

## Chapter 6

# How to Ensure an Ideal Omnichannel Client Experience With Key Performance Indicators: Focus on Personal Luxury Goods

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### **ABSTRACT**

*By 2025, electronic sales (e-sales) of luxury goods are expected to triple, reaching about €74 billion and standing for one-fifth of total luxury sales. This mix of online and offline client journeys increases the number of digital points and touchpoints. Thus, the journey of the omnichannel client is worth a deep focus. The omnichannel client experience (CX) requires key performance indicators (KPIs) to assess and understand disruption, enhance the experience, and present the “wow” factor. To get fresh insights on CX in luxury/digital retail, a qualitative study (with focus groups) on the omnichannel luxury client journey was conducted to identify specific pain points and KPIs. Results from an online survey quantitative study on poorly or uncovered omnichannel KPIs are disclosed. Ultimately, an overall list of relevant KPIs for CX in the luxury omnichannel retail industry is provided as a guideline for managers.*

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## INTRODUCTION

Online sales of personal luxury goods (i.e., apparel, footwear, accessories, jewelry and watches, leather goods, and beauty products and perfume) account for 8% of the €254 billion global luxury market (about €20 billion). According to McKinsey (2018), by 2025, luxury goods online sales could triple to about €74 billion. One-fifth of luxury sales will be made online. Affordable luxury sales, including the beauty segment, are also growing online. To answer clients' newest demands, more scalable, agile, and technology-savvy electronic retailers (e-retailers) are emerging in the online luxury industry. This group maximizes digital points thanks to a higher number of touchpoints along the client journey (Achille, Marchessou, & Remy, 2018).

However, clients do not neglect physical stores. In fact, 73% of clients explicitly value their physical shopping trips (Ramirez, 2018). Online retail has not replaced the sensory and social experiences that come with shopping at physical stores. Consequently, the typical luxury client follows a mixed online/offline journey.

There are more similarities than differences among traditional and online store shoppers. Only a few unique shopper types are present on online stores, attracted by distinctive characteristics and attributes of the online retail environment (Ganesh, Reynolds, Luckett, & Pomirleanu, 2010). Clients who shop across multiple transaction channels provide higher revenues and a higher share of wallet. In addition, they have higher per client value and higher likelihood of being active as compared to other clients (Kumar & Venkatesan, 2005; Mathwick, Malhotra, & Rigdon, 2001; Neslin et al., 2006).

In 2015, multichannel retailing moved to omnichannel retailing (Verhoef, Kannan, & Inman, 2015). In this omnichannel journey, the typical client increasingly seeks memorable experiences instead of tangible, material goods (Homburg, Jozić, & Kuehn, 2017; Limayem & Hirt, 2003; Mitchell & Harris, 2005). Through this experience, the client aspires for a status, a differentiation, and a sense of quest in a unique moment (Batat, 2017).

Store space will become predominantly experiential and lifestyle-oriented (Achille et al., 2018). Online-offline integration (OI) leads to a competitive advantage and channel synergies rather than channel cannibalization (Herhausen, Binder, Schoegel, & Herrmann, 2015). Today, the client expects a seamless and coherent relationship with brands across these different touchpoints, even as they travel between countries. Creating this consistent omnichannel seamless experience is a challenge for brands that are still organized around channels and geographies (Achille et al., 2018).

Luxury 4.0, a luxury with increased speed and agility, is enhanced using client data, design, and partnerships across the luxury ecosystem. For most modern luxury brands, reverse omnichannel started when stores began matching the quality of the online experience. However, it is a challenge to avoid the dilution of the following essential DNA of luxury products: craftsmanship, unique design, and personalization (Achille et al., 2018). Brands can enhance the client relationship and restore the authentic personal experiences that defined luxury when it was confined to a small elite. Finally, the trajectory of digitalization will likely bring further disruption for which players in the luxury market should prepare.

According to research, one-third of clients separately distinguished experiences on each channel (Kaczorowska-Spychalska, 2017). For many firms and brands, the omnichannel client experience (CX) lacks fluency and relevance. Factors that impact relationship building with the client must eliminate causes of dissatisfaction while delighting by exceeding expectations (Powaga, 2008). The omnichannel CX requires key performance indicators (KPIs) to assess and understand disruption in order to enhance. This chapter creates a comprehensive list from the clients' perspective.

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