

Profile: Selling luxury by invite only

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By Thabiso Mochiko

South African shoppers may be holding on to their purses as recession bites, but this hasn't stopped Arnd Herrmann from starting an online shop selling luxury branded goods.

Shopping is by invitation only at Luxury4Less and potential customers need to be registered members who have been introduced by the company or friends.

Luxury4Less, which started in March, has agreements with about 40 international suppliers to sell their limited edition designs, off-season goods, overstock items and new products still unavailable in the domestic market. Herrmann says he intends adding local brands to what he calls a "VIP shopping club".

Www.luxury4less.co.za sells products by brand-name retailers such as Gucci at up to 80 percent below recommended retail price.

It offers clothing, jewellery, accessories, high-end electronic goods and home appliances, as well as luxury outdoor furniture.

"We help those brands to off-sell excess stocks," says Herrmann. He says that a large chunk of the discounts that he negotiates with his suppliers is passed on to his customers.

If a supplier provides a 50 percent discount, Luxury4Less might pass about 45 percent to its customers, Herrmann says.

The company has tripled its customers in the past two months to more than 15 000.

Last month, it registered 400 000 hits. International brands and designer shoes are targeted by the site's clients, who come from all ages, professions and income groups, according to Herrmann.

Despite the negative economic climate, Herrmann is confident that Luxury4Less will reach break-even point.

"Like every start-up business, we are in an investment phase. We are confident of break-even within our first two years.

"Our product set is particularly appropriate in our current economic downturn in that we are able to provide consumers with lifestyle products at huge savings," he says.

The company recently received a cash injection from "two strong investment partners", Trivest and Anmmer Partners, he says.

Next month, Luxury4Less plans to launch a Zulu language version of its more4bucks sister site, which it describes as an e-commerce community.

At present, more4bucks employs campaign managers to identify and run campaigns, customer-relationship managers to manage the fulfilment of orders and customer enquiries, and a business developer.

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