

From a traditional paradigm, the term "luxury e-commerce" is an oxymoron. The high-volume, hands-off approach of online sales is a direct contradiction to that of the high touch, human relationship-based luxury retail industry. It is for this reason that, until recently, many luxury brands have avoided e-retail – the belief is that it cheapens their image (Okonkwo, 2010). However, the successful experiences of certain companies in specific regions are gradually giving many luxury retailers a reason to reconsider e-commerce. For example, the luxury retailer Ralph Lauren has experienced huge success in e-commerce (see Figure 1), and is on a mission to proliferate their multi-channel sales model across the globe. South Korea is one of the most recent locations in which Ralph Lauren has chosen to roll out an e-retail initiative. Explosive economic growth across Asia has rapidly expanded the market for luxury goods and services. In South Korea, this growth has been particularly strong and consistent, as has South Korean consumers' appetite for luxury. This strong market growth, confluent with the reputation as the world's most wired country, makes South Korea an attractive target for e-commerce implementation. The Ralph Lauren team came to us with a rather broad request: to help them investigate the potential challenges of their e-retail initiative in South Korea. Through our research, we found several interesting and pertinent optimization models that could be modified to plan for Ralph Lauren's e-retail operation in South Korea, but as we delved into these models we realized that they didn't address Ralph Lauren's paramount mission in Korea, which is to "elevate the brand". For example, Collection customers who enter the Collection portion of the website should also have easy access to most Blue Label merchandise, because they are likely to "buy down" to Blue Label fairly often. However, the Blue Label segment of the site should only strategically display certain Collection Label items (like accessories) – to elevate the attractiveness and inspire demand for the Blue Label items, while not harming the Collection image. Complete integration of the customer experience should be part of Ralph Lauren's everyday operational practice. Store associates should leverage the broad SKU assortment available at the central DC to enhance their customer service capabilities. Behavioral drivers should be in place to reward store associates for creating an online sale (similar to Store-Net in the U.S.). If the customer makes an online purchase from a Ralph Lauren store, the mediation they experience can be mitigated by giving the customer a tangible item to walk out with. These items might be small (so that several can be stocked in a store) but they should not be worthless trinkets. Single batch, unique accessories that customer find value in will elevate the brand image and eliminate mediation. Ralph Lauren should leverage IT enhancements and social networks to tap into the "viral effect" of e-commerce, but be careful to avoid marketing hazards in the blogosphere. We found several mutually reinforcing factors that seem to indicate Ralph Lauren is perfectly positioned to drive towards its twin goals of elevating the brand and introducing e-retail. It will be interesting for supply chain professionals to further analyze this initiative as it rolls out in South Korea and across Asia, and we look forward to re-examining Ralph Lauren's position a decade from now to see how eluxury has played out. There is a clear opportunity for the e-commerce platform to enhance store operations – providing a virtual stock room for store associates to fulfill demand from. We took a step back and zeroed in on our focus question: how could Ralph Lauren elevate its brand while simultaneously launching an e-commerce initiative in South Korea? We agree that Ralph Lauren has synergies to be achieved by bringing e-retail to the traditionally brick-and-mortar business,

and the market is ripe for implementing such a strategy. iPad's @ or similar tablets can be used to complement the limited assortment on-site. Overall, our analysis of the e-luxury opportunity in South Korea is positive.