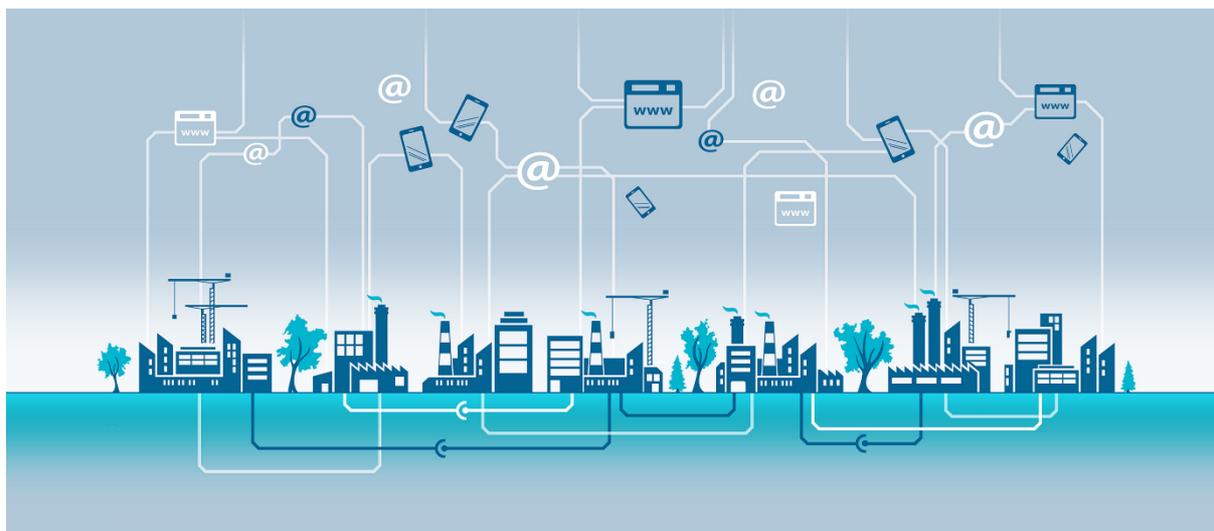


# Project Future Ecom: Business Model Luksusbaby (Luxury Baby)

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It is estimated that in 2020 B2B e-commerce in EU will be twice as large as B2C in terms of sales which proves a huge unrealized potential for EU SMEs.

There is a risk of being surpassed by frontrunners as most SMEs have not even taken the first step in this direction.

This business model case describes a born-digital web shop case.

## 1. Overview

Luksusbaby is a web shop that sells luxury clothing for babies and children (ranging from 0 to 16 years old). The clothing come from well-known designer brands and the product range also includes ecological clothing.

The beauty with this business model is as actually how the business was started. Luksusbaby today is operated by a couple living together (Morten and Ann-Louise). When they got their first child 5 years ago (2015) Morten was working as a policeman and Ann-Louise was working in the clothing design business.

They wanted to dress the child in well-known designer brand clothing but was not able to source it easy and convenient. After some sourcing here and there on the internet they decided to start a web shop in order to make luxury baby clothing available to everybody from just one web shop – Thus LuksusBABY.dk was born.



The Luksusbaby web shop was established in 2015 with the focus of providing high quality designer brand clothing for babies and children together with a strong customer centric focus.

Since 2015 the web shop has constantly been expanding and today the web shop has a turnover of 12 million Euro (2019) with a gross profit of 2 million Euro and ships more than 500 parcels a day primarily inside Denmark however roughly 10% ships abroad.

In order to increase the business Luksusbaby has established a physical shop I Aalborg where customers can see and feel the clothing before the buy. This is like an upside-down approach as you typically has a physical shop and then establish a web shop. However, based on vast customer feedback requests for being able to see and feel the clothing and the quality of the clothing Luksusbaby decided to open a physical shop in 2019. The physical shop now adds to the turnover with approximately 10%.

Below some of the luxury brands sold by Luksusbaby



## 2. The Digital Opportunity

Luksusbaby spends a lot of effort in making the website user friendly and easy to navigate on thus making it seamless and “painless” for the consumer to do the shopping and payment on the LuksusBABY.dk website.

Luksusbaby utilize the web shop tools for website optimization here under Google Analytics etc. and use the Coolrunner (see business model Coolrunner) shipping solution for their logistics thus securing a same-day or next-day delivery schedule.

Shipping a parcel with Coolrunner is a paperless effort thus booking, tracking, shipping and all the way up to the delivery to the customer is handled digitalized by Luksusbaby’ ERP systems communicating with and through Coolrunners IT platform.

### **3. Impact on Value Streams**

Luksusbaby is a dedicated web shop with a physical shop that focus on customer intimacy and has found a business model together with a product range of clothing that full fills a marked demand not previously full filled.

Luksusbaby are besides a web shop also a platform solution that connects suppliers (in this case designer branded clothing for children) and customers (in this case parents seeking an easy way to get access to a variety of designer branded bay and children clothing).

The customer pains are eased by the web shop and the platform solution which typically is good starting point for starting a business.

Their business model is based on a traditional shop mark-up model from the supplier to the customer.

Since the beginning in 2015 Luksusbaby has expanded the product sortiment to also include complementary products to children besides clothing and this supports a constant revenue growth.

### **4. Lessons learned**

Main lessons learned:

- Find some “customer pains” and provide a solution and you have foundation for starting a business.
- Stick to your core competences and/or interests in the value chain, that is implement a platform solution that takes the “pain” away from the customers by seamless and effective connecting the customer with the suppliers.

### **5. Transferability**

The Luksusbaby business model is transferable to other business where you as a platform provider connects seamless and effortless the customer and the supplier together and make

your business model as a “transaction fee” model – in the case with Luksusbaby it is mark-up model.

Luksusbaby is primarily a B2C business but can be copied to a B2B business without problems.