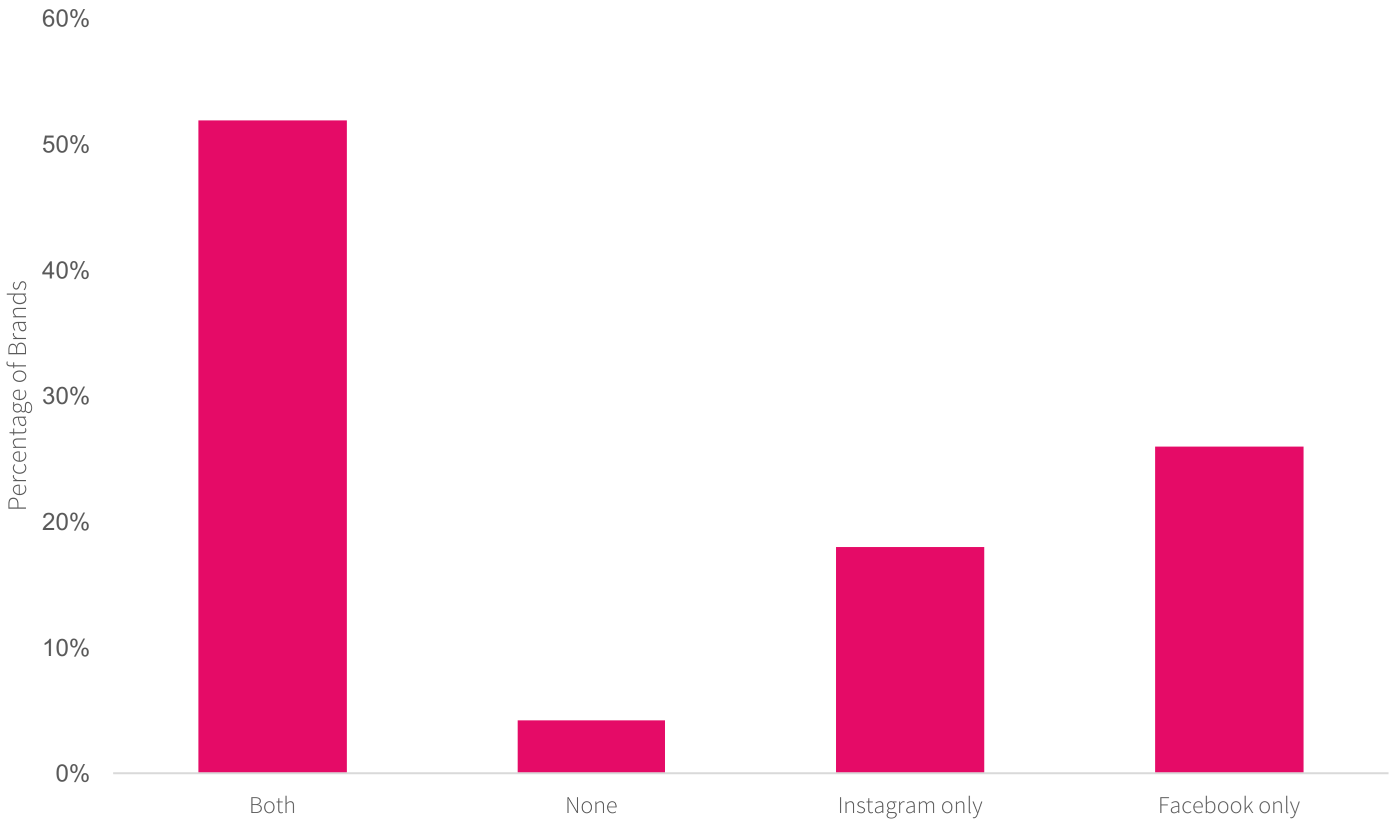
- About 80% of the e-commerce enabled brands offer direct-to-consumer services in the UK and the US.
- 41% of these brands are selling on their own platforms in China (WeBoutiques – e-stores on WeChat – are excluded from the research). In this context, direct offering enables full control of data and omni-channel optimization, without having to depend on third parties. It reinforces trust and authenticity in a highly counterfeit market.

#4

A majority of brands offer social shopping on both Facebook and Instagram.

Social shopping.

14 brands (52%) offer social shopping on both Facebook and Instagram.



- "Social shopping" is increasingly common-place as brands push to create more seamless consumer journey among **very engaged audiences**.
- Baume & Mercier, Bell & Ross, Bremont, Cartier, Chopard, Dior, Jaeger-LeCoultre, Louis Vuitton, Maurice Lacroix, Montblanc, Piaget, Ralph Lauren, TAG Heuer and Tiffany do **both Facebook and Instagram**.
- Although broadly more popular, some brands are still slow to catch-up on offering **shopping capabilities on Instagram**.

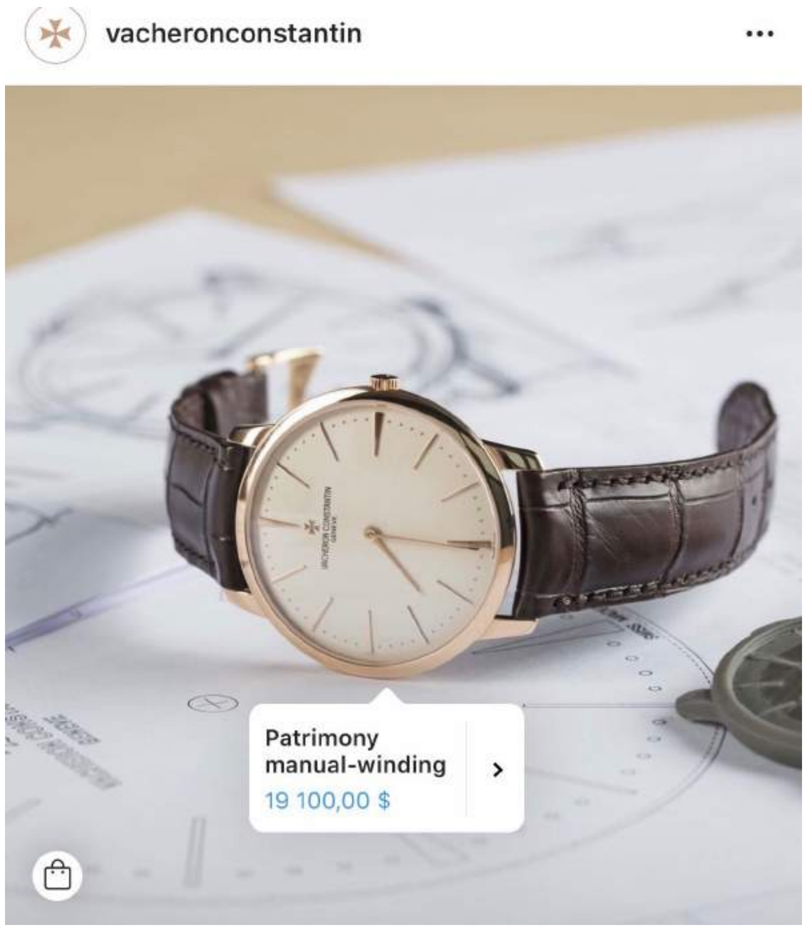
N.B. For multi-category brands, this would be if they offer shopping in any of their categories.
Social shopping definition: brands offer a clear shopping area on their respective accounts within either Facebook or Instagram.

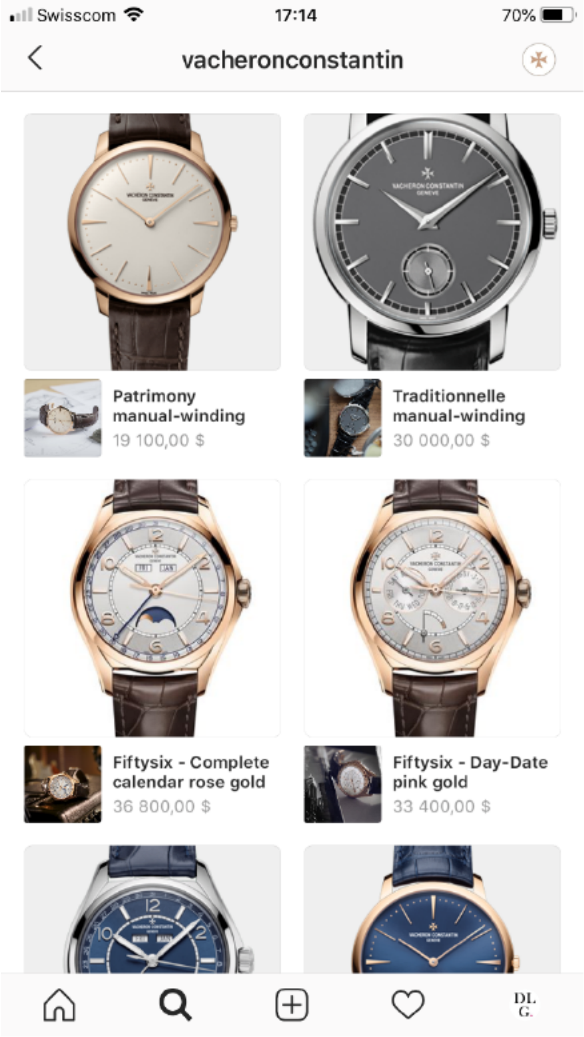
#5

Only 20% of non e-commerce enabled brands offer social shopping.

Social shopping.

8 non e-commerce enabled brands offer social shopping on Facebook or Instagram.





- Carl F. Bucherer, Girard-Perregaux, Hublot, Jacob & Co., Raymond Weil, TechnoMarine, Vacheron Constantin and Vulcain are offering social shopping capabilities on Facebook or Instagram even though they are **not e-commerce enabled**.
- Their posts are redirected to **call to actions** on their brand websites.
- The disconnect between shopping and immediate purchasing exposes potential friction within the consumer journey.

Key takeaways.

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- ✓ Over 40% of luxury watch brands are presently offering direct-to-consumer e-commerce, and not only relying on third parties or wholesalers. Of the brands that are yet to be e-commerce enabled, **50% are Fine Watchmaking**.

- ✓ E-commerce for luxury watch brands remains tightly consolidated and "close to home" with half of brands **only venturing into Western Europe and the United States**. Very few examples of shipping within BRIC countries are surfacing.

- ✓ Despite the complex ecosystem, **4 in 10 brands** have decided to charge into the frontier of offering **direct-to-consumer purchasing directly within China** to reap the full benefits of what such a venture entails (e.g., greater data autonomy, more oversight of the omni-consumer journey).

- ✓ **Social shopping is *de rigueur*,** and even developing among non e-commerce brands. The challenge remains on de-fragmenting the consumer journey, with the release of full purchasing on Instagram to shape the way forward.

Part 2:
E-COMMERCE SERVICES.

Methodology (Part 2).

Meeting basic consumer expectations when it comes to e-commerce and user experience should be a given. The question is:

How can a luxury watch brand take the customer experience to the next level?

To answer that, we listed and explored 27 features considered as differentiating in the online retail industry.

We then looked closely into the e-commerce enabled luxury watch brands identified in Part 1 to find out which ones were offering the most seamless e-commerce experience on their owned channels.

The UK, market number 2 in which most of the luxury watch brands are offering direct-to-consumer services, is used as a point of reference given its ability to leverage local EU parameters (until Brexit, at least), as well as its high penetration of e-commerce shoppers.

27 criteria.

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1. Product Discovery

1.1 Product-level videos
1.2 User-generated content
1.3 Ratings & reviews
1.4 Videos at collection-level

2. Product Localization

2.1 Pre-ordering capabilities
2.2 Order by phone
2.3 Back-in-stock notification
2.4 In-store inventory check
2.5 Stock-level notification

3. Product Tailoring

3.1 Customization
3.2 Engraving/personalization

4. Consumer Service

4.1 Chat function enabled
4.2 Chatbots explicit offered
4.3 Call-back function on chat

5. Payment

5.1 Payment by eWallet
5.2 Payment by digital currency
5.3 Payment from others (e.g. crowdsourcing)
5.4 Gift-card offering

6. Omni-Channel

6.1 Ship to store
6.2 Ship from store
6.3 Return to store

7. Feedback

7.1 Feedback surveys offered

8. App

8.1 Apps offered
8.2 Shoppability of apps

9. Others

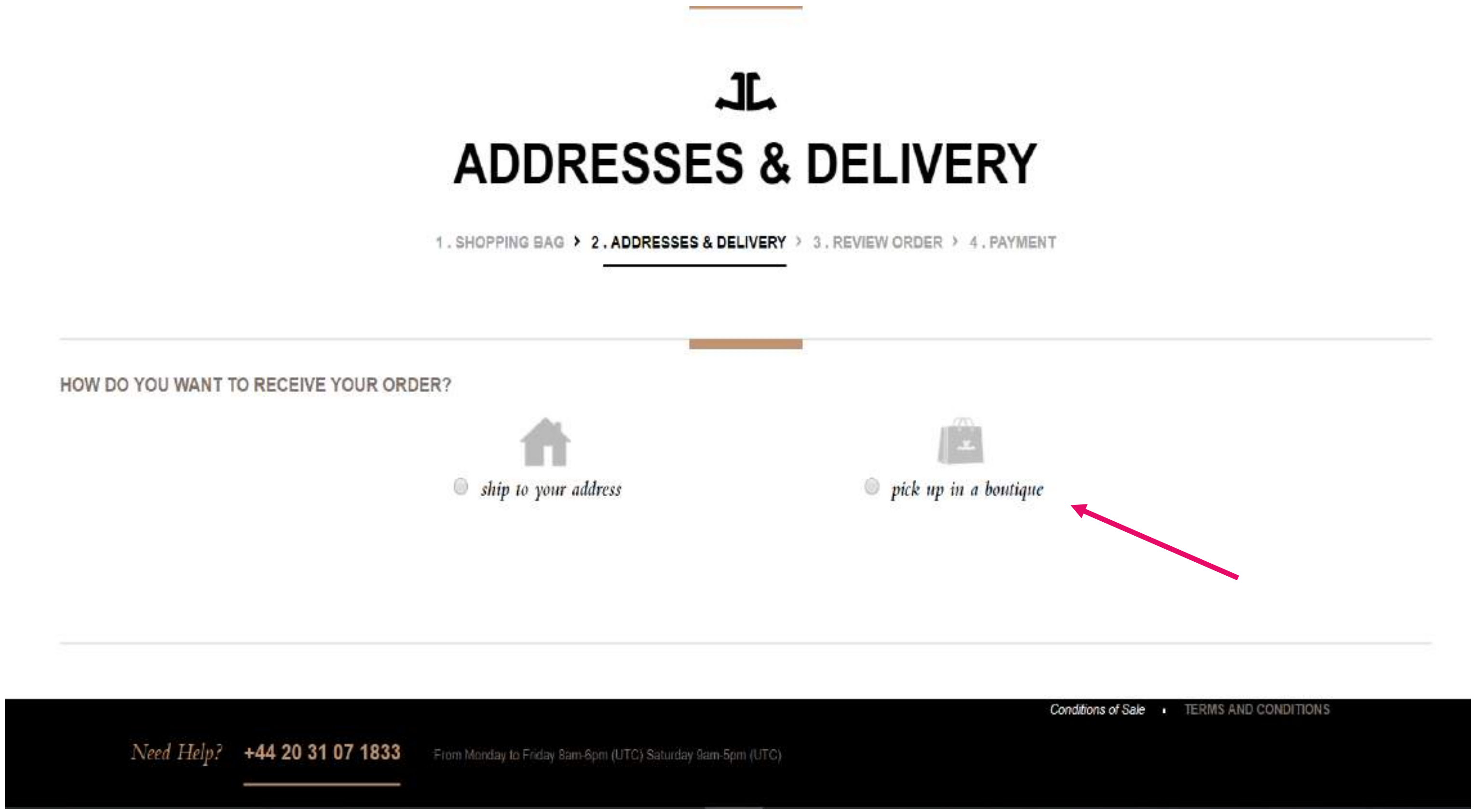
9.1 Delivery options
9.2 Nominated delivery (i.e., ability choose exact day and time of delivery)
9.3 Engagement club

#1

Pick-up in store and videos on product pages are the most leveraged features.

Pick-up in store.

This omni-channel feature is on the rise, but not yet common-place.



- 60% of the studied brands offer the capability of **picking-up an item** at the boutique.
- Only 45% of them allow the customer to **return an item** at the boutique if it has been purchased online.
- Offering this kind of option allows the brand to fully leverage on **omni-channel**.

Videos on product pages.

Interactive content help trigger the purchase .

- 45% of the analyzed brands provide video content for at least some of their product pages.
- While it is more common to run videos on the homepage, supporting a product by a piece of **interactive content** is still niche. It could, however, support the purchase intent.

#2

None of the brands offer customer reviews, gift cards or crypto payment.

Market gap: missed features.

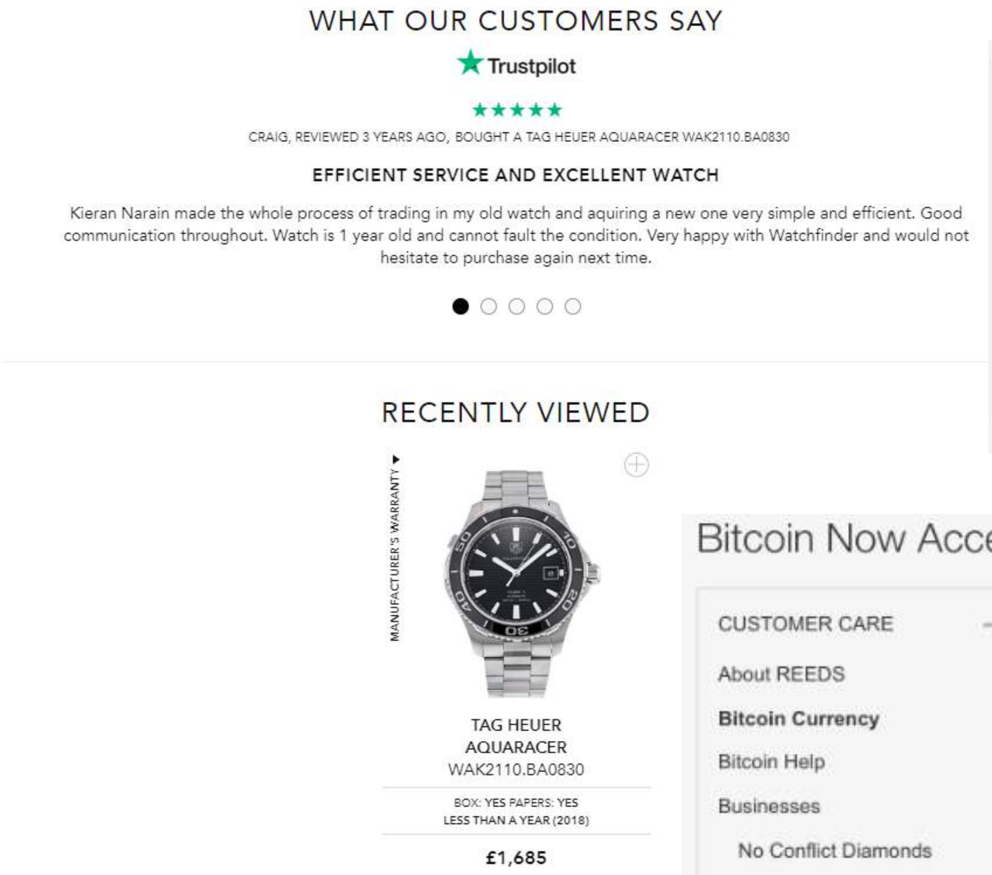
They may seem nice-to-have features, but they actually are those that can make a difference.

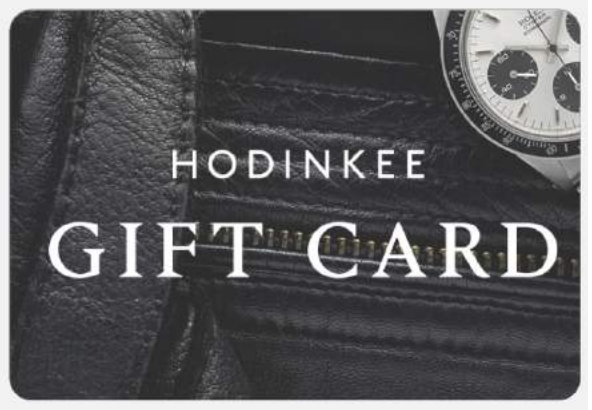
❌ Call-back function on Chat

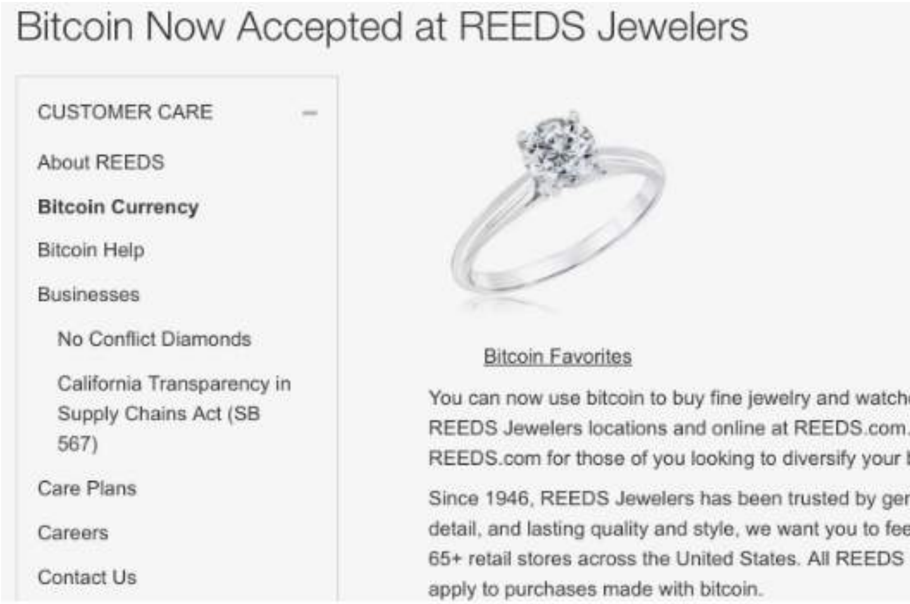
❌ Ratings & reviews

❌ Digital currency payment

❌ Gift cards offered for purchase





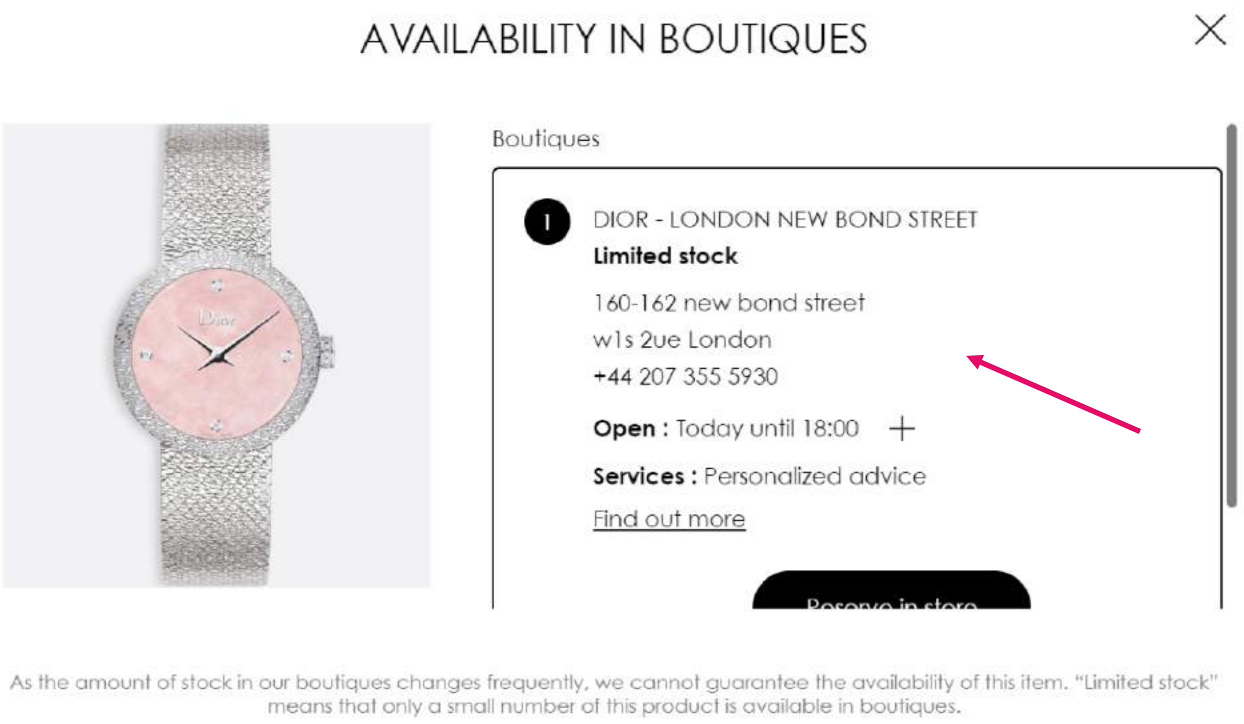


#3

Product localization is the next experiential battlefield.

Product localization.

Triggering the “research online, purchase offline” sentiment.



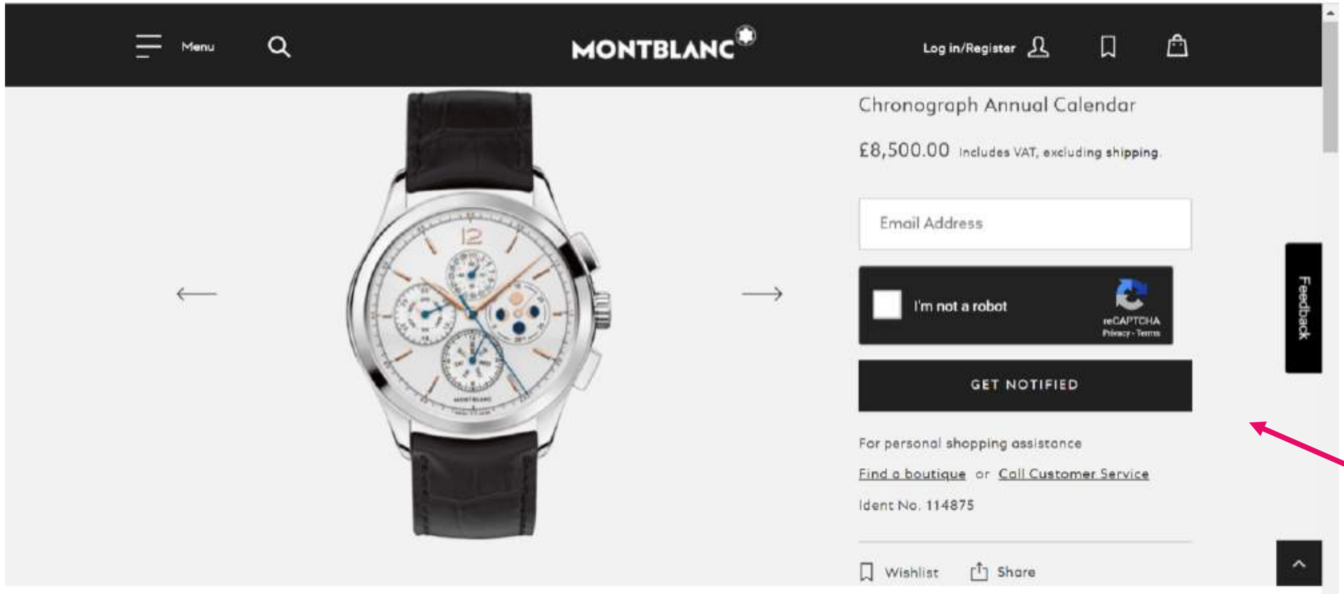
- Almost 3 out of 10 brands are offering **details on the availability** of a desired item in their local boutique.
- Most of the brands are growing conscious of the “**research online, purchase offline**” sentiment, offering useful functions that will support their omni-channel strategy.

#4

Only a few brands engage with their customers on product availability.

Product notification.

Montblanc and Bell & Ross provide transparency on the availability of a highly-desired item.



- Only 15% of brands reviewed offered the capability of **being notified** when an item is back in stock.
- Only 5% of brands are even providing **clear indications** that an item is soon to be unavailable due to limited stock.

#5

Cartier and Bremont are the only brands offering unusual payment methods.

Untraditional payment methods.

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Bremont is the only brand offering eWallet capabilities.

Cartier is not offering eWallet capabilities, but interestingly the brand offers Chinese payment methods in the UK stores.

#6

Conglomerates are ahead when it comes to offering differentiating features.

Richemont brands are leading.

Multi-category brands on top; some outsiders are showing innovative capabilities.

1 Cartier

2 Louis Vuitton

3 Dior

4 Bell & Ross

5 IWC Schaffhausen

6 Jaeger-LeCoultre

7 Van Cleef & Arpels

8 Panerai

9 Montblanc

Cartier.

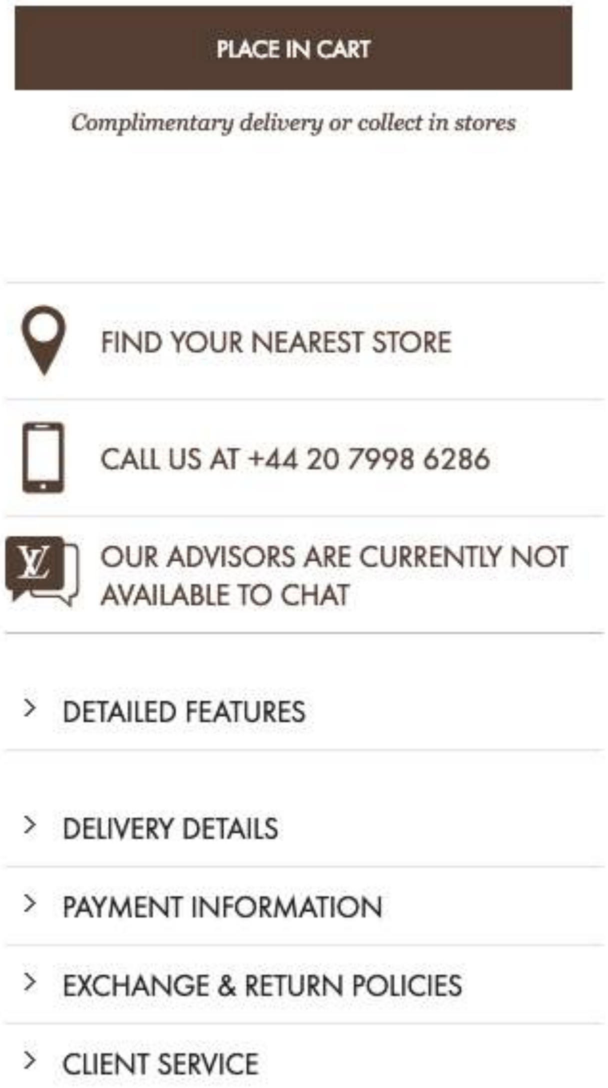
- Owned by Swiss Richemont Group, Cartier ranks number 1 when it comes to cumulating differentiating features on its e-commerce platform.

- The brand offers the top 3 features: pick-up instore, apps, and videos on product pages. Among the most innovative features, Cartier also offers the **Chat function** and shares its **product stock availability**. Those functions are, on average, offered by approximately 40% of the e-commerce enabled brands.

- Valuing e-commerce as an experience, Cartier can leverage learnings from its strong and mature **jewelry segment**.

Louis Vuitton.

- Owned by luxury conglomerate LVMH, Louis Vuitton ranks number 2.
- The brand offers the top 3 features: pick-up in store (including order by phone capabilities), apps, and videos on product pages.
- However, what really makes the difference is the fact that it is often one of the few brands **to offer shopping capabilities within the app** from a consumer experience perspective.
- Relying on a strong experience with **other categories** within the brand (accessories, fashion), Louis Vuitton allows the ability to order items in store and ship to home. It is also part of the few that implemented the function to check product availability within a store.
- From pick-up to returning in-store, the brand is recognized for its broader **omni-channel services**.

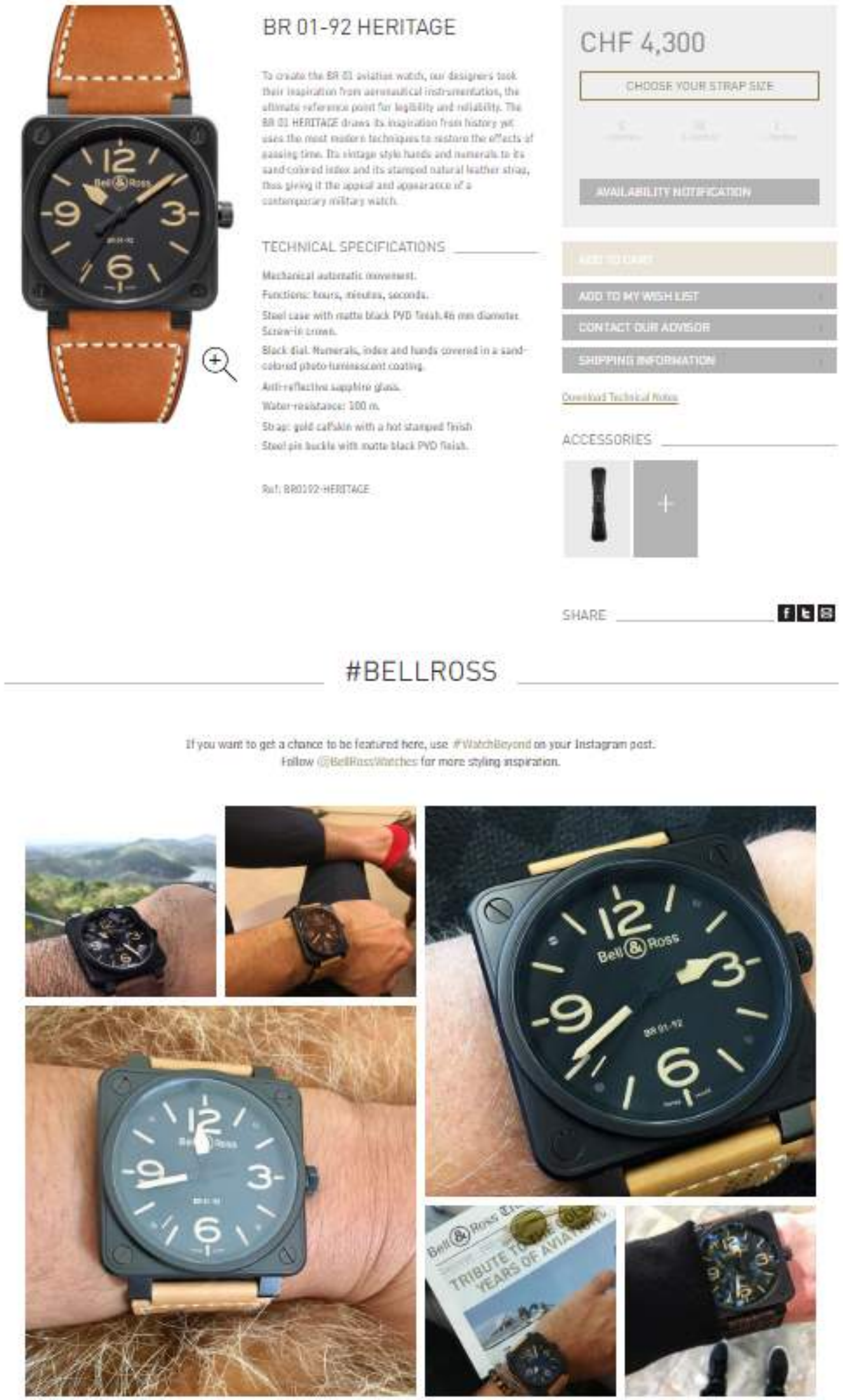


Dior.

- Owned by luxury conglomerate LVMH, Dior ranks number 3.
- In addition to the top 3 features – pick-up in store, apps, and videos on product pages, the brand shows a strong leadership position when it comes to **production localization**: it offers all the features observed.
- Dior is also one of the only brands offering **stock-level notices**, along with pre-ordering and reservation capabilities.
- **Delivery** is the area where the brand stands out against Louis Vuitton and Cartier.

Bell & Ross.

- Bell & Ross ranks number 4 in terms of unique online services offering, overtaking some of the most iconic Richemont and LVMH brands.
- Like the other top ranking brands, it offers the top 3 features: pick-up instore (including order by phone capabilities), apps, and videos on product pages.
- Additionally, it is often one of the few brands – if not the only – to offer **truly differentiating features** from a consumer experience perspective.
- Venturing into the realm of enabling cross-consumer conversation, it is, for instance, the only brand offering **user-generated content** within the product page.
- The brand is one of the few that include the ability to sign up to gain **immediate VIP access** and **out-of-stock notifications.**



Key takeaways.

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- ✓Brands that have risen to the top have a higher affiliation with **other mature e-commerce product categories** (i.e., beauty, accessories, and jewelry) and are applying those learnings, creating a sense of urgency for the broader industry as the bar rises.
- ✓The **omni-channel experience is a key point of consistency** across e-commerce enabled brands, from pick-up in-store to returning in-store. While the consumers do not see the potential barriers between bricks-and-mortar and e-commerce, brands need to provide them with the most seamless experience.

Key takeaways.

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- ✓Commercially, **product localization** will be the next experiential battlefield with less than 40% of brands enabling capability of isolating a product of interest in a local boutique.
- ✓**Brands are still reticent in eliciting feedback** from consumers: this function is key in identifying experience drivers that matter in order to prioritize investments. Additionally, the expression is a gesture on the level of brand openness and authenticity.
- ✓This phenomenon is also reflected in the nascence of product user-generated content and ratings & reviews, where brands are **still keeping ownership of the product experience**.

DLG (Digital Luxury Group) is the digital partner of forward-thinking luxury brands.

With offices in Geneva and Shanghai, DLG blends luxury savoir-faire, industry insights, and digital expertise to provide results-driven digital marketing strategies and services.

FOR MORE INFORMATION.

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