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Application of Digital Media on Building
Luxury Brand Awareness

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “Application of Digital Media on Building Luxury Brand Awareness “. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on November 7th 2018

Signature

Phan Thi Thuy Trang

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I hereby wish to express my appreciation and gratitude to the supervisor of my thesis, *Ing. Marija Zlatić, Ph.D.* for inspiring me during her class of Luxury Marketing and for being patient and enthusiastic. Many thanks send to my family who always support me, mentally even they live so far away. Last but not least, I am very grateful for having Beatriz Sousa and Christopher Gilliland as my friends, they helped a lot during the process of writing this study.

ABSTRACT

This thesis is conducted on the purpose of exploring the current implementation of digital media to build luxury brand awareness. It applies available knowledge of luxury marketing from leading scholars, most up-to-date data findings and reports from world-class research agencies. The problem space was identified from the changing path-to-purchase of new luxury customers forces that reveals how digital media has been influencing customer's decision on choosing luxury brands.

The study adopts a pragmatic approach that appears best suited to the research problem. Based on available literature, recent data, real-life cases and an organic online survey, the research was able to visualize the core application of selected digital media tools that are essential to attain more brand awareness. This includes social media marketing, e-commerce strategy that links to luxury omnichannel and disruptive technologies which will reshape the industry in a near future.

Nowadays, approximately 80% of luxury purchases are proved to be digitally influenced (McKinsey, 2018). New luxury customers are said to be trend followers and often buy from top-of-mind brands. Market-winning luxury brands are those that realize how their customers engage on the Internet. They must successfully immerse digital marketing to existing branding strategies but persist in being exclusive. The approach is to build a digital ecosystem that intertwines various digital media tools to strengthen luxury brands advocacy. Such ecosystem will be introduced towards the end of the thesis and modified by findings from the survey to come up with diligent recommendations.

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INTRODUCTION

The luxury business has long been known as an exclusive and exceptional business with creativity and uniqueness serving the needs on the top of consumption pyramid, winning their customers with aspiration, desire and timeless value. In order to keep their desired images, luxury brands have always tried to come up with innovative and effective marketing strategies, to create their distinctive propositions but also to keep the exclusiveness of the brands. On the parallel world of the Internet, the blossom of social networks, the shift to e-commerce and even the rising of sharing economy have changed people's lifestyles and their way of communication. Luxury business will surely not look away from any opportunities to gain their customers' attention. It is a visible opportunity for luxury brands to exploit. However, the right methods of approaching this huge and arising group must be carefully considered.

For a long time, luxury brands with a few exceptions have held their hesitation to embrace the opportunities of online channels and digital technologies, despite their consumers' changing pervasiveness of the Internet in their daily lives. Today, luxury brands have already taken their entrance into the world of Internet, seeking for the right way to implement digital marketing tools, somehow not to be left behind but also keeping their heritage. They are trying to be visible online, to start a conversation especially through social networks to deliver their messages and create more bonding relationship with their current and potential customers. Such luxury brands as Louis Vuitton, Chanel, Hermes, Cartier, Rolex and Calvin Klein are already establishing strong online channels to communicate with their audiences and integrating those into their business strategy. The awareness spreads so quickly that Burberry's former CEO Angela Ahrendts and chief creative officer Christopher Bailey declared that they wanted the brand to become the first fully digital luxury company.

Today's marketing is being reshaped by the progress of technology and digitalization. What would be the best way to communicate and build relationship with customers, including traditional advertising, point of sales, usual promotion seems to miss the point since our target is getting smarter, harder to persuade. They simply have more information in their hand. Marketers with the help of technology nowadays are exploring the whole new way to catch the consumer's attention, if they go online then we go online. Creating and applying different digital media tools such as e-commerce,

online advertising and social media, luxury brands try to adapt with the new changes. Meanwhile, mass marketing tools were never appreciated in the luxury world. The known strategy of luxury marketing is to create affinity, belief, ritual and icon that supposed to last eternally. Based on that goal, luxury brands usually have different approach on promoting their “arts”. However, these days we often see the presence of those iconic brands such as Chanel, Burberry, Bentley, Louis Vuitton or even Tag Heuer on the Internet with successful campaigns using innovative digital marketing to win over the audiences. Recording digital budget of luxury brands on digital marketing increased approximately 3% in 2016 (Bain & Company, 2016), most of luxury brands nowadays have their social media accounts on most platforms, from Facebook to Instagram to Snapchat, interacting with their fans and customers. Apparently, they have the incentives to act so and it caused certain victory in term of brand awareness and sales. By all means, the real impact should be measured in time. The question of whether digitalization is the right path to take without destroying the luxury images, is still under debate.

With all that in mind, I would like to dedicate this research to figure out the trend of using digital media in luxury marketing strategy, how luxury brands are implementing those tools to their universe and if they are delivering real impacts.

The aims of the study

This study aims to conduct an explorative research to answer the thesis question within the chosen framework, collected data and organic research survey. Even though luxury brands are more present on the Internet, hesitation is still there, and they clearly need a digital transformation of their owns. Reported data has shown the inevitable trend of applying digital channels but there is still inconsistent use of online media from traditional luxury brands. At the end of 2017, the luxury online sales increased by 24% to reach an overall market share of 9% (Bain & Company, 2017) but there were only 40% of luxury brands selling their products online and with a younger age of luxury shoppers from 18 to 34 years old (Bain & Company, 2017). Luxury brands are missing out the imperative nouveau riche millennial who will become their main target audience in the near future.

During my literature review and early stage research for the study, I came across recent findings and models, which will be introduced later that would provide

applicability in real-life scenarios. In addition, this study also aims to point out the linkage between rising purchasing power of new customer forces and the indispensable role of digital media in acquiring brand awareness that results in the luxury customer changing path of purchase.

Moreover, this study was inspired by the Luxury Marketing course I took during second semester of international business master program which had introduced new concepts and marketing strategies that I valued much as a student who is aiming to pursue a career as a marketer, especially in digital sector. With this study, I personally aim to gain more insights and real-life applications of digital media in luxury business, my dream combination. I would focus more on “why” and “how” gap of the research question rather than answering “what” which has begun to reach saturation.

The general aim of the study is to examine the applications of digital media on luxury marketing to create brands’ awareness through basic luxury marketing knowledge, today’s changes in luxury business and primary research to validate the information. Therefore, setting the objective of the research is fundamental, firstly to keep the discussion in track and then a throughout structure so all the findings would connect to each other. The aims of this research were discussed but there is no harm to summarize and condense them into clear objectives.

Research objectives

Based on the cited main goal above, I would like to deliver the objectives of this research, what will need to be achieved as going the end of this paper. Including:

- Indicate the evolvement in luxury path-to-purchase of new luxury customer base.
- Identify the essential tools of digital media and how they are integrated in luxury branding strategy.
- Recommend on how luxury brands can effectively implement digital media to build brand awareness.

Research overview

Different methods were used to construct this study and conform to pragmatic paradigm as the main methodology that was adapted:

- Literature review
- Theoretical study on luxury concepts and brand awareness strategy
- Analysis of recent luxury consumption reports
- Critical analysis of new trends and forecast
- Survey on luxury brand awareness on social media

Literature review comprised basic knowledge of luxury marketing extracted from *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands*, Jean-Noël Kapferer (2012) alongside with available knowledge and findings of digital luxury, mostly from recent luxury reports conducted by top research agencies such as Deloitte, Bain & Co and McKinsey. In this dissertation, sources of literary focused on recent findings from journalists and academic articles following the framework of valid knowledge.

In chapter 1, theoretical marketing strategy of luxury brands was discussed, firstly to better understand why brands have such important role in luxury marketing and how brand awareness could contribute greatly in building brand equity.

Then in chapter 2, the recent changes in luxury business with which new luxury customers have been evolved are discussed. This chapter is concluded with a new path of purchase and how it results in the need of better communication in online channel. New secondary data was analyzed to explain such changes.

The following chapter uses various cases and real observation of how luxury brands are implementing online channels to communicate with new luxury customers. The study then listed available digital media tools that were adapted to raise luxury brand awareness. How digital integration has been benefiting luxury brands and even drove their online sales.

Chapter 4 comprises of research methodology, online survey findings and recommendation. Methodology explains why a mixed method was adopted throughout the research and why online survey would serve the purpose of the study. Recommendations are based on the survey findings and concentrate on what were identified as the aims of this research.

1 CHAPTER 1: BUILDING LUXURY BRAND

AWARENESS: A LEAD TO ONLINE

One of the most essential branches of the study is to point out the importance of branding as a strategy in luxury business and brand awareness is the key factor that impacts consumer behavior. Besides, brand equity is considered the most valuable asset of luxury company, there is no luxury without brands. Therefore, this chapter was designed to put luxury and its branding strategy in perspectives and to open up a discussion for newly integrated digital channels in building luxury brand awareness.

1.1 Luxury concept. A luxury brand's identity

1.1.1 A brief look at luxury

Today luxury is everywhere, from the high-end fashion brands to the exclusive boat trip, a million-dollar car to a six-star hotel in Maldives. Everyone wants to feel and live luxurious life or even owns a luxury business because the idea of it excites people. “Managers and marketing people regularly invent new terms to qualify luxury: true luxury, masstige, premium, ultrapremium, opuluxe, hyperluxe.” (Kapferer, N. 2016) But if everything could become luxury, in the end, what is luxury? The concept of luxury is problematic by so many on-going activities in the industry that makes people forget the profound meaning of luxury. It is as old as Homo sapiens and the idea of it lies below the surface of luxury consuming goods and services. It is simply a strategy, a very strict set of rules that distances itself from the normal consumption rules that are set by many economists. If we want to market luxury, firstly, we need to understand the idea behind and what luxury is about. One best way is to look at its origin.

1.1.2 The concept of luxury

The word “Luxury” is from Latin word —“Luxuria” which represents the surplus and the superfluous object in daily life. (Danziger, 2005). However, throughout its developing stages, the term “Luxury” has derived different definition created by economists and scholars.

The history of luxury can be tracked back to the ancient period where the death is usually buried with their most valuable things. Leaders and important social classes are buried in magnificent tombs surrounded by gold, precious wealth, to show off their high hierarchy and at the same time reflects the religious belief. In today modern life, luxury

is not playing the myth card but rather become a more reality approach to a wealthy worthwhile life experience.

One of the first economic concept of luxury goods was given by Adam Smith in his 1776 book *The Wealth of Nations* where he differentiated the necessity goods which follow the demand-supply rules from luxurious products that surpass those general rules. Meanwhile he approved luxury was driven by social wealth accumulation.

Luxury derives from daily life such as high-end fashion, luxury car, tourism and hospitality, entertainment. However, it has changed from a negative notion, damaging the public virtue, to an essential promotion of consumption. According to analyzing the historical opinion to luxury and political science, luxury also is one of the symbols of social classes and social status. (Berry, 1994; Tsai, 2005; Vickers & Franck, 2003)

Danziger also defines luxury products in the perspective of consumer applied psychology as that luxury is relative to consumers' desire, wishes and fantasies rather than the physical products. This consumption needs sometimes is superfluous but an intense desire. (Danziger, 2005)

Kapferer and Bastien believed the aim of positive luxury could benefit the country's peace and the universal pleasure. It could improve one's social look by increasing own-esteem in others' sight. Positive luxury should not become a predisposition of addiction but one incentive to realize one's true self which could reveal on 13 appearances. It is the key purpose of positive luxury that knowing oneself, choosing suitable luxury products and making oneself happier. (Kapferer & Bastien, 2009)

As Kapferer stated in his book, *The Luxury strategy*, one of the thing to remember is that luxury is a major sociological issue in any society, because it has to do, at one and the same time, with: (Kapferer & Bastien, 2009)

- social stratification;
- the notion of practical utility and waste;
- decisions relating to the distribution of wealth.

1.1.3 A problematic definition

“In a time as dark as our own, where luxury consists of guns and airplanes, our sense of luxury must be defended at all costs....I believe that in it there's something essential. Everything that goes beyond the simple fact of food, clothing and shelter is luxury; the civilization we defend is luxury.” (Christian Dior, 1947)

Luxury throughout its history has faced many critics and controversies. Over the time, luxury has evolved and seen as holding both positive and negative connotations. Scholars across various disciplines attempted to define what constitutes a luxury brand without a clear consensus. Economists tried to devise applicable explanation of superior goods that did not follow demand - supply laws. Eco-Psychologists have been introducing theories on luxury customer behaviors. And for luxury producers, a more egalitarian definition is what they need. Yet, they had agreed that there is a number of challenges in composing a definition of luxury brands, including the fact that luxury is a relative concept (Mortelmans, 2005) and that perceptions of what constitutes “luxury” has fluctuated over time (Cristini, Kauppinen-Räsänen, Barthod-Prothade, & Woodside, 2017).

Traditionally, luxury goods and services have been defined by ownership, exclusivity, high price points, labor intensive production and exceptional quality (Kapferer, 2016). However, recent research showed that luxury is being reshaped by the exponential changes in our culture, globalization and impact of disruptive technology - the Internet in particular; people are more in need of authentic, ethical, unique, exclusive experience and products that reflect their values. This change is also evolving the shift in generation to a younger customer base and the rise of wealthy Chinese that will be discussed in the next chapter. The concept of luxury is changing exponentially because of 1) unclear consensus 2) changing factors of societal and cultural norms and 3) new forces of customers – Millennial and Chinese customers. A new luxury concept results in divergent marketing and branding strategies.

1.2 There is no luxury without brand

Luxury products are the products of luxury brands. Only diamond is a luxury product without any brands. What counts are size and purity (Kapferer & Bastien, 2009). Even other precious stones should have their origin (made in) to show the background. The brand goes beyond its objects and admired by the elites. It is recognized by the beauty and exceptional performance and status, remarked by a latent social and cultural stratification. A luxury brand often started by recreation of rarity, distance the things that distinguish it from the premium brand. It is hidden beneath the hedonism, linked to the aesthetics of the product. The brand is seen by society as the star-maker, everyone desires it, and to be expensive is definitely not enough, “it must

also be inscribed with a cultural hallmark accepted as a social stratifier.” (Kapferer & Bastien, 2009).

1.2.1 Luxury: the product and the brand

Whenever we think of luxury, the center of analysis is the brand itself. There is no other industry where the brand is the most valuable asset as the luxury universe. A brand is luxury when it is perceived as such, it means whenever people think of it, it springs to them the recognition of a luxurious spirit. In term of a luxury product, as long as it bears the label of a luxury brand, no matter what it is, people still perceive it as a part of that luxury universe without any fuss. In luxury, the product precedes the brand.

Just like a living person, a luxury brand has its own roots, culture, a past, history, characteristics and breath of the age. It is not invented but born to life. Looking at all the oldest brands, take Louis Vuitton as an example, started with a 16-year-old Louis Vuitton arrived in Paris by foot and started apprenticing for Monsieur Maréchal, observing people’s baggage was handled roughly and then quickly became a valued craftsman at the Parisian atelier of Monsieur Maréchal, that was how the first trunk was made. Luxury brands all have a history behind them and the value of time, dream and lives. However, this does not mean that the luxury brand’s communications should be aimed at the past but quite the opposite. Nothing is closer to contemporary art than luxury brands.

1.2.2 The importance of the ‘label’

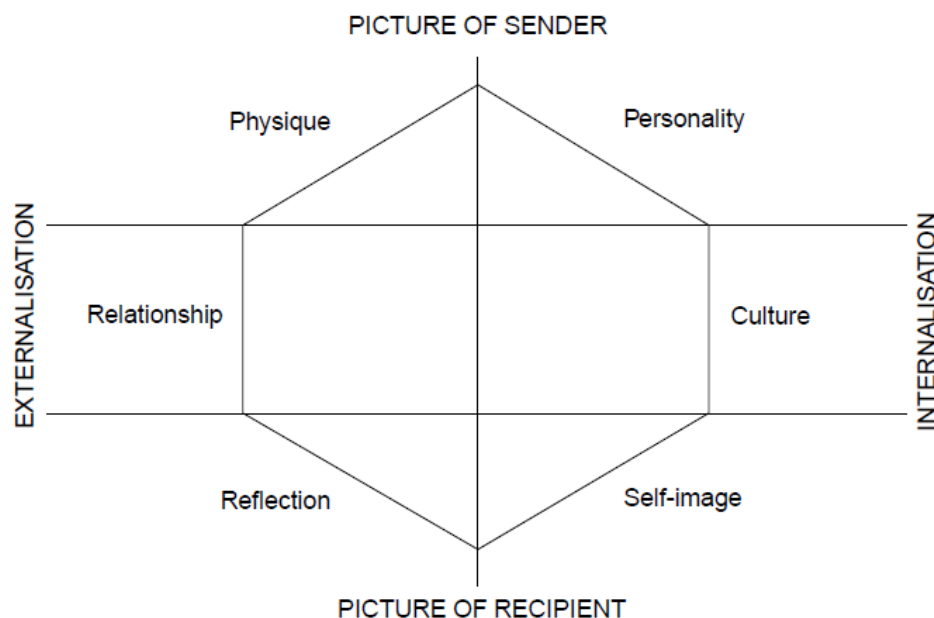
One of the most glaring aspects of luxury brand is its signature, the visible nature of its logos and brands. Luxury must be visible but not too obvious, it takes much thinking of how to place an iconic logo of Chanel on its famous bags or how Burberry’s tartan pattern allows its wearer to distinguish themselves in the street of New York. The accessory, being smaller, less expensive, often part of a series and therefore much less marked by the creator’s hand, but people would still recognize the elegance, just like what Hermès has done with their rodeo horse charm to match with the iconic Birkin bag or Gucci simply places their double-G emblem on a leather belt. On another surface, it is clearly visible, virtually and even designed to be so. That is totally normal, to be recognized considered a key purpose of the users, and the luxury brands always try to bring out such privilege for their client.

1.2.3 The core of the luxury brand: its identity

In traditional marketing, brands differentiate themselves from competitors by positioning. What makes them a better choice than others. They seek constantly for the right target group and communicate with them. They want to be the best in the market with high share, high volume and profit. This also concerns premium brands.

In luxury, we do not talk about positioning, as Kapferer explained in the 18 anti-laws marketing, we worship brand identity. Luxury brands cultivate uniqueness and stick to it. It prefers to be faithful to an identity rather than constantly worry about superiority over an opponent. They do not want comparison, mass consumption or volume-driven. Luxury is like art, people appreciate and desire art, they want to be a part of it, to live the brand.

Identity expresses the tangible and intangible aspects of the brand. It is nurtured and fertilized by the core, heritage, story or vision behind. It translates its DNA, the genes of the brand. The identity of the brand also helps building the identity of its clients, closely related, sometimes the core of their status expression. The identity prism (Kapferer, 2008) breaks down the symbolic dimension of brands into their essential facets, while linking them together.



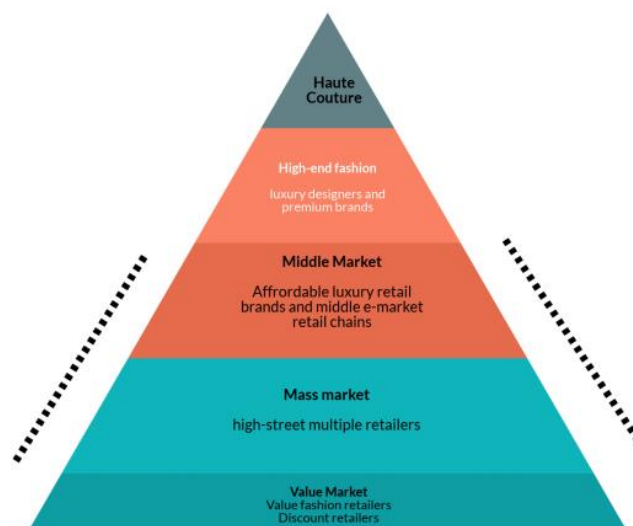
Source: (Kapferer, 2012)

Figure 1: Luxury brand identity prism

1.2.4 The distinction of the brand

Luxury brands in general attain higher level of awareness globally than masstige or mass-prestige brands because they differentiate themselves from over-crowded fashion brands. However, the diffusion in the fashion market has created an opportunity for masstige and premium brands to compete against traditional luxury brands. The collaborations between masstige brands with famous designers to create more premium options are dominating the market. Their strategy is to introduce the limited fashion edition of fabulous collections with style, aesthetic and distribute the linked products to their retails, reveal the related items with regular consumption price.

Luxury consumers have unconsciously structured a platform for fashion brands to stand side by side with luxury brands. The so-called fashion brands such as H&M, Zara, Mango, Gap and TopShop are redefining their branding and promoting techniques to reflect a “luxurious” appeal to the buyer. As a result of this, for the first time in their history, luxury brands are confronting rivalry from the “lesser” mass fashion brands that are progressively edging into the lives of luxury consumers. Luxury brands have always had well-defined territories along which they operate and there has never been any question that they hold the strings in determining their consumers’ behaviors until now.



Source: Posner, 2011

Figure 2: Basic hierarchy of fashion

The mass-premium brands now open in the best areas in fashion capitals of New York, Paris, Milan and London. They now act and talk as though they are truly the high-end brands that set the trends. They have gotten aggressive in their way of conveyance and communication to their target customers, who are largely luxury consumers. These fashion and premium brands engage quickly with the explosion of e-commerce and digital channels. They exposed a threat to luxury and prestige brands now more than ever.

1.3 Luxury brands' strategy to build brand awareness

1.3.1 What is brand awareness?

Scott Davis (2002) says that, Brands are at least in part a set of promises made to consumer. The leading brands travel a particular path in the human mind. This path is an acronym for promise, acceptance, trust and hope. Certainly, this path is intangible and cannot be co modified". Brand awareness is related to the functions of brand identities in consumers' memory and can be measured by how well the consumers can identify the brand under various conditions (Keller, 1993) Therefore, brand awareness plays the key role in customer behavior, marketing strategy and investment decision of a company. Strong brand awareness can be a prediction to brand success. Acting as the base of the hierarchy of brand effect (AIDP model, Priyanka, 2013), it is the fundamental core to the progress of purchasing decision. For luxury brands, it is important to link their brands to the creativity, exclusivity, craftsmanship, precision, high quality, innovation and premium pricing depends greatly on how they identify themselves. The luxury sector targets its products and services at consumers on the top-end of the wealth spectrum, but it also generates interest from the mass audiences because it delivers the desire of esteem, prestige and a sense of a heightened status that they can belong to an exclusive group of only a select few, who can afford these high-priced items. Luxury brand awareness is the combination of luxury concept, brand identity and customer's ability to recognize luxury brands from other products.

Brand awareness is said to have two types that are brand recall and brand recognition. Brand recall refers to the ability of the consumers to correctly elicit a brand name from memory when prompted by a product category whereas brand recognition is the ability of the consumers to correctly differentiate the brand when they come into contact with it (Keller, 1993). Most luxury and prestige brands have considerably high

brand recognition but only leaders among the market have high brand recall. A luxury brand index report that was carried out by Attest in 2018 showed that brand equity did not always assure high brand recall. One of the key findings from the report indicated that 41.7% of consumers are ‘very likely’ to purchase from a brand they could name, with a further 27.7% ‘likely’ to do so.

Brand name	Recall	Purchase Intent	NPS	Brand Strength	Total Brand Equity
Gucci	7.70	24.68	9.09	33.77	260.04
Rolex	5.00	30.00	6.00	36.00	180.00
Chanel	4.20	35.71	7.14	42.85	179.98
Harrods	4.00	37.50	6.49	43.99	175.97
Louis Vuitton	3.40	35.29	73.33	108.62	369.32

Source: Attest, 2018 (also ranked by Total Brand Equity, on the far right)

Table 1: Luxury index leaders in 2018

1.3.2 Why is brand awareness important?

The brand is the core of luxury business. Luxury consumers when buying the products, they buy the meaning, the value, the stories behind it or even the recognition. They cannot desire a brand if they have never heard of it or its cause of existence. One enters a Louis Vuitton store does not simply buy a bag, she is buying the craftiness, one of the most qualified hand-tailored leather bag that is recognized by her family, friends, colleagues or even random people on the street who she walks pass. The LV monogram is immediately recognized as the international icon of global luxury.

Brand awareness is perhaps the most prerequisite tool in building brand equity, reflected by the strength of brands’ appearance in customers’ minds and how they can identify the brands. Brand awareness incorporates brand recognition, translated into consumers’ ability to identify brand due to prior exposure, when given the brand as a cue and brand recall, relating to consumers’ ability to retrieve the brand when given the product category, the needs fulfilled by the category, or other cues of this type (Keller, 1993). It essentially affects the consumers’ decision-making. In the end, luxury is a business and business want to make money and successes in the market.

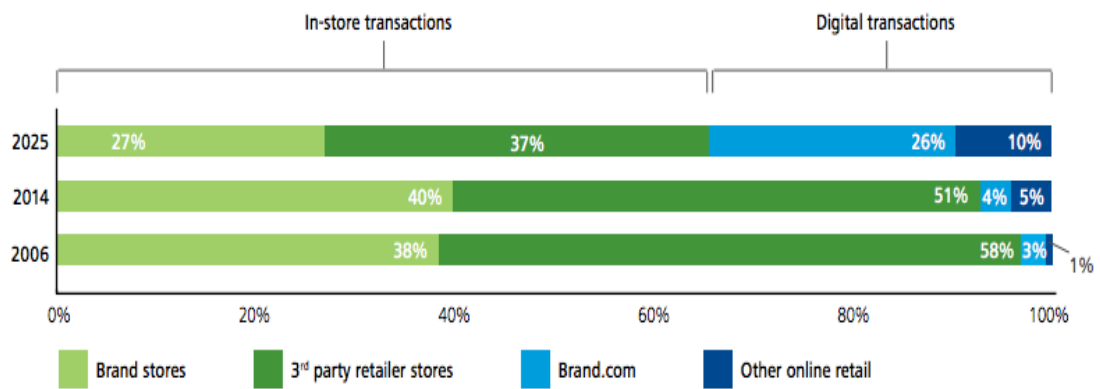
1.3.3 How luxury brands build awareness - Traditional strategies

Every typical consumer brand is familiar with ‘unique selling proposition’ (USP), and ‘unique and convincing competitive advantage’ (UCCA). However, these concepts are not what luxury brands are applying. To survive in the luxury environment, being unique is what counts, not any comparison with a competitor. Luxury is the expression of a taste, of a creative identity, of the intrinsic passion of a creator; luxury makes the bald statement ‘this is what I am’, not ‘that depends’ – which is what positioning implies (Kapferer & Bastien, 2009)

Luxury brands for long have been adapting branding strategies that disregard the mass market and instead introducing the supreme luxury, haute couture and couture with unique pieces, made-to-measure, handcrafted, precious materials, exclusivity (Corbellini and Saviolo, 2009). For luxury brands, the physical experience has always been the core of that frame (beautiful flagships, religious experiences). The ability to touch-and-feel the product, the relationship consumers have with staff, and in particular the knowledge and service that sales associates provide, are all part of that frame.

1.3.4 Adoption of digital as luxury branding strategy

One major tool of creating brand awareness is visibility, achieving the level of exposure to the audiences. Luxury brands used to expose their new products, collection through fashion magazines, TV advertising exclusively on fashion channels, airplane business and first-class onboarding promotion and especially through their luxurious flagship stores in most expensive streets around the world’s capitals. Now that their customers are shifting their engagement and buying habits to online at a rapid pace, they are facing the decision to adapt digital media to their marketing strategies. Empowered by digital devices and with access to extensive sources of information in real time, consumers can make better, faster decisions. As a result, they are becoming more immune to traditional marketing messages.



Source: Goldman Sachs Equity Research, 2015

Figure 3: Brands of the Future - E-commerce to drive the digital divergence

What it means for luxury brand is that they need to create digital strategy to keep customers' desire for their brands, but it needs to align with their brand heritage and draw more awareness from new customer forces. Thus, each digital channel should be evaluated carefully. Traditional channels such as print media, television and word-of-mouth can engage with today's technologies of social media, e-commerce/m-commerce, smart search and iBeacons to enhance the shopping experience. For example, Moschino and Prada have great Instagram interaction by designing their account atmosphere with fun and colorful photos. Hermes has chosen to amplify a more playful and lively side of their brand through an e-commerce presence, they seem to redesign their official website to match the new releases. Chanel dominates Youtube with beauty tips and make-up tutorials, of course, using their newest products.

It is safe to say that luxury brands are experiencing with digital media. The original challenge for luxury brands was how to replicate the luxury shopping experience online, but increasingly the more valuable investment is how to use digital technology to enhance the luxury brand experience. The perceptions of luxury customers who are engaging with luxury brands online are not easily predicted. They continue to value their buying experiences as much as the product. The hard part is not how to use digital but to apply it in the 'luxury' way of building brands.

2 CHAPTER 2: A LOOK INTO CURRENT LUXURY BUSINESS: THE NEW CUSTOMER FORCES

The luxury business today is getting out of the state of being a niche industry, only aim at the few rich. They are expanding their brand stores to every world's major capital to serve the need of a wealthy image. Their exclusive stores are usually placed in the most important and expensive streets, airports and other hubs. Even some of the most popular cities such as Paris, Milan, New York, Moscow or Singapore have become the symbol of luxury. Luxury shopping is included as the main activity of tourism and just a reason to travel to such destinations. Luxury departments are even spreading to emerging countries, showing their growth and the desire to enter the capital consumption society.

This chapter aims to point out the facts that these new luxury customer forces are reshaping the luxury market and making luxury brands digitalize their communication channels.

2.1 A look on current luxury business

The Luxury Institute 2018 "State of the luxury business" report predicted that 28% of affluent luxury customers would spend more on luxury products in the coming year compared to 17% from last year's report. Bases on the survey, experiential luxury categories would see the most growth in 2018. Traditional luxury categories would perform less vibrant with 26% of the survey attendants said that they planned to spend more on apparel, followed by jewelry (25%) and watches (24%). The Luxury Institute survey also revealed where those purchases would be made. Increasingly, it would be online, with 21% of those surveyed saying they would rather shop online, as compared with 17% last year. Luxury companies are increasing the marketing budget, especially on social media, e-commerce platforms and digital channels. Key findings from Bain & Company 2018-half-year report estimates that luxury market is set to grow higher by 6-8 percent to reach €276-281 billion. "China" and "millennial state of mind" remain the buzzwords in an industry that could reach €390 billion globally in sales by 2025. Other trends in various luxury business criteria contributed greatly in this digital transformation. The growth in different luxury categories, yearly revenues of top luxury brands, geographical analysis and most important new customer forces who are

reshaping the luxury business that emerge closely with the explosion of digital technology. The terms “millennial’s state of mind” “the millennialization of luxury customers” “the Chinese millennial’s consumption power” have been used in almost every luxury business reports recently. They are growth driven factors whose path of purchase are no longer linear with traditional strategy. Understand these changes in today’s luxury business consolidate and validate the uses of digital media that would immerse their purchasing path.

2.1.1 Trends in sectors

Not only diverse in brands, the luxury industry also splits into 9 main sub-sectors according to the tracking by Bain & Company (2017) including personal luxury goods, luxury cars, luxury hospitality, luxury cruises, designer furniture, fine food, fine wines and spirits, private jets and yachts, and fine art. Most of the categories witnessed a positive trend in 2017. The three sectors: personal luxury goods, luxury cars and luxury hospitality accounted for 80% of the total share. The whole global luxury market was estimated at US\$ 1,465 trillion in 2017 and saw a growth of 5%. Sales of luxury cars continued to dominate the market, growing by 6% to reach US\$ 597 billion in 2017. After seeing a stagnation in 2016, personal luxury goods sector is growing again in 2017 with promising figures. Luxury travel is on firm increase with the luxury hospitality growth of 4% in the period. Luxury experience category remained attractive to consumers as illustrated by sales growth of high-end food and wine (both up 6% from last year), and sales of luxury cruises (up an impressive 14%) (Bain & Company, 2017).

2.1.2 Personal luxury goods

Even though personal luxury good is only the second biggest sector, it is perhaps the most competitive one with iconic luxury representatives. According the report by Deloitte in 2018 - Global powers of Luxury Goods, the aggregate net luxury goods sales of top 100 companies reached US \$217 billion with the composite sales growth of only 1% comparing to FY2015 which growth rate was reported at 6,8%. However, given the fact that 2017 growth was healthier with 6%, the latest report from Deloitte is an essential preference to luxury Conglomerates’ performance within the sector. The average luxury good sales of the Top 100 was \$2.2 billion, an ever-high peak, 1 billion increased from last year report. Top 10 companies continued to stay the same and

dominated the sector. Their sales report is presented in Appendix 1, page 72.

2.1.3 Geographical review

The luxury global market divided into 4 main important regions: Europe, Mainland China, rest of Asia and America. In 2017, most of the regions saw a bounce back of personal luxury goods after a disappointed year of 2016. This year, we are looking at even stronger number in most regions thanks to the rebound of Chinese customers, predominantly by young Chinese consumers who are heavily influenced by social media. A weaker dollar and stronger euro also affected the regional market (Bain & Company, 2018).

- The US market had suffered from the downturn in consumption during the past few years but managed to finish 2017 with a 2 percent growth. In first half of 2018, US luxury market was benefited from a weaker dollar during holiday seasons, which encouraged luxury consumption even more. In addition, tourists from Asia and Europe contributed to key shopping cities while domestic luxury market were warming up. Similarly, Canada market is growing whereas Latin America's performance is mixed (Bain & Company, 2018)
- In 2017, Europe remained the leading region in luxury sales, growing by 6 percent. Tourism's shopping continued to help push the sales volume in the UK, Spain and France, and local consumption strengthened as well, particularly in Germany. 2018 will be a disappointed year for European market due to a stronger euro, which had negative impacts on tourists' purchasing power. Some countries benefited from stronger consumption (Russia, France, Switzerland) while UK and Germany experienced a slowdown. Forecasting growth for the region is between 2 and 4 percent.
- China fast growing demand contributed to the total sales of all categories. 2017 witnessed a remarkable growth of 15% in Mainland China with regain customer confidence. In 2018, Mainland China is projected to account for large share of growth, at 20-22 percent. Luxury brands are learning to communicate with local consumers. Chinese consumers will be a key nationality driving the growth of the luxury market. Buyers of luxury in China are young, increasingly fashion-savvy and well-aware of the price-value equation.

- The rest of Asia also showed a positive growing demand with sales increased by 6 percent. A recovery in Hong Kong and Macau helped push growth into positive territory, with the market for personal luxury goods reaching US\$44 billion in 2017 and continued to grow. South Korea benefits from visitors from China, but political tensions in the region could have a crucial impact on 2018 growth trends. Bain & Company believes this region could grow by 9-11 percent. It will also be a good year for Japan thanks to tourists' spending, especially in Tokyo and Osaka, though it was partially redirected towards experiences than personal goods. Local influencers and social media are also key decision influences for younger local customers. Bain & Company forecasts growth of 6-8 percent for the market.
- The rest of the world is expected to be flat or see only slight growth of 2 percent, however, a better performance than last year's 1 percent growth.

Of all the above regions, emerging markets keep showing a potential growth in demand. Those China, Russian and the United Arab Emirate markets, which are categorized as emerging, the percentage of customers have claimed that they did increase their luxury purchase in the past year, was 70% compared to 53% in more mature markets (US, UK, EU and Japan). Luxury market is concentrated, and lion's share comes mostly from mature markets. However, digital media and e-commerce have been eliminating the boundaries, boosted consumption in emerging market. In fact, luxury customers in less mature market are more likely to shop from digital devices (Deloitte, 2017).

Share of global personal luxury goods market, by region, 2016-2017

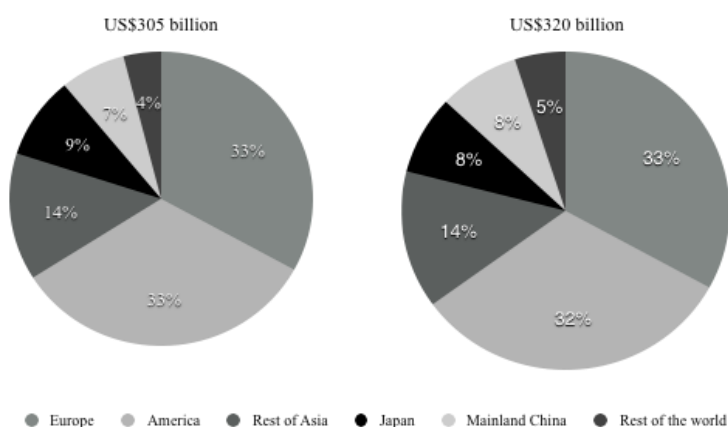
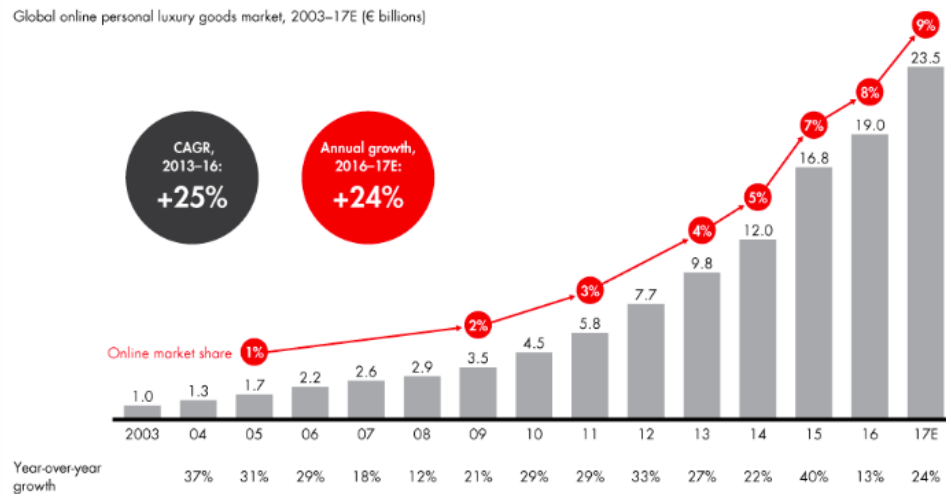


Figure 4: Share of global personal luxury goods market, by region, 2016-2017

Source: Bain & Company, 2017

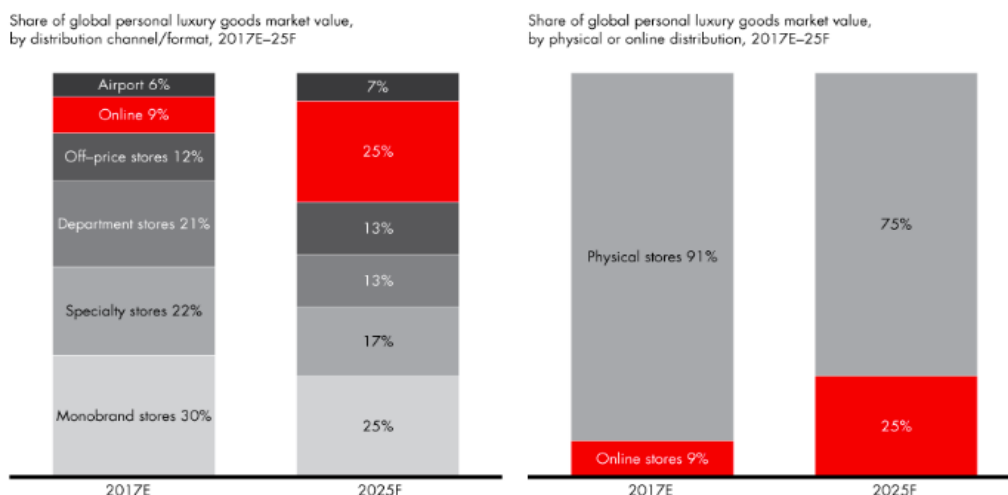
2.1.4 Online sales performance



Source: Bain & Company, 2017

Figure 5: Global online personal luxury goods market, 2003 – 2017

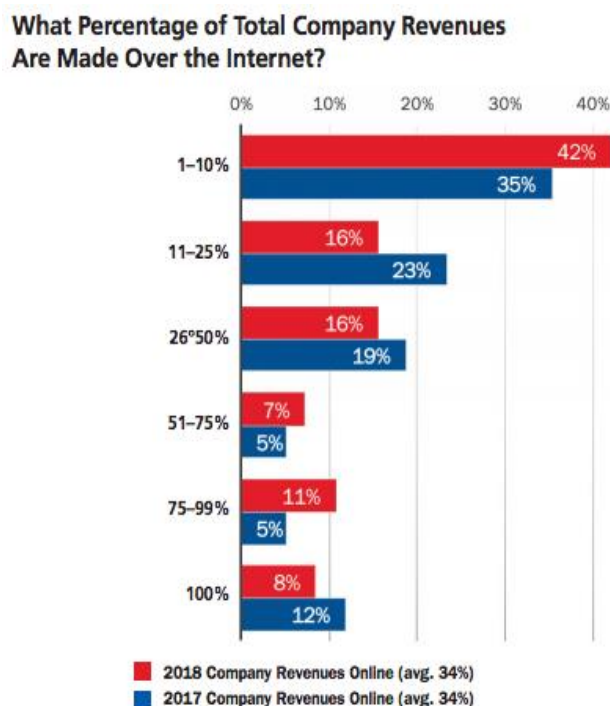
The shift in distribution channels to more digital platforms also marked another reason why luxury companies had to change their communication strategy. Though physical stores still accounted for most of the sales, online sales continued their relentless climb, increasing by 24%, posted yet another year of double-digit growth. Bain & Company estimates that by 2025, online channels will account for 25% of luxury sales worldwide.



Source: Bain & Company, 2017

Figure 6: Physical and online share of global luxury goods market value, estimated 2017–2025

Most of the online sales came from accessories category (including bags and shoes) ahead of apparel. Hard luxury and jewelry are said to be on the rise. In addition, 31% of the online sales came from brands' websites, marking another reason for luxury brands to invest in their digital platforms (website or e-tailers such as Revolve or Farfetch) where they can easily integrate with their social media and online advertising, which is a brilliant way to disrupt their consumers' purchasing habit. The reasons for this would come from the evolving of digital platforms and the shift of customer base to millennial and Chinese customers who are too familiar with online shopping.



Source: *Luxury daily*, 2018

Figure 7: Percentage of total company revenues are made over the Internet

In another recent yearly luxury report by Luxury Daily and Unity Marketing that, more and more luxury companies are selling their products over the Internet. 62 % of the companies reported that they are running their online sales platform and 18% are planning to do so. However, most of the marketers admitted that e-commerce direct-to-consumer sales do not contribute significantly to overall sales. Some 42% of luxury insiders survey report that only 10% or less of revenues come via the Internet.

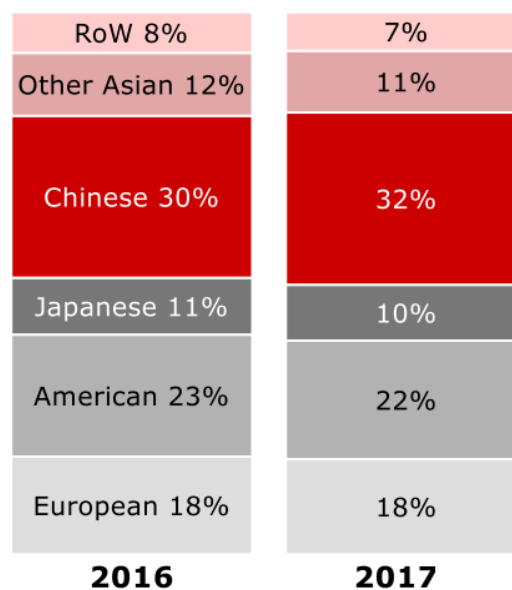
The average percentage of revenues coming via Internet sales is 34% overall, same as last year, meaning more actions will need to be made (Luxury Daily, 2018).

2.2 New luxury customer forces

2.2.1 Rebound from Chinese market and role of Chinese young shoppers

Chinese luxury consumers have become biggest forces that drove luxury sales growth over the years. With the increase in number of Chinese millionaires and affluent households, China is perhaps the most appealing market to luxury brands. An insights

report by McKinsey last year estimates that more than 75 percent of the total growth in global luxury spending, over \$65 billion, could be attributed to purchases made by Chinese consumers, either at home or abroad. By 2025, there would be an estimated number of 7,5 million Chinese affluent household and they will represent RMB 1 trillion (approximately \$144,4 billion, current exchange rate) in global luxury sales, an amount that is double that of 2016, and equivalent to the size in 2016 of the French, Italian, Japanese, UK, and US markets combined (McKinsey, 2017).



Source: Bain, 2017

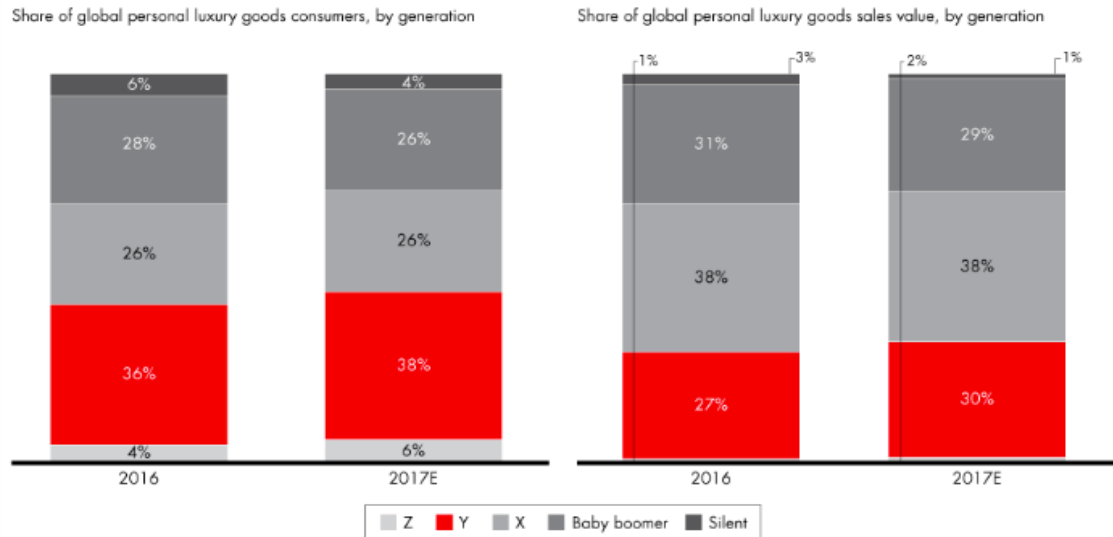
Figure 8: Luxury market share by consumer nationality

Two of the most essential characteristics of Chinese luxury consumers are that they are rather impulsive - relying on word-of-mouth and appreciating role of brands, especially top-of-mind brands. It means with Chinese consumers, being a globally well-known brand—is now the top buying factor across all categories. The increased importance of wealthy Chinese is not new to luxury market. However, Chinese customers have become more demanding and sophisticated, more fashion-savvy and digitally advanced than ever before. They require better approaching strategies, especially in the case of Chinese millennials, who are heavily digital influenced. China is home to some of the most innovative digital services and platforms, such as WeChat and TMall. Young Chinese consumers are keen users of social media, and 35 percent of them generate online content on a daily basis and they accounted for \$4 billion online shopping in 2017 (Sampi marketing, 2017). Young Chinese shoppers are willing to

spend their spare money on luxury items, but they are also less loyal to traditional brands and often swayed by online trends. Chinese, particularly young shoppers are giving great boost to luxury market; they are brand centric, impulsive and avid users of digital platforms. The best way to appeal to them is to harness the power of digital channels alongside with delivering the brand value.

2.2.2 The Millennials state of mind: the shift in generation

The main growth of the luxury industry falls into the shift of generation, boosted by Generation Y and Z, which are becoming more and more important customer base. This shift pushes luxury brands to redefine what they deliver to customer and how they would deliver it. In recent campaign, Dior - luxury brand that has been defining themselves the image of a traditional, elegant and noble lady brand with celebrities associated such as Lady Diana Monica, Bellucci, Sharon Stone, surprised their audience by launching a total new image that embrace the younger generation. They chose the young look, confident with stronger personality celebrities such as Cara Delevigne, Jennifer Lawrence, Bella Hadid or Rihanna to be their brand ambassadors. This move clearly showed their ambition to draw more attention from the millennials. Not only did Dior start to re-image their brand and open the path to the future customers, other traditional luxury brands such as Chanel, Dolce & Gabbana, Hermes are creating a look that is likely easier to reach the new generation's heart and mind. In today luxury business, Generation Y has already accounted for 30% of global share and Generation Z is definitely on the rise. Those generations require somehow more dynamic and digitalized approach, much more communication and modern look. It is predicted that those will reshape the luxury industry in the next decade and beyond: The Millennial State of Mind. By 2025, Bain projects that millennials and generation Z will account for 45% of the global personal luxury goods market.



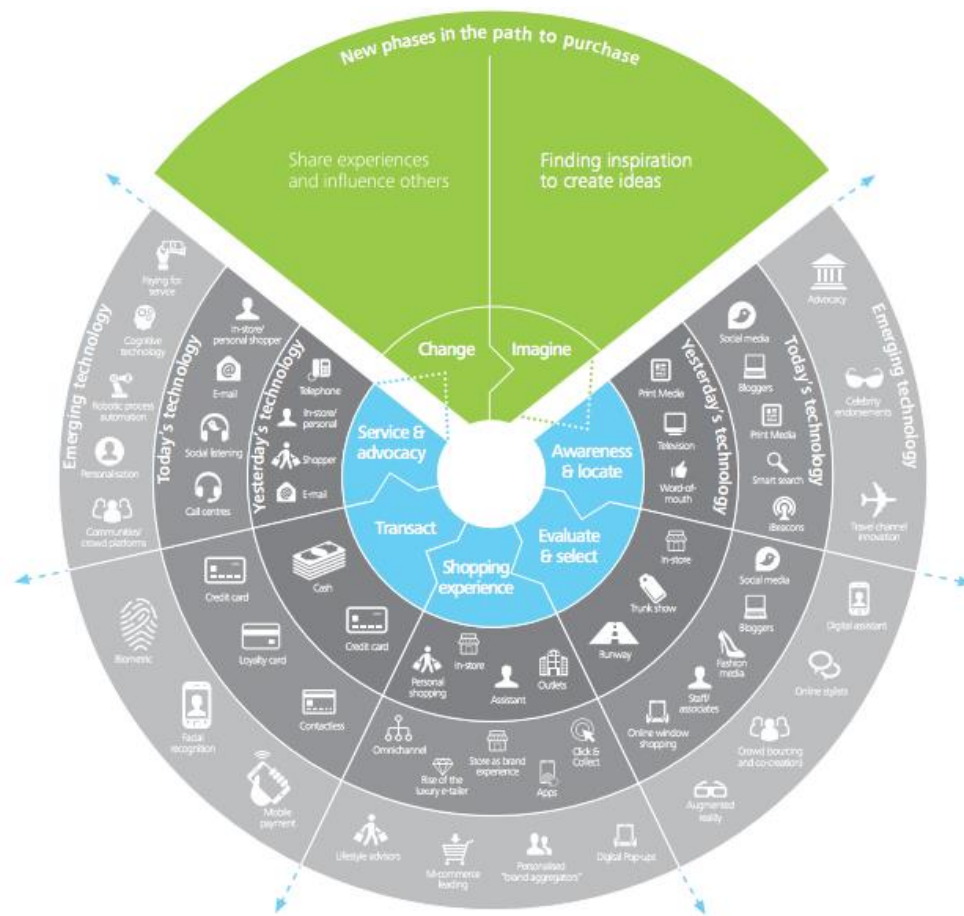
Source: Bain & Company, 2017

Figure 9: Share of global personal luxury goods by consumers and sales value, by generation

While that presents great opportunities for many brands, the challenges are also considerable because millennials think and shop differently from previous generations. What these signals for luxury brands are that consumption has a different meaning for millennials. "Consuming products and brands is not just a way to say who you are but a way to define who you are," - Claudia D'Arpizio, a Milan-based partner at Bain & Company cited. "This is why millennials are more engaged than previous generations with self-expression." Beyond that, millennials generally value experiences over things, which interpreted into the shopping experience, whether it is online or in stores. For luxury brands, especially those that traditionally using the offline channels to serve the customers, this change means that the shopping experience needs to become immersive so that customers can feel they are living the brand in the store or whereas a broader and emerged experience in multi-channels. Otherwise, something new and excited would sweep them away, such new luxury-oriented start-ups have risen as strong competitors by innovating a better way to draw their attention and creating strong awareness. Keeping in mind that the millennials are more entrepreneurial than their parents. If the existing brands do not deliver the right value or self-image, they will create their own and fashion and luxury has always been a very great field for creativity and entrepreneurship.

2.2.3 Luxury customer's new path of purchase

Having considered the forces at play in the market, we shall now focus on the luxury consumer and how the 'path-to-purchase' is evolving. Empowered by social networks and digital devices, luxury goods consumers are dictating increasingly when, where and how they engage with luxury brands. They have become both critics and creators, demanding a more personalized luxury experience, and expecting to be given the opportunity to shape the products and services they consume. - Deloitte, 2016



Source: Deloitte, 2016

Figure 10: The changing luxury path of purchase

The luxury business today is experiencing the significant changes characterized by the rise of new customers and explosion in use of digital technology. Today's customers are more sophisticated and demanding. Approaching them requires thorough branding strategy and the right channels. Millennial, one of the new and perhaps most important luxury customer forces, spend an average of 223 minutes browsing the

Internet in daily basis (Statistic.com, 2017). They own on average 4 touch-point devices each (Deloitte, 2016). Characterizing millennials is not easy; they have their own values and communication preferences and demand shopping experience through multi-channels.

Research by Deloitte in 2016 came up with the new luxury customer's path of purchase that showed a deep integration of digital media involved in customer purchasing decision in three different layers of yesterday's, today's and emerging technology. This would prove where luxury brands should target, especially in the first stage of creating awareness and locate the right channels to communicate with their customers. Luxury brands know who their customers are, they are empowered with exciting new technologies and platforms for them to play on, and experiment with but what missing is the brand discipline similar to what they have been using in the past decades. They need to explore the way to integrate those digital means to build complete brand experience that aligns also with their brand heritage.

This study, however, targeted only a part of this evolution in luxury market. That is how luxury brand can use digital media to generate more brand awareness. This offers luxury brands new (and different) opportunities to engage their consumers, which they will need to address in order to drive brand success in the future. Therefore, a part of Deloitte's path-to-purchase model was adapted as the framework of the study, covered mostly the first step in making purchasing decision - building brand awareness and locating digital channels.

3 CHAPTER 3: LUXURY BRANDS AND DIGITAL MEDIA - BUILDING BRAND AWARENESS ONLINE

The evolvement of digital has come into intelligible concentration. Brands nowadays are more familiar with the application of digital media on marketing strategy. Digital is the strategic source of growth and powerful way to build brand equity by strengthening brand awareness and telling more compelling story. Luxury has become emerging with the digital age and seeking for a way to build customer intimacy, capture emerging customer preferences, and streamline the process of turning ideas into new products. Luxury brands can now amplify customer experience by immersing with their digital footprint, reinstating their authentic customer relationship or turning potential customers into the elite. The trajectory of digital will bring further disruption that all luxury brands should be prepared for. This is not new to luxury brands, as they have, in recent years, experimented the use of digital media with somewhat hesitation. The reason behind was discussed in previous chapters because it required redefinition of their branding strategy. In this chapter, we will define and measure some of the most appealing digital channels that are proven to be effective and other digital innovation could impact the way luxury brands are using digital integration in a manner of building more brand advocacy.

3.1 Luxury and the Internet

There is a complicated relationship between luxury, Internet and e-commerce/m-commerce. Since luxury and Internet are once believed to be incompatible, because technology showed the conflict with the notion of luxury. “The Internet breaks the barriers of time and space, two essential pillars of the luxury creation of value” (Kapferer 2015). As online sales are constantly growing, more and more luxury brands invested in digital. They hesitated to go fully but starting to integrate more, at least as a core marketing strategy and luxury goods have become increasingly accessible to a much wider audience. In the end that is a part of its anti-laws: Communicate to those whom you are not targeting, even.

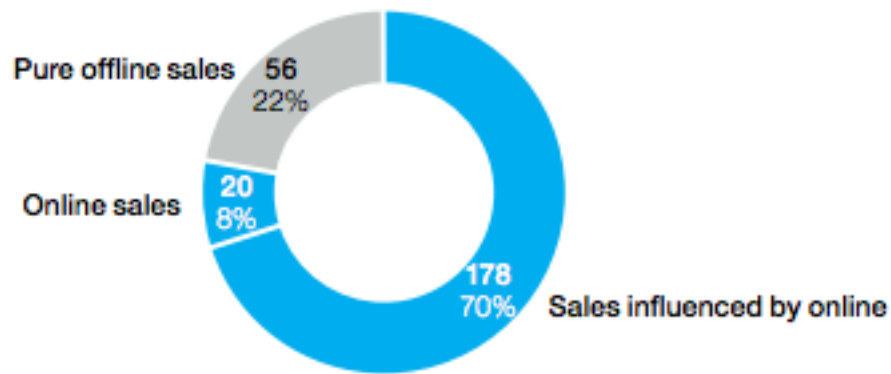
The significant question is that what will happen when millennials become their biggest customer base? As proven, digital media are the most effective way to

communicate with them and online shopping is their main purchasing method. Will the luxury add another rule to their anti-laws or they will have to follow the digital era? What they would do lays on the future, near future since some industry experts believe that the traditional business model could stay relevant for the next few years. In the luxury segment, online sales represent 4 percent to 10 percent of total sales, but over 80 percent of in-store sales were influenced by online. A recent study has determined that 83 percent of hyper-affluent consumers spent time researching a product online before coming to a purchase decision; surprisingly, affluent consumers, and younger consumers, in particular, consider online outlets the most trusted source for pre-purchase research for luxury goods” (King, 2015).

The digital trend is unavoidable, and it will certainly change the customer path to purchase. Luxury brands are aware of that and they are trying to find the best way to recreate the emotional and the experience of traditional approach, not to overdo and destroy their heritage. In recent study of successful digital campaigns from Burberry, Channel and Tiffany & Co. showed positive results in higher brand awareness and interaction, people talked about them, associated with them and shared the notion. It was a bright signal for other luxury brands to take a stronger step and present themselves to the massive online world.

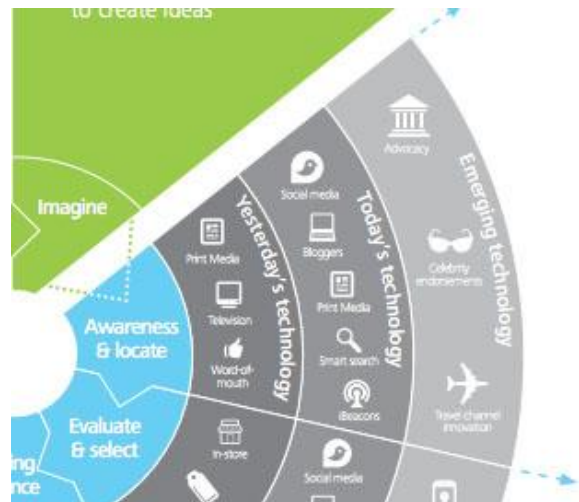
3.2 Digital devices are changing luxury-shopping experiences

In chapter 2 we had a quick look on luxury online sales performance and estimation of the channel’s growth till 2025 based on insights from world leading market researcher Bain & Company. McKinsey 2018’s report - The age of digital Darwinism - gave their own forecast about the digitalization of luxury brand by stating that 20% of luxury sales will be online by 2025. Regardless of the difference in number, both had positive forecast in luxury online channel. Digital is also changing the way customers choose brands and products. Luxury customers are heavily digitally influenced before making purchasing decision. Almost 80% of the luxury sales today are said to be “digital influenced” (McKinsey, 2018) which means that during their path of purchase, they use with touch point devices, connected to the Internet and interact with brands online. If we take a quick look back at Deloitte luxury customer new path of purchase model issued in 2016, this insight has proven validity.



Source: McKinsey, 2018

Figure 11: 80% of sales are influenced by online

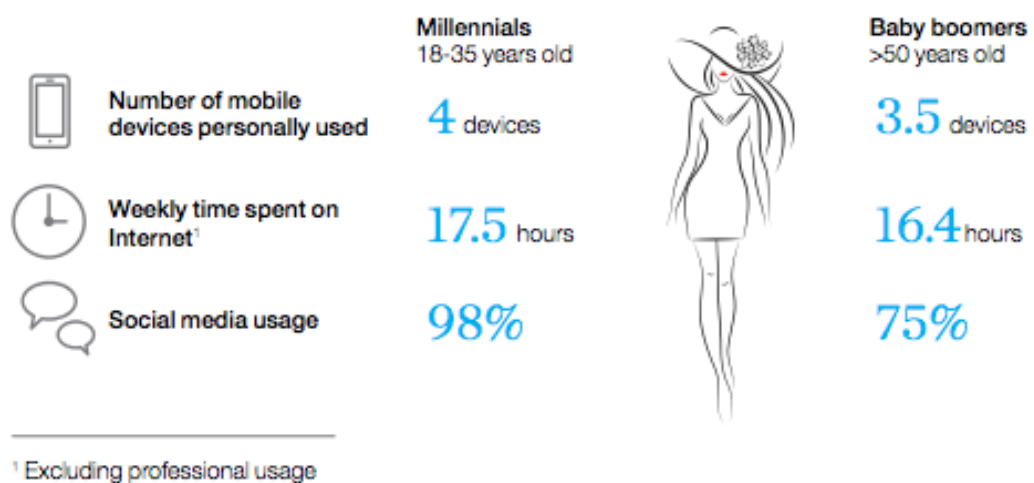


Source: Deloitte, 2016

Figure 12: New luxury customer's path of purchase

The typical luxury shopper now follows a mixed online/offline journey, seeking the advice of acquainted ones on social media or looking for suggestions from trusted bloggers, fashion savvies before entering a store, then often posting about their purchases on social media and becomes an adviser afterward. The luxury shopper who begins and ends the customer journey offline is on progress of “extinction” with only 22% left. In the US, 98% of luxury customers own at least a smartphone compared to 65% of the general population and 77% of which own multi-devices, much larger figure than 35% of average consumers. Luxury customers are more digitally equipped than an ordinary one.

On an average, millennials use 4 mobile devices and spend 17,5 hours weekly browsing the Internet and 98% of them use social media on daily basis. Moreover, digitalized phenomenon does not reflect only on millennials' shopping habit but also other age group such as baby boomer. Boomers use an average of 3.5 mobile devices and spend 16 hours per week on the Internet, 75% of boomer luxury customers are on social media as well. When it comes to digital usage, millennials lead the way and are teaching the older generations new behaviors as well as setting expectations for the quality of digital interaction with brands (McKinsey, 2018).



Source: McKinsey, 2018

Figure 13: Luxury shoppers' digital usage, by age group

The trend within digital revolution is also shaping the way luxury brands communicate with customers. Not only that they are using more touchpoint devices, but they also interact the most with technological advanced devices. Mobile has been replacing desktop, delivering convenience and more personal experience. Consumers now spend nearly four times as many hours on mobile devices as they do on desktop computers. To them, it is a better source of information, therefore, better-targeted device for luxury shopping. How do luxury brands deliver the same experience to a 6-inch touchpoint device and how do they show their target audiences the new lavish collection or the exciting details of their high-end products on a pocket-size device? Will they be able to replace the touch and feel experience of physical stores with touchpoint screen? Perhaps not entirely any time soon. The role of digital media nowadays is to convey a seamless and coherent relationship with customers across these different touch

points and it requires brands to come up with discipline and digital branding strategy.

3.3 Recent trends on luxury digital application

The online environment poses a change in the way brands communicate with their audiences. This wave of digitalization affects not only the traditional brands but also those that are selling luxury experience in both goods and services. Even though luxury brands have their own rules and strategies, looking away from the trend that is reshaping the world we live is not an option. They would rather find a unique way to integrate and use the digital media to build another innovative channel to maintain and enhance the hedonic aspect of the luxury experience. In fact, luxury brands nowadays are much familiar with digital marketing, using online platform for campaigns. Such brands as Bentley, Burberry, Louis Vuitton or Chanel are doing it right online and raise much more brand awareness.

According to the recent report by Deloitte, consumers are clear that they see the future of luxury as digital. When asked how they see the luxury sector developing in their respective countries, 48% said that e-commerce and m-commerce will be more widespread while over 37% felt that luxury and technology will be closely linked together (Deloitte, 2017). A significant challenge that luxury brand will face is how to incorporate digital technology and media into their products without losing their heritage or traditional materials. It has been also the debate within the industry. “The online digital revolution is poised to transform luxury again, and luxury companies are hesitating to embrace it. This hesitation raised from concerns that using digital tools may undermine consumers’ sensory experience of luxury products, and that the accessibility of luxury products online at anytime, anywhere, may dilute the scarcity perceptions and the inferred value of such goods” (Hennings, Wiedmann, and Klarmann - 2012).

Omi-channels distribution will become the main form of luxury retailing when online and physical store are emerged flawlessly to distribute an excellent experience. Considering millennials are digital influenced customers and they are rising as the main client base. They are used to shop with their online devices and heavily affected by media and social networks.

Social networks and online media influence the decision to shop, not only the traditional goods but also luxury products. According to McKinsey, 80% of luxury

goods buying decisions are influenced by what consumers hear or see online (McKinsey, 2018). There is nowhere like the online world where billions of people connected and share. Using these channels right can embrace the awareness of the luxury brands however it may also pose a threat to what they have built with their identity, rarity and uniqueness, and social stratification influence. Luxury consumers are highly engaged on social media and are moving from being paying observers of the show to being actors on stage. In order to turn digital media into the perk, they have to utilize the tools available in the right way to reach the right audience at the right time.

New digital techniques such as Augmented Reality (AR) and Artificial Intelligence (AI) are involving in bringing a fresh new luxury experience - more intelligent and even more personalized. Some examples are from watch brands de Grisogono, Omega, perfumer Serge Lutens and luxury conglomerate LVMH who chose to use chatbots to communicate with customers on their digital platforms. These chatbots allow customers to ask questions and receive answers that reflect their browsing history and preference, of course, without human interaction from the brands. A harsher competition has appeared, even in digital world where, forced luxury brands to innovate and better engage to customers. AR, in addition has been used by various luxury cosmetic brands to modify customer experience, building mobile application that allows customers to try their products in virtual reality. Example is from YOOX and Burberry who partnered with Apple to use ARkit for immersive storytelling.

Each of those digital media will be analyzed in more details in the next part of this chapter to create a bigger and complete picture of a digital ecosystem that luxury brands can use to drive brand success.

3.4 Digital media and their application to build luxury brand awareness

3.4.1 Social media

3.4.1.1 Definition of social media and its role to build brand awareness

Social media includes all Internet-based technological applications, in accordance with the principles of Web 2.0 and providing the creation and exchange of user-generated content, while also facilitating interaction and collaboration between participants (Kaplan & Haenlein, 2010). Such applications also include blogs and microblogs (such as Twitter), social networking sites (such as MySpace and Facebook),

virtual worlds (such as Second Life), collaborative projects (such as Wikipedia), content community sites (e.g., YouTube, Flickr), and sites dedicated to feedback (e.g. online forums) (Chan & Guillet, 2011; Mangold & Faulds, 2009).

The Internet- and online-based social media have changed consumer consumption habits by providing consumers with new ways of looking for, assessing, choosing, and buying goods and services (Albors, Ramos, & Hervas, 2008). These developments influence how marketers operate and affect marketing practices in terms of both strategy and tactics by presenting marketers with new challenges and difficult choices (Thomas, 2007). According to Mangold and Faulds (2009), social media enables firms to communicate with their customers and also allows customers to communicate with each other. Communications between firms and their customers help build brand loyalty beyond traditional methods (Jackson, 2011; Kaplan & Haenlein, 2010), which concede to the promotion of products and services as well as the setting up of online communities of brand followers (Kaplan & Haenlein, 2010). Furthermore, conversations between customers provide firms with new means of increasing brand awareness, brand recognition, and brand recall (Gunelius, 2011).

3.4.1.2 Luxury social media platforms

It is a new age for luxury marketing to integrate digital media to their most precious asset - brand itself. One of the most used methods is social networking, to earn a fan base of audiences and create online buzz. However, unlike other brands, luxury brands have strict rules of associate with online audience. They are usually among those account that attract more than 4 times the fans of average consumer brands, they are extremely focused and targeted. They also prefer to post less frequently than other brands, it is considered as a strategy, luxury brands want to be accessible – but also reserved.

Luxury brands has been embracing social media in recent years with the purpose of engaging with their affluent customers who quickly adapted and even addicted to social networks. Luxury customers are well-equipped with digital devices and are among the group that associates the most with brands on Internet. This is in fact an advantage for luxury brands when their target audiences already exist on various digital platforms. Their challenge is to find the most suitable media channels and approaching strategies that coherent with their traditional methods. Among available and most popular social

media on the Internet, Instagram, Facebook, Youtube, Twitter, Weibo and WeChat (exclusively for Chinese customers) have proved to be most effective when it comes to build brand awareness and interaction with customers.

The table (Appendix 2) shows luxury brands' social media activities (highlighted) and other digital engagement. In actuality, luxury brands have great fan base on social media. Firstly, their brand advocacy already exceeded ordinary fashion brands and often generated better awareness. Secondly, luxury brands are masters of building richness of images and quality contents. Chanel is a great example of brand that wins over social media. Last year Chanel was named by Insightpool the most influential luxury brand on social media. Not only it has almost 31 million followers on Instagram and 21 million likes on its Facebook fan page, but it also represents the true image of luxury across almost all important channels. Chanel's success on social media based on being mindful of protecting exclusiveness but less cautious when it comes to digital and social media marketing. On Instagram, for instant, Chanel retains its exclusive image by not following anyone, but its official beauty account and you can sense less direct interaction with its fans. Chanel is still loyal to the anti-laws of marketing - Do not respond to the customer's wishes, be yourself! (Kapferer & Bastien, 2009) but allows customers to involve in its daily posts of new items, collections and campaigns. Burberry is also one of the few luxury brands that has a big fan base on Snapchat. They were the first brand to use Snapchat's Discover to promote Mr. Burberry, their men's fragrance and grooming collection.

3.4.1.3 Mobile application

Luxury brands need to be on the cutting edge, as the affluent consumer is demanding – and always up on the latest technology, from amazing apps to the latest Apple iPhone and iPad. Luxury brands need to create killer content for these devices – from inspiring videos, cool apps, to exclusive content that offers an insider's look into the brands. Louis Vuitton has numerous travel apps for the iPhone, with city guides for cities like Paris and New York, featuring Sophia Coppola and Rachel Weisz sharing their favorite restaurants and shops. All mobile applications are integrated with brands' social media platforms and sometimes tend to lead customers to interact with their social accounts by sharing or liking their content.

3.4.1.4 Embracing video content

Luxury brand would be a fool to ignore this particular important media channel to visualize their brand's stories. Youtube is an exclusive and most vital video platform of all based on the fact that it has over 1.9 billion users, 30 million of them watch Youtube videos on daily basis and 5 billion videos are viewed per day (Google, updated in September 2018). Plus, video allows luxury brands to deliver full impact of images, sound, creativity and emotion. Luxury brands are quickly developing their own official Youtube channels to entertain their customers and exclusively feature their most recent campaigns. A few examples of this is Karl Lagerfeld brilliantly unveils videos on the Chanel Facebook page — previewing first with teaser images and videos – and then full-length videos. Chanel's mini-movie series featuring Keira Knightley directed by Johan Renck and dedicated to their iconic Coco Mademoiselle perfume line - a classic-style online mini-movie that received over 22 million YouTube views. Burberry recently released a new campaign for Her - the new fragrance for women - featuring social media star Cara Delevingne that generated more than 260,000 views within a month on Youtube only. Christian Dior dedicates their Youtube channel to the making of their timeless collection from sketching to handcrafted process. Or Lamborghini with over 750,000 Youtube subscribers often receives more than a-million-view videos whenever they post official videos introducing their flagship supercar lines.

An additional section to check out is Burberry Acoustic, featuring fairly undiscovered musical talent from across UK. The well-directed and highly stylized videos on the channel feature the models and celebrities wearing clothing from Burberry's latest collection. With several creative digital projects and a website that's without flaw, it isn't surprising that Burberry's brand value is reported to be US\$ 4,48 billion in 2018 (Statista, 2018). Applying Youtube in every marketing campaign is not just a trend but a critical strategy since advertising on television or fashion magazine is not only expensive but also incomparable in term of fully delivering message to audiences. Luxury brands need to invest more into building great and viral content for their Youtube channels. This powerful digital platform can easily drive brand success with their enormous number of viewer, not to mention a group of popular vloggers that brands can partner with. It also offers integrating analytic – Youtube analytics or various tracking tools such as ChannelMeter or VidIQ that brands can easily gain insights to target the right group.

3.4.1.5 Let the customers be brand ambassadors

Digital advertising is the future for luxury brands. It's trackable, measurable and actionable. Luxury customers are more demanding, sophisticated and knowledgeable more than ever. Social media enables a new way of getting and giving direct feedbacks. After purchasing they most likely to share their reviews and experience with the brands online. They follow fashion savvies on social media and often purchase accordingly. They are heavily influenced by ideas and word-of-mouth, both on Internet and in real life. People tend to believe in real-life stories and just plain messages from luxury brands are usually not persuasive enough. In fact, the volume of chatter about brands online is dominated by consumer mentions, not by company posts. Frequently there are hash tags initiated by brands on social media that are used dominantly by their own customers to discuss and share their own experience on the new items they bought or wish to purchase. This effect even amplifies the impact of brand awareness even more.

A research by Deloitte on sources of product information were trusted by consumers found that 60 per cent of consumers said that they trust their friends and families for product and service information, while 60 per cent trust reviews by anonymous customers. Independent product/service experts and advisors came third (43 per cent agreement) while brands and retailers came in at only 12 per cent and 16 per cent respectively (Deloitte, 2016). Luxury users often hear or see a product on social media (from friends, family, influencers or celebrity) and decide research online most likely. Encouraging discussion in real life scenario is the aim of brands to create word-of-mouth effect.

For instant, some luxury brands usually repost their customers' photos wearing trendy items on their official pages or encourage their fans to use hash tags so they could randomly pick a lucky fan for a "shout out". Moschino is one of luxury brands that communicate with their unofficial ambassadors very well on Instagram. Once in a while we would see a repost from unknown fashionista around the world wearing Moschino's products on its official account. Their way of telling story through social media tend to be more authentic and authenticity is among characteristics that luxury customers are seeking nowadays.

3.4.1.6 Social media influencers

Luxury brands' messages used to be delivered dominantly by fashion editors and high-end fashion magazines whose opinion used to drive customers' decision. Nowadays, social media influencers are the new voice of truth. They are either independent influencers or in partnership with different luxury brands. A recent study shows that 92% of consumers trust an influencer's opinion more than an advertisement or traditional celebrity endorsement (Weinswig, 2016). Social media influencers often offer an engaged audience base and can deliver authenticity that suits brand value and identity. They are content creators with style and experience in interacting with fans on social media. Traditionally, luxury brands produce branded content featuring celebrities to showcase their products. This method seems not to be effective on social media where multi-dimensions are appreciated. Influencers on the other hand are more genuine-content focus. Audiences trusted them because of their authenticity and personality. Luxury brands are reported to involve more with influencers. Current trends seem to reflect this positive sentiment, with 73% of global high-end brands engaging in influencer marketing in 2017 (Fashion and Beauty Monitor, 2017). The problem for brands is that they need to carefully select the "right" influencers that are able to deliver both brand value and the authenticity that customers adore. It comes with a narrative that both brand and influencers would agree on. After a partnership has been reached, result measurement needs to be tracked and reported frequently to eliminate unwanted result and engage more positive outcome. In fact, for those that have explored content collaborations, 73% say that influencer-produced content is "effective" or "highly effective" for their brand (Fashion and Beauty Monitor, 2017).

Luxury brands are taking advantage of this powerful marriage between influencers and Instagram. To illustrate, fashion house Chanel leveraged this trend for the launch of its new No. 5 L'Eau perfume. The luxury brand invited high profile guests and carefully selected influencers to the South of France to visit its production facility. The chosen mix of top and mid-tier influencers documented their journey and used two brand-created hash tags, #newchanel5 and #chanelgrasse, to aggregate content during the trip. This exclusive (and yet accessible) behind the scenes look garnered high engagement on Instagram. Creating a social media ripple effect, the influencers' followers were in turn inspired to create their own content around the new perfume. The branded hash tag, #newchanel5, resulted in over 1,600 pieces of influencer and user-

generated content. The two hashtags in total received almost one million likes in the first month of the campaign (Luxe Digital, 2018)

The impact of social media influencers to digital marketing will not cease but develop further. Luxury brands can form great partnership with the careful selected influencers to find a more authentic way to reach their new customers. What to be cautious is not to forget that high-quality content is more vital than reach only. That way luxury brands can assure prestige and sense of luxury would reach their customers and remind them of the exclusiveness but authenticity.

3.4.2 E-commerce and M-commerce

3.4.2.1 E-commerce

E-Commerce has been dominating the retailing market and threatening even the most powerful retailers. There is no doubt that e-commerce is changing the way customers decide and purchase. Nowadays, e-commerce giants like Amazon or eBay sell pretty much anything that you can think of, even grocery or pet foods. Many believed that luxury could not be sold online, it was too risky, and it could destroy luxury brand image. Cynics have proved that idea wrong. Luxury goods sold online was projected to account for 9% market share this year based on the annual report from Bain & Company. They also estimate that online sales will make up of 25% market share. For some luxury brands that already committed to a fully digital shopping experience, Burberry for instance, generated 40% of its revenue through digital transactions (Burberry's annual report FY2017/2018, 2018). In the scope of creating brand awareness and retaining the sense of luxury for online selling channels, luxury brands which offer e-commerce need to pay much attention on smallest details on their official webpage.

An online pixel does not bring luxury experience that is why so many luxury brands often skip these channels. Luxury brands that decided to try playing with e-commerce need to find some ways to deliver a premium online experience. There are three considerable aspects to help deliver a more of luxurious experience from the website.

- A high-end look and brand oriented design: The webpage needs to follow the brand identity in any cost. Take a look at Chanel main website, how the maker embraces the French elegant and simple look with black and white, the front

page has not much thing but a vintage video showing their newest campaign and collection. Or Hermes is playing with all the colors and motions that represent their iconic images. Each of the pixel was designed carefully and purposefully to keep it relevant.

- **Content:** Content plays a key role in defining an online experience as something more than just a listing of products. At the Hermès' e-commerce site, you're exposed to a more fun and whimsical side of the brand you may not get in a store setting. The Hermès House of Scarves is designed with illustrations, and it's shoppable — customers can click on different parts of the house to add items to a wish list, a shopping cart, and watch product video. Burberry and Louis Vuitton imitate their in-store branding online, but they're able to play video of their fashion shows and create online fashion editorials, which won't show up in a regular brick and mortar store.
- **Customer service:** A superior experience online, for luxury retailers, means seamless customer service. Burberry, Hermès and Louis Vuitton all offer free shipping, free returns possible either by mail or in store, and a buy or reserve online, pick-up in store function. Louis Vuitton and Burberry have both launched live chat. Burberry has a "call back" function that will prompt a consultant to either contact a customer immediately, or at a designated time. Louis Vuitton offers its social media services, directing those looking to contact the company to tweet at @LVServices or send a Facebook message to the brand's inbox.

3.4.2.2 M-commerce

While e-commerce is still a growing force that contributes to luxury brands' presence and revenue, m-commerce has proven to be an even faster evolving channel. The fact that luxury customers own an average of 4 touch-point devices and spend more time on their mobile devices more than a desktop has raised a legit point that the future of luxury online sales lays on the 6-inch screen. In China, mobile payment transactions reached a record volume of US\$12.8 trillion from January to October last year (South China Morning Post Publishers, 2018). To keep in mind Chinese customers are among the most important forces in luxury market and they are already moving ahead in digital transformation. Various online retailers saw this trend and briskly involved by

introducing m-commerce platforms that immerse with customer's new purchasing habit such as Tmall, WeChat or JD. This growth is starting to get luxury brands to react while they are realizing how important it is to get an online shopping website also developed for mobile phones, or even to get its own shopping mobile app. Luxury brands have to put their mobile project into action if it is not done yet.

With m-commerce, shopping experience has become personal more than ever. Luxury customers can now easily download mobile application from brand-own to e-retailer. They browse through the new collection, view product images, add to wish list items they like, purchase whichever they want, pay via mobile wallet, share a picture of the product on their social media and drop a review. The whole experience is carried out on the pocket-size device. By getting customers to download their m-commerce applications, luxury brands can now easily push a notification of new collection to their mobile devices. Some brands are even more creative with their mobile platforms. Burberry gives brilliant example of digital-centric brands. Burberry app, now available in 33 countries, is customers' gateway to the world of Burberry. People can explore and shop new collections while managing all orders in one place. They are immersed in personalized, shoppable stories and can discover the latest style inspiration, campaign images and videos. In China, Burberry customers can now book in-store appointments via WeChat, China's number one multipurpose social media mobile application. Users visiting burberry.com can scan a QR code (a matrix barcode) to open WeChat. They are then geo-located to their nearest store to book an appointment. In addition, should they wish to do so, the customer can speak to a sales associate ahead of their visit, offering them a unique, personalized digital service (Burberry's annual report FY2017/2018, 2018).

M-commerce will continue to shape the future of luxury brands by offering a personal approach and influencing luxury customers' path of purchase. It allows brands to create a real ecosystem where they can drive customers' opinion from the very beginning of purchasing incentive. Furthermore, m-commerce could become an excellent marketing channel with push notification feature and ensure brand visibility 24/7 on the device screen.

3.4.3 Omnichannels

Each and individual digital media cannot fulfill the shopping experience customers expect from luxury brands. Today's 91% of luxury sales still come from physical store, retailers or wholesalers. "Channels are now coming together in an interdependent and integrated ecosystem around the customer," writes Claudia D'Arpizio, Bain & Co partner in the introduction of their 2017 annual luxury report. In order to be successful with digital platforms to drive brand awareness and offer personalized luxury experience, brands need to come up with a responsive omnichannel "network" where all the digital and traditional elements fit together.

In the manner of branding strategy, the role of omnichannel is to close gaps in customer experiences across channels, to offer a seamless, unified brand experience irrespective of the touchpoint device or physical store used. Each channel needs to interact with and support others to establish a single brand presence (Bain & Company, 2017). This requires a respective management of brands to control over each and every information across digital and physical channels to provide a centralized system that all aspects of their products is available instantly.

A great example of leveraging omnichannel network comes from Burberry, a true digital-centric luxury brand. In China, Burberry customers can now book in-store appointments via WeChat, China's number one multipurpose social media mobile application. Users visiting burberry.com can scan a QR code (a matrix barcode) to open WeChat. They are then geo-located to the nearest store to book an appointment. In addition, should they wish to do so, the customer can speak to a sales associate ahead of their visit, offering them a unique, personalized digital service.

In 2017 Ralph Lauren introduced a smart fitting room mirror. Using a RFID system, the mirror can detect what items a shopper takes into the fitting room. With this technology, shoppers are able to share photos of themselves with others and request a different style or size of the item selected. Furthermore, customers can request any one of several lighting choices in the dressing room, so they can see how the garment will look in its most likely setting.

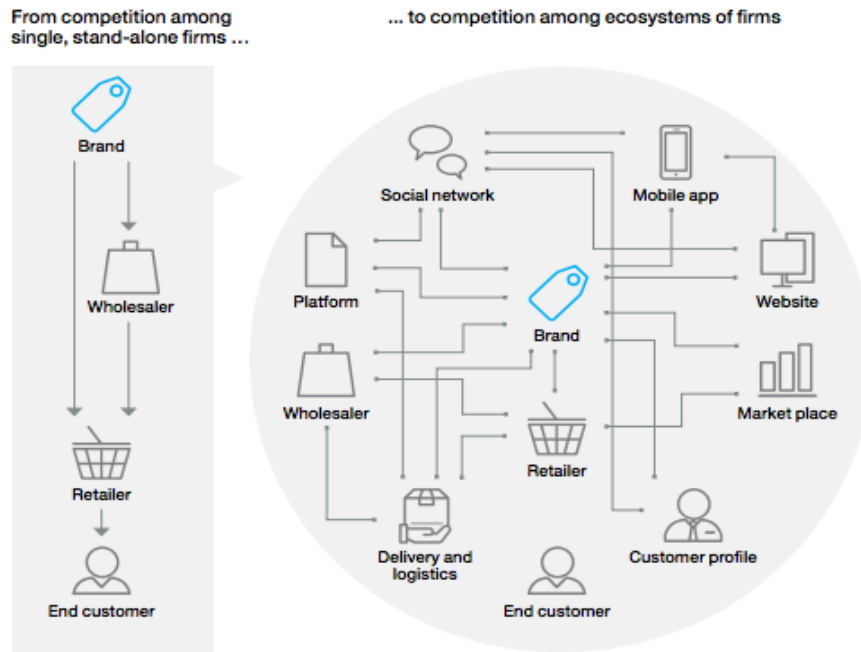
Digital evolution has changed the way customers demand shopping experience with brands, especially luxury customers who are usually tech-savvies. They expect luxury brands to be more creative and bring up ideas that excite them. Not only digital

channels have to replicate the touch-and-feel experience of physical stores, it is the store that must match the quality of the online experience. McKinsey predicts that an era of reserve omnichannel has begun. A seamless and interactive linkage between channels should be deployed to keep customer interested.

3.4.4 An ecosystem for luxury brands

Luxury brands have actively integrated digital media in different platforms across various channels to keep up with new customers' expectation and in the meantime, redefine their branding strategy. Each of those elements has their own purpose and meaning to luxury brands but immersing together, they allow luxury brands to create and echo that can raise more awareness and drive sales. Luxury brands in the other hand, have a lot to accomplish. One of the most challenging task is to design a luxury ecosystem that link all vital channels together for a big picture. McKinsey's 2018 report - The age of digital Darwinism - visualizes a model for luxury ecosystem.

Luxury brands act as the center of the network. Digital media such as platform, social media, mobile application, website are the tool to interact and manage customer relationship. Strategic partnership with retailers and wholesale expand the network, drive more sales and even brand awareness since these partners apply their own marketing strategies. Distribution channels play an important role because physical stores are still where most of the sales are coming from. Effective logistics and delivery management cut unexpected cost and modify great customer satisfaction. Analyzing marketplace and managing customer profile would provide great insights for making strategic decision. All together these elements build a strong luxury brand and thanks to digital evolution and advance technology, brands are able to digitalize all other channels and create a seamless ecosystem.



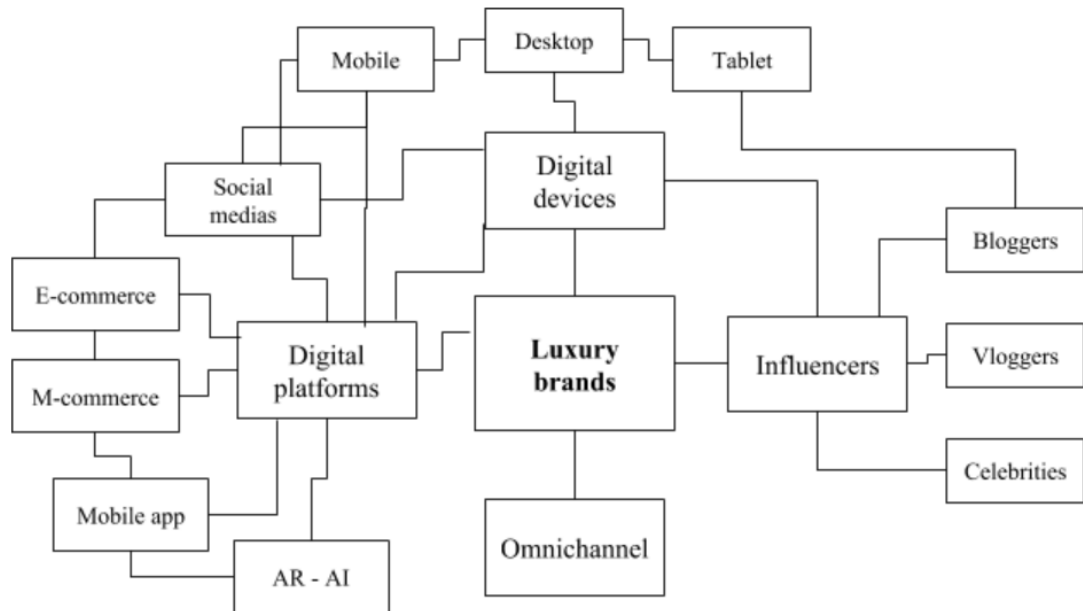
Source: McKinsey, 2018

Figure 14: The age of ecosystems: building partnerships is the next competitive advantage

It is no double to say that digital media are now key factors to sustain luxury brands. In the scope of branding strategy, media network also acts as an ecosystem where each element is a link that supports and interacts with each other to create a chain effect. We learned about different digital media in previous parts of this chapter and now it makes sense to put them together for a complete picture of how they can be integrated.

Luxury brand sits in the center of the digital ecosystem surrounded by the essential digital channels that act as elements to strengthen the brand. These selected digital media tools include digital platforms such as social media, e-commerce, m-commerce, mobile applications and technological disruption – artificial intelligence and augmented reality. Those platforms are where brands execute their marketing plans and interact with luxury customers. In order to implement digital platforms, there should be an environment for them to run on. That is when digital devices are needed. Mobile, desktop, tablet, wearable devices help to reach customers personally. Social media influencers are playing a vital role to deliver authenticity and brand value to new forces of luxury customers. Their voices are heard, and their opinions are trusted by young consumers. Last but not least, it is time for luxury brands to build and invest more in

omnichannels to create seamless experience whether it is online or in-store. Luxury customers are digitally influenced but they still adore the touch and feel of exclusive products in physical store.



Source: Author

Figure 15: Digital media ecosystem for luxury brands

4 CHAPTER 4: ONLINE SURVEY AND KEY FINDINGS

4.1 Methodology

Any study should be structured so that the conclusion is close to the aims of researcher and a research should reflect systematic inquiry that is designed to collect, analyze, interpret, and use data (Mertens, 2014). To deliver a concrete study that meets academic requirements and actually contributes findings to the topic, research methodology should be considered thoroughly. Thus, how we arrive at results is just as important as the results alone. The significance is associated with not only the validity of the study but also by the means which others can replicate.

A strong research design requires paradigm congruent to researcher's view of reality and its nature. According to Lincoln and Guba (1985), a paradigm comprises four elements, namely, epistemology, ontology, methodology and axiology. It is important to have a firm understanding of these elements because they comprise the basic assumptions, beliefs, norms and values that each paradigm holds. Each paradigm consists different ontology and epistemology then later reflects in methodology and research methods. Particular paradigm may be associated with certain methodologies. A positivistic paradigm typically emphasizes facts and the causes of behavior (Bogdan & Biklen, 2003), while a constructivist paradigm typically utilizes nature of reality. A mixed paradigm as pragmatism can answer simultaneously confirmatory and exploratory questions (Tashakkori and Teddlie, 2003).

The pragmatic approach involves using the method that appears best suited to the research problem. Pragmatic researchers therefore give themselves the freedom to use any of the methods, techniques and procedures associated with quantitative or qualitative research. It comes as no surprise then that different individuals take different paths resulting in different states. Pragmatism differs from the positivism and constructivism on solving problems in a sensible way that suits the conditions that really exist now, rather than obeying fixed theories, ideas, or rules. Breaking down pragmatism into elements as Lincoln and Guba (1985) and Morgan (2007) suggested and explaining its nature helped shaping my decision to adopt its methodology within this study.

Due to the nature of this study, pragmatism is the most suitable paradigm. Luxury in general has been a fluctuated concept that involves a lot with consumer's behavior and changes of society's perspective. This study also puts lots of emphasis on people interaction, explorative definition and current changes in the luxury business. It is common to that pragmatism paradigm implies that the overall approach to research is that of mixing data collection methods and data analysis procedures within the research process (Creswell, 2003). Using a mixed method would help explaining data, thoughts and concepts based upon texts and gathered by luxury-related sources because there are many misconceptions about luxury that outsiders would question.

This study is an exploration on the topic. Basic concepts will be mentioned but what important are the current trends and changes which show so much potential on building luxury brand awareness using more digital integrating approach. Through exploring different methods, analysis on recent trends that are reshaping luxury business and a survey conducted to explore people's attitude towards luxury brands on social media and other digital channels.

Digital media application and techniques in luxury business are considered in their early development stage and there have not been many concrete research and study on this topic except for recent publicity and articles that emphasized. Pragmatic method is most likely debatable, but it would be a fit choice for such explorable and constructing subject. To avoid such bias, data and cases were collected through various and reliable sources, with validity.

To support the theory and findings which were discussed in previous chapters, a survey was conducted to validate the research question of whether luxury brands' decision to present on digital media helps building better brand awareness towards one of their new customer forces, the millennial. The decision to adopt online survey to collect insights from target group is as they are easier to reach on social media, and simple survey design would be more convenient and takes less time for them to involve. The survey was done with participants from different geographical backgrounds, age 20-45. Research questions were referred to recent researches from prestigious research agencies and conducted with own objectives of the study.

4.2 Online survey

A total of 69 online surveys were completed within a four weeks period from October 15th to November 13th, 2018. The platform used for survey design is Google Form. Google Form offers free and easy-to-design survey, which suffices the need and intention of the survey. It also allows plug-in analytical tools, automatically generated graphs and figures. Besides, I was able to use Google third-party add-ins to simplify the process of analyzing and interpreting data. There are total 27 questions divided into five sets of questions, designed to gain insights of luxury consumption, luxury brands' interaction with customers on social media, luxury e-commerce, luxury influencers and customer's view of future technologies. The survey was distributed online by group of friends and colleagues. I have also invited respondents from other regions to participate through Facebook groups to diversify the source of responses. The survey sample was distributed in convenience and is consistent with the purpose of gaining millennial's insights of their actual interaction with luxury brands on digital media channels. A descriptive summary of the survey can be found as follow:

Set of questions	Content	Question number	Questions
1	Demographic	1, 2, 3, 4	Gender, age, region, employing status.
	Luxury consumption	5, 6, 7	Recent luxury purchase and incentive, researching channels for luxury items.
2	Social media usage	8, 9, 10	Social media platforms, usage.
	Interaction between luxury brands and respondents on social media	11, 12, 13, 14, 15	Using social media for browsing luxury products, interaction with luxury brands, top 3 luxury brands in kind, reasons to follow luxury brands on social media.
	Preferred video content	16	Types of video from luxury brands they would watch.
3	Luxury online	17, 18, 19, 20	Previous luxury purchase online,

	consumption		intention to buy luxury products online, types of luxury products to buy.
	Luxury brand's website	21, 22	Usage of luxury brand's website; opinion on website's design and features.
4	Luxury influencers	23, 24, 25	Top luxury influencers and why to trust their opinion, trust of anonymous reviews.
5	Other digital channels	26, 27	Opinion on when future technology will affect luxury brands, mobile application's usage.

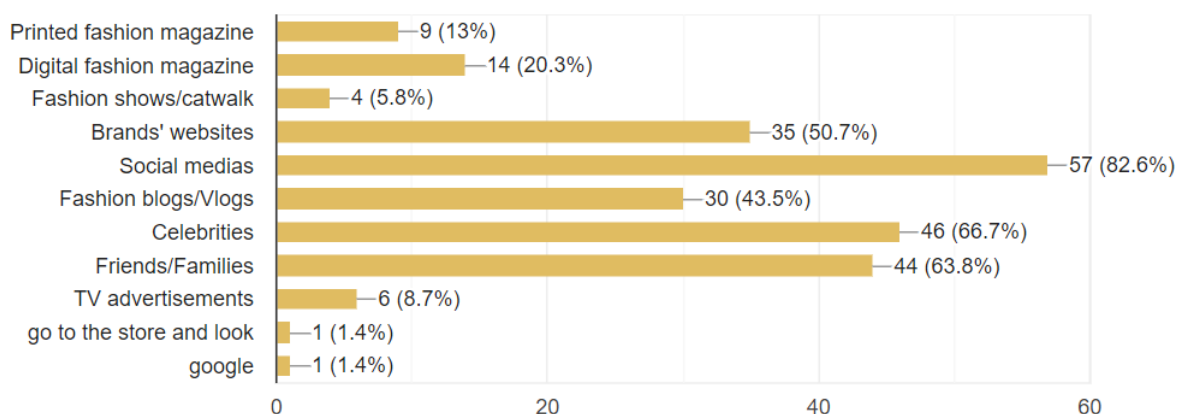
Source: Author

Table 2: Descriptive summary of survey questions

Respondents are mostly from Europe and other countries in Asia. Geographically, survey was designed into seven regions including Europe, North America, South America, Asia (Mainland China), Asia (the rest of Asia), Australia and Africa. 47.8% of respondents are from Europe. The other majority group is from Asia (the rest) with 29% of participants. There are 6 North American representatives, accounts for 8.7% of total surveys. In addition, I have managed to receive 5 responses from Mainland China, 2 from Australia and unfortunately none from African region (Appendix 4, Chart 3). Respondents varied from 18 to 45 years old. This survey was distributed with the purpose of targeting millennial. In fact, 94.4% of respondents are from 18 to 35 years old. One of the aims of this study is to achieve insights from millennial customers as they are, nowadays, among the most important customer forces of luxury business. The reason was discussed in the previous chapters. 56.5% of the respondents are in the 25-35-year group, follow by 37.7% in their 25 to 35, only 2.9% is from 35 to 45 and none are over 45 years old (Appendix 4, Chart 2). Female accounts for over two-third of respondents and men are only less than one-third (Appendix 4, Chart 1). When asked if they are currently employed, 76.8% responds that they are full time employed while 20.3 % have a part-time job and only 2.9% of respondents are currently unemployed

(Appendix 4, Chart 4). In general, we have a group of young customers, millennial-based who are mostly from Europe and Asia. They are currently employed with full time or at least a part time job. Even though the results may be biased toward younger generation, but it suits the study well. As a matter of fact, all of the respondents are in use of social media. They are also aware of top luxury brands as well as their appearance across different digital channels. The rest of the survey rather focuses on how young customers would use luxury brands' digital channels and their perspectives toward brand's integration of digitalization. The outcome of the survey should deliver findings and recommendations to improve those digital tools and strengthen a digital ecosystem that ensure brand success, especially to attain more brand awareness.

The first set of questions focuses on respondent's demographic background and their luxury shopping behavior. 63.8% of participants answered that they have recently bought luxury products compares to 36.2% who stated they have not (Appendix 4, Chart 5). However, this does not mean they have never bought any luxury goods or services. The survey then asked for reasons why they decided to purchase luxury products. The question provided different scenarios, divided into: customer's desire of the products, brands or if they were influenced by someone else (Appendix 4, Chart 6) The top reason to buy luxury products is "I like to treat myself" with 41 picks and comprises 59.4%. 55.1% of people agreed that luxury products have better quality. 27 out of 69 respondents believe luxury products are long lasting and timeless in term of trend. Next question reveals which channels they use to research for luxury items.

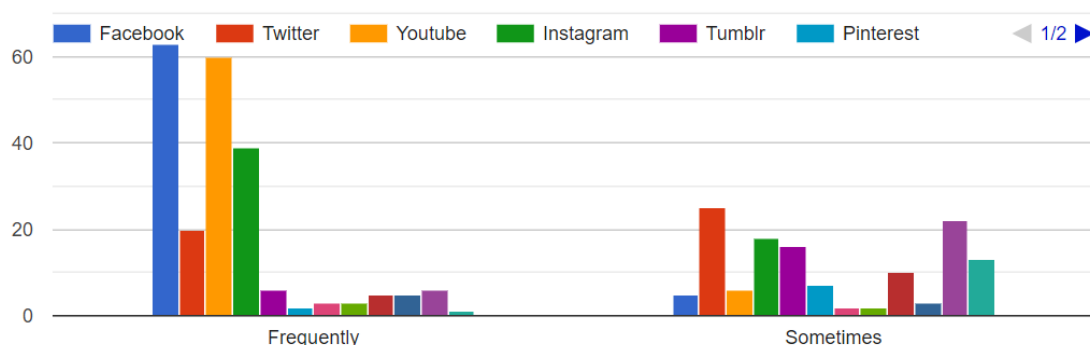


Source: Author

Figure 16: Latest high-fashion trend sources

Most of the respondents chose social media as their number one source to look for latest trend in luxury with 57 out of 69 answers, accounts for 82.6% of total responses. People are easily inspired by celebrities as they always appear in front of the public with glamorous style and trendy outfits and celebrities usually associate with a luxurious lifestyle. That is why 66.7% of respondents are influenced and given the incentive to buy the same product they would use. Participants were at the same time, often inspired by friends and family when looking for shopping ideas.

The second set of questions concentrates on social media as an important digital channel for luxury brands. To answer the question whether or millennial will interact more with luxury brands and be driven by the content, photos, video or discussion on their favorite luxury accounts, we need to know how they see the connection between the brands and popular social networks such as Facebook, Instagram, Youtube, and so on. The first three questions showed participants' familiarity with social networks and what they are using them for. 100% of respondents unsurprisingly use social networks and 63.8% of those have more than three accounts from different platforms (Appendix 4, Chart 8). Facebook still dominates social media channel with 98.6% of respondents are currently using, follows by Youtube and Instagram with 66 and 57 users, account for 95.7% and 82.6% respectively. Twitter while being popular in American and Japan, is used less frequently by our respondents. All Chinese respondents have Qzone and Weibo accounts, two of the most popular social networks in Mainland China. VK in addition is considered the most essential channel to approach Russian-speaking customers.



Source: Author

Figure 17: Most used social media channels

The following questions reveal what the main purpose for participant to use social media, if they usually interact with luxury brands via social networks and what they would use these networking platforms to gather ideas for luxury shopping. When asked to write down three luxury brands that came to their mind, traditional and top brands in the industry showed up notably. In the next part, we compare the survey results to luxury brands ranking on social media to see if there is consistency. Luxury brands' characteristics on social media are something built in the way they want customers to perceive the brands through content, images and interacting level. Of seven brand's characteristics that are suggested, 50.7% of respondents believed that luxury brands offer great content of images, videos and texts. While 20.3% of respondents thought luxury brands are creative, 5 people claimed luxury brands were not very responsive on social media, in term of answering fans' comments or anticipating in most posts (Appendix 4, Chart 15). The question on video content gives the idea of what customers are fond of watching from luxury brands. 72.5% would watch the introduction of new products or services and most female customers would prefer videos on beauty tips and tutorials (Appendix 4, Chart 16).

The next set of questions aims on online shopping behaviors and what can be improved on brand's website to gain more visit and eventually would converse visit to purchase. Nearly half of participants, in fact, have purchased luxury products online. While 27 answers were "no", when asked if they would purchase online in the future, 19 people said they would and 24 participants seemed to hesitate (Appendix 4, Chart 17). Millennials are more familiar with online shopping but when it comes to buying luxury, we can still see their hesitation, which signals that luxury brands will have to put even greater effort. In order to understand what customers would use brand's website for, six common activities were suggested. More than half of respondents admitted they used luxury brands' website only to check new items and then they would go to store to look and try. 55.1% gathered ideas for outfit by going through collections while 56.5% of respondents expected to receive better offer from brands or e-tailers if they shop online (Appendix 4, Chart 21). Understanding customer's need and what they want to use e-commerce website for, brands can easily adjust their digital marketing strategies to firstly draw more traffic and convert to actual purchase, knowing which product categories should be sold online.

The fourth set of questions tests the importance of influencers to luxury customers. Starting with who participants think should be most vital personas in luxury industry. Top luxury influencers were mentioned, from iconic VIPs in the business to celebrities and fashion bloggers. The role of influencers to promote and build customers' trust is undeniable. However, knowing who to build partnership with, for luxury brands, is a strategic decision. In addition, respondents pointed out the reasons why they would look up to these mavens. This gives insights to put up narratives, which decides how relationship between luxury brands and influencers could be built. In previous chapter, we already talked about how customers have become smarter and more demanding. They are somewhat immune to traditional luxury marketing and normally would like to gather ideas from different sources.

The last two questions revealed respondent's opinion on other futuristic technologies and their likelihood of using mobile applications from luxury brands. This era is just the beginning of innovative techniques such as 3D printing or artificial intelligence but with the quick evolve of today's technology, these techniques could be advantages of luxury brands to compete in the market.

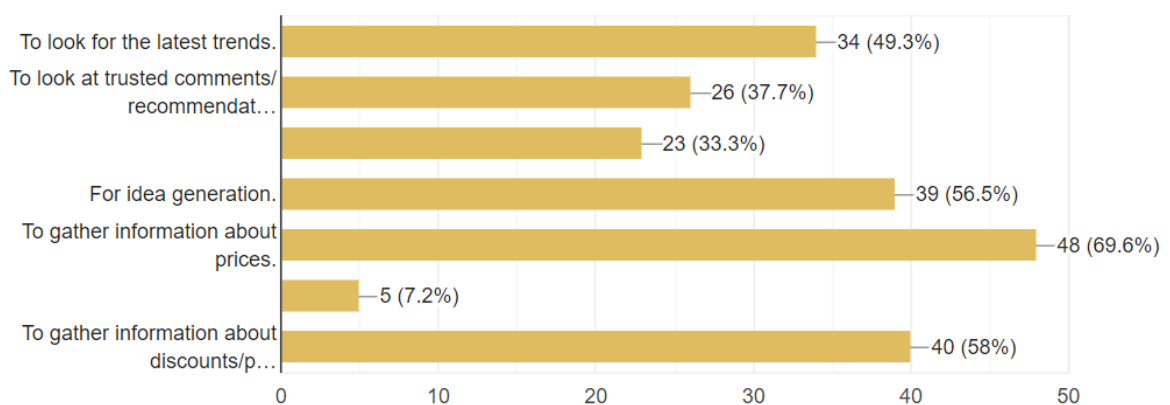
4.3 Analytics of the results

4.3.1 Customer's interaction with luxury brands on social media

Findings from the surveys showed that all respondents own social media accounts. 63.8% answered they use more than three social networks, 30.4% of them have less than three accounts and only 2.9% have at least one account but rarely use them (Appendix 4, Chart 8). When asked to specify which networks they frequently use and which ones occasionally, 63 out of 69 respondents actively use their Facebook accounts and only 5 respondents reported that they sometimes use this platform. Youtube came second as the most used network, with a total of 66 picks. The rising of video content recently has not only made Youtube a new social media star but also turned it into an effective marketing channel, especially for luxury business. Instagram came third as most popular networks among respondents. User-wise, Instagram may not have the largest number of users but with one billion monthly active users, age ranges mostly from 18 to 34 years old, it is perhaps the most important media platform to luxury brands (Statista, 2018). 65.2% of respondents own Twitter accounts but only 29% frequently use it. In reality, Twitter is a vital social media to communicate with North

American and Japanese customers. Luxury brands cannot overlook local social networks. Especially in some markets, usage of international social networks is restricted. In China, social networks such as Weibo, Qzone or WeChat dominate the market. This has forced luxury brands to localize digital channels to approach Chinese customers, in particular, Chinese millennials. The same can be concluded for VK, exclusively built for Russian speakers (Appendix 4, Chart 9).

Social media is the most chosen destination to find the latest high fashion trend or luxury items with 82.6% of respondents' picks. The next source inspired them is from celebrities, who they most likely follow on social media, with 66.7% survey answers, following by friends and family with 63.8% of replies. 50.7% of respondents would go directly to brands' websites to look for the items (Appendix 4, Chart 7). The Internet does make it easier for them and the distance is just a "click" away. Now that we have social media as the first source respondents think of when they need to look for luxury items, how they use them is given out in the next questions.



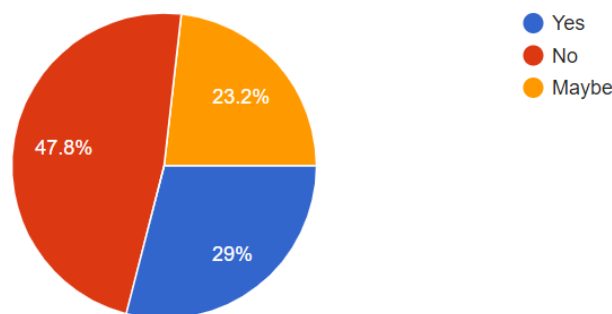
Source: Author

Figure 18: How respondents are using social media to gather ideas for luxury items

Our participants concerned most about the price, as 69.6% of them would research this topic on social media. In addition, 58% would use social platforms to gather information about discount or promotion of their favorite luxury products. The same number of respondents uses social media for idea generation. They also look for the latest trends using these channels with 49.3% of respondents agreed so. People tend to use social media for various purposes and researching or buying products is impartially one of their usual activities. Only 37.7% of respondents use social media for shopping

whereas connecting with friends and family or entertaining and sharing are the main activities on these channels (Appendix 4, Chart 11).

What about the interaction between luxury brands and respondents on social media? When asked if they usually interact with luxury brands, 47.8% replied that they have been interacting with luxury accounts on social media, 23.2% of people were reluctant and half of respondents have not interacted with luxury brands on social media. This arises the concern what it would take for them to be aware of, follow and interact more with luxury brands online where they spend lots of time. 60.9% of participants stated that they would follow top luxury brands and those they have already known. In addition, 47.8% would interact with their favorite luxury brands that they are fans of. Content is also an extremely essential element because 37 out of 69 respondents cared about the quality of luxury social media accounts, such as nice photos and videos of luxury products (Appendix 4, Chart 14).



Source: Author

Figure 19: Respondents' interaction with luxury brands on social media

Top-of mind brands often have great audience base, people recognize and remember them effortlessly. To support that opinion, I asked respondents to write down three luxury brands they could think off and the results varied, however it showed the dominance of these three luxury brands (Appendix 4, Chart 13).:

- 1) Chanel: 27 counts
- 2) LV: 27 counts
- 3) Gucci: 24 counts

I then compared the result to actual followers or likes these three brands attain across five important social networks: Facebook, Youtube, Instagram, Twitter and Weibo.

Brand/platform	Chanel	Louis Vuitton	Gucci
Facebook	21,685,898	23,159,177	17,649,859
Youtube	1,255,605	239,543	294,228
Instagram	31.1 million	28.1 million	29.7 million
Twitter	13.3 million	7.27 million	5.53 million
Weibo	3,128,785	3,674,826	1,492,975

Source: Facebook, Youtube, Instagram, Twitter, Weibo (updated November 2018)

Table 3: Chanel, Louis Vuitton, Gucci's followers/likes on different social media platforms

Chanel is no doubt the leader of digital integration, looking at the numbers of followers and likes they have gained on their official fan pages. On Youtube, they even outperformed the other competitors by nursing video content; each video product they post shows serious commitment and effort. Luxury brands that invest in social media are clearly winning the race to customers' mind. Out of the seven suggested characteristics of luxury brands on social media (Appendix 4, Chart 15). 50.7% of respondents believed luxury brands offered great content with high-quality photos, videos and captions. 20.3 % of respondents would describe luxury brands as creative while 10.1% saw them as a source of entertainment. In the other hand, luxury brands usually are not very responsive to their fan, they often ignore questions and complains. This can be explained as luxury strategy to retain exclusive image even on the Internet. For luxury brands on social media, content marketing contributes greatly to the final purpose of generating brand awareness. We have already known that customers love luxury content whether they are pictures, video, copy, strategy or storytelling. However, what makes difference is the format and how it aligns with each brand. Luxury brands can be creative and offer entertaining materials to attract more audiences and interact with them. This requires consistency, storylines and professional staffs who know what to post and what to say. The most important functions of social media are the ability to

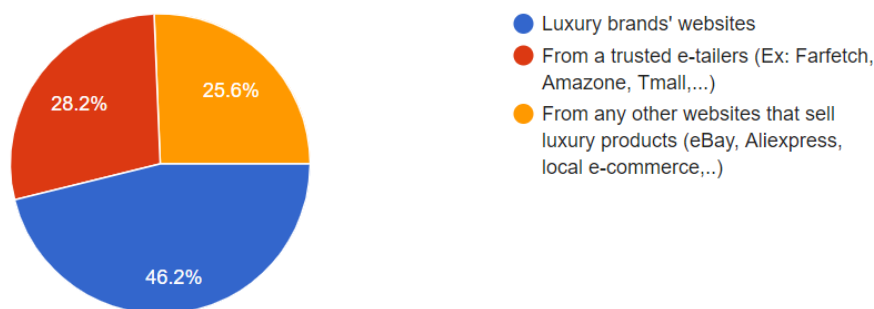
share and connect. Our respondents mainly use social networks to connect with friends and family (92.8%), reading news and current event (73.9%), sharing their own photos and videos (72.5%) or finding fun and entertainment (71%) (Appendix 4, Chart 10). If they find something interesting and worth sharing, they will act on it, share with friends and family. Luxury brands therefore have a chance increase engagement by viral content and user generated content, which was discussed earlier, by reposting customer-made content and crediting them in the posts, makes their customers feel “loved” and cared for by the brand. It is also a way to promote their products using by genuine people.

Inevitably, luxury brands have realized that the impact of influencers can do wonders for them. Luxury brands should work with influencers because they can use the established, celebrity influencers as an extension of their brand’s identity. An effective top influencer can make the brand look more niche and luxurious. When asked who they think are top influencers in luxury world, 76.8% of respondents appointed the industry’s VIPs to be on top of the list, following by stylist and fashionista (72.5%). Actors or actresses are top representatives of luxury brands according to 66.7% of respondents. While 63.8% would be influenced by top models, only 42% of them surprisingly chose fashion bloggers as top influencers. For male respondents, footballers are more likely to be chosen as influencers. Footballers such as Cristiano Ronaldo or David Beckham are still luxury brands’ favorite ambassadors because of their many admirers all over the world (Appendix 4, Chart 23).

The top reason for our participants to trust their opinion is that these people are “bold, stylish and know trends”, according to 50 survey answers. 56.5% of respondents revealed that they trusted plainly based on their admiration for these influencers, personal feeling and interest were involved. Our respondents also had the impression that these influencers would not buy the products if they would have been unqualified (30.4% of respondents) (Appendix 4, Chart 24). With the right influencer, luxury brands can remind the aspiring populace about their existence in creative ways. However, relevance is vital for influencer marketing success. It is important to reach to the demographic the product is intended for. And luxury brands can do this through influencers who can influence purchase decisions on a social platform where their target audience is the most active.

4.3.2 Customer's online shopping behaviors

Even though e-commerce is still making a fraction of total luxury, it has been an increasing channel faster than ever. Nowadays, luxury sales are 80% digitally influenced (McKinsey, 2018) and growing e-commerce is not only sale contributed but also mandatory to fulfill shopping experience and build up luxury brand's omnichannel. When asked whether they have ever buy luxury products online, 39.1% of respondents answered with yes, leaves us 60.9% that has never purchase luxury online. For those customers that have already experienced luxury online shopping, for them, luxury brand's website was not the only shopping destination. Though 46.2% of shoppers bought their items from luxury website, 28.2% and 25.6% found luxury products on trusted e-tailers and other e-commerce, respectively. Famous luxury e-tailers such as Farfetch, Tmall and Net-a-porter have partnered with most exclusive luxury brands to widespread shopping options on the Internet (Appendix 4, Chart 18). Among the other group of respondents who have not yet bought luxury online, only 6.5% claim they would not try, 41.3% will likely buy in the future and 52.2% still hesitate about purchasing luxury online (Appendix 4, Chart 19). This can be partly explained by the habit of online window-shopping during their path to purchase decision. 63.8% of respondents would use brand's website just to check the new items then try in store. 55.1% of all participants browsed the website for outfit ideas and 56.5% tried looking for special offers from brands or e-tailers. (Only 33.3% would use brand's website to actually buy products (Appendix 4, Chart 121).



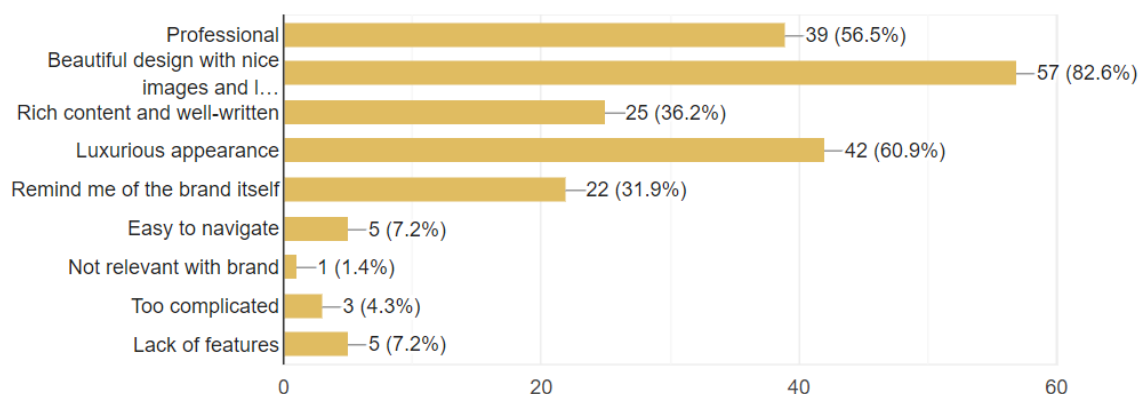
Source: Author

Figure 20: Customer's online purchase platforms

In reality, not all product categories are online shoppable. For instance, clothing and apparels are more store-friendly since customers usually wish to try them on before

making purchase action. In the other hand, accessories, watches, jewelry and beauty products seem to be simpler to purchase from e-commerce. 66.7% of our respondents picked accessories as the best luxury types to buy online, followed by beauty products (60.9%), watches, sunglasses or jewelry (60.9%) and luxury services (44.9%) (Appendix 4, Chart 20). Defining which categories are most suitable with e-commerce channel let luxury brands to focus on what really bring value; enables astute and cost-saving decisions.

A luxury e-commerce website does not simply display the product they are selling. Luxury fashion and lifestyle brands have always associated with exclusivity. Everything that relates to the brand must be sophisticated and brings seamless brand experience. Luxury labels have struggled to translate that tactile experience to a digital setting. But it is surely not impossible. The key is to translate brand language and experience not only by pixel but using also storytelling with the help of technology. Some luxury brands have become at finding new ways to tell their stories and tap into consumers' emotions. Most of respondents found luxury brand's website appealing and full of beautiful images, well-designed layouts (82.6%) with luxurious appearance (60.9%) and extremely professional (56.5%). However, only 31.9% believed those websites remind them of the brand. "Too complicated" or "lack of feature" were also picked by some respondents, required luxury brands to define what is and is not enough for their websites (Appendix 4, Chart 22). The process of translating the luxury in-store experience to the online world is still yet to overcome and luxury brands must ensure their uniqueness.

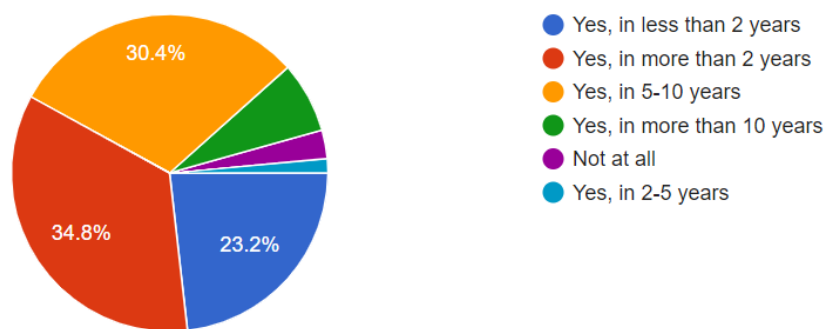


Source: Author

Figure 21: Respondent's opinion on luxury brand's website

4.3.3 Other digital channels' expectation

The new luxury customers, especially the millennials and generation Z are more familiar with connective technology such as Augmented Reality (AR) and Artificial Intelligence (AI). With these new technologies, luxury brands can provide a personalized consumer experience, reach a wider audience, deepen product experience, and build stronger customer relationships. In a parallel world, 3D printing and other artificial materials may reshape the whole luxury industry in the future by providing more complex and atypical type of luxury products. The survey finds that the majority of luxury customers expect the market to be further disrupted. However, there was a difference in opinion about how quickly it would happen. Majority of the respondents (36.2%) believed it would take 2-5 years for these technologies to fully integrate while similar number of responses expected a 5-10-year period. Only 3% do not believe these technological disruptions would ever take place (Appendix 4, Chart 26).



Source: Author

Figure 22: Expectation on when future technologies (Robotics, AI, AR, 3D printing) will disrupt luxury business

Another significant challenge for luxury brands lies on mobile applications. Luxury customers own multiple mobile devices and spend a lot of time on them. The importance of this digital media was discussed in previous chapters. Mobile applications could offer so much: personal reach, interactive experience, responsive ads, social networks, content shoppable via mobile app development, and even in-store technology. However, luxury brands seem not yet to embrace this channel. 30.3% of survey respondents did not like or even would never use luxury mobile applications.

15.9% of them would, if the brands offer more features or functions. A majority of 44.8% of participants required better user experience and 25.4% of all preferred to receive latest offers from luxury brands pushing to their devices (Appendix 4, Chart 27). Intriguing customers to download mobile applications does not assure regular usage from them. They might just delete the app because it is not interesting enough by an easy gesture.

4.4 Recommendations

– ***Increase brand awareness using social media marketing.***

While findings from the survey suggest that customers would interact with luxury brands on social media just because they knew the brands or were brand's admirers. They also admitted being interested in the quality of content from luxury labels. A luxury brand's success on social media is partly defined by number of followers. Increasing the number of people following luxury page or social media account must be a priority. The more people see the posts, the more effective they are. Facebook Ads are one of the most effective forms of online advertising, thanks to the high level of segmentation and targeting. Each luxury brand is the expert of knowing whom their customers are and with the help of social media marketing tools, they can absolutely reach the target group. Affluent millennial is an example of high active group on social media that like to share every moment of their life, from buying a new Chanel bag to a luxury trip in Maldives. Luxury brands that can expose to these potential customers and get them to integrate are doing it right on social media. Using the right social media ads method also helps driving brand success. Luxury brand should not use a blanket approach, instead choosing to optimize content for different platforms. For example, they can take snippets of ads to pique interest on Instagram, while posting the long-form ad on YouTube or Facebook.

Earning more followers does not guarantee brand's success. Luxury brands need to take a step further by creating great content that entertain their audience and, in the meantime, "educates" them about the brands. We have found from the survey that luxury customers embrace the quality of content from luxury brands. Therefore, they need to feel sense of exclusivity online. Exclusivity is fundamental to luxury brand marketing as it maintains consumer desire through scarcity and rarity. Luxury brands commonly struggle to adapt digital media just because they worry about losing their

sense of exclusivity when it comes to going online. However, social media does not represent wider distribution of actual products. It's a wider distribution of the content that evokes the desire to buy luxury products. Luxury brands should create their own brand discipline and communicate the story behind the products and explain the values that define a luxury brand. Luxury content on social media should be considered carefully in term of detail, photos and description, cannot be too friendly but keeping a brand tone to retain a sense of exclusivity.

Video content is the key to gain more luxury brand awareness. We have discussed in chapter 3 how important and popular it is to target customers. Luxury brands need to make a commitment to this digital channel in order to build a great audience base. Youtube is the dominant video platform and luxury brands are not only able to be creative with their Youtube channel, but they can also use relevant ad. Respondents from the survey are willing to watch variety of videos from product introduction to brand's story and beauty tips. Each luxury brand has their strength in different aspects of business and rather invest on video content based on it. For example, traditional brands with long history and heritage should focus on telling brand stories. Luxury brands who are strong in cosmetic segment and build a series of makeup tutorials. Some even team up with talent director to create cinematic video such as short films or miniseries. To put it simple, people has stopped watching fashion channels on TV and prefer to watch those on their Youtube channels. Luxury brands are experts of creative ideas and able to visualize them into appeal video content. However, they need to be consistent and patient to collect more and more subscribers.

– ***Blurring the boundary of social media and e-commerce:***

Luxury consumers today are as likely to hear about a product through social media as they are through a magazine, and most shoppers are now likely to research products and services online, even if they end up buying in a store. The boundary between social media and e-commerce is blurring, as consumers are now able to shop via 'buy now' buttons that are available on Twitter, Instagram and Facebook; and platforms that fuse fashion content with social features are attracting consumer interest as they provide a new and engaging way to shop (Deloitte, 2016). This trend was recommended two years ago. In 2018, the evolvement of social media platforms to support e-commerce has shift to clearer direction. Facebook has worked with brands to develop better

shopping functions and integrate shopping sites to their core interface. Customers can see products they once looked for elsewhere, suddenly appear on their newsfeed. They can even click on “buy now” button and be direct to brand’s website. They can also click on the post and read someone else’s reviews. Instagram has allowed brands to determine price of each item directly on their photos, embedded link then let them open the item and view details right away. The same method is applied for Youtube or Twitter. We have learned that social media is a vital source of information to luxury customers. They spend a lot of time for different activities, including shopping research. By blurring the line between social media and e-commerce, luxury brands are able to engage with them and create a sense of community. This is the time we rarely distinguish the purpose of using these two digital channels but to integrate them effectively and provide seamless connection. A complete social media presence also includes direct sales through some networks, as well as having the back-end tools in place to let customers share products and recent purchases with friends and followers through just a single click.

– *Selling a luxury experience online*

From the second a shopper sets foot in a high-end store, they are enveloped in an air of opulence, heritage, and legacy; greeted by attentive and knowledgeable salespeople and invited to touch and feel materials to understand what makes these products worthy of their price tags. Buying luxury product online does not bring the same feelings. However, web design and integrate e-commerce platform offer a substitute to what is potentially missing. For instance, an unboxing set of photo or video can trigger customer’s imagination of how they can see the product in store. A review posting on their website from a famous fashion blogger can deliver the detail of the product. High-resolution photos from every angle, sometime using 360-degree technique can visualize the beauty or quality of the products. Luxury customer might experience an unlike luxury sentiment as in-store.

Luxury brands need to experiment with the online-friendly segments such as accessories, beauty products, watches and jewelry. It is easier to sell a bag than a trench coat online. Customers have the need to try the coat on and know it would fit them well. However, there are ways to ease this need, for example using bullet points to list its products’ features, calling out the fact that its shoes run bigger and recommending that

customers order one size down. Some luxury brands include plenty of flat and lifestyle shots, as well as measurements for both the product and the model, to give browsers a better idea of an item's size and fit. These options are to fulfill shopping experience.

Setting a foot back to the survey, 5 respondents suggested that they bought luxury as a gift. This brings another idea to deliver a complete luxury experience by considering the need of giving precious gift to loved ones. Gift-wrapping should be included as an option for luxury products as well as the holiday season and special events.

The trend is set. More and more luxury customers are buying and considering buying luxury online. Luxury brands must be prepared from now and create a strong, appealing that bring luxury shopping experience but retain exclusivity.

– ***Better ways to exploit mobile applications***

Luxury brands should not underestimate the power of mobile application. While their customers are converting to mobile channel, it makes sense to follow them their. Mobile application is a powerful tool to develop brand awareness and brand loyalty. A well-designed with great user experience application can help luxury brand build relationships with customer base on a totally different level from social media and interaction on your website. Mobile app development aimed at increasing customer engagement allows brands to send notifications directly to the application, letting them bypass easily ignored email boxes and reach customers essentially 24/7. With the convenience of on-the-go access, mobile application offers a mean to connect with customers for feedback and special offers, and with the option to integrate social media, making it a snap for customers to share content with their friends, extending brand reach further. For luxury brand, a better insight is not to create a usual m-commerce application but to apply technological techniques such as augmented reality, virtual features by partnering with leading mobile application developer to transform ideas into reality. A great brand-centric mobile application is a constant reminder of luxury brand that are visible on customer's screen, a powerful way for brand building.

CONCLUSION

Luxury brands have been slower to adopt digitalization than any others. Luxury brands have historically been skeptical of the value of the digital environment for conveying their brand values. However, luxury brands in recent years have realized how important digital integration is and started to invest more on online channels. In luxury world, brand equity is considered the most valuable asset of luxury company and there is no luxury without brands. Digital media has proven to be effective tool to drive brand success and luxury brands are now implementing them into marketing strategies. In the other hand, not all digital channels are suitable to attain exclusivity and scarcity that luxury brands emphasize.

Luxury brands did not decide to integrate digital media just to follow the trend. In the recent years, the new luxury customers forces have been reshaping the luxury business. Millennials and Chinese customers are extremely digitally influenced. They own multiple mobile devices, spend hours on social media and embrace online shopping. These new luxury customers are smarter, more demanding and well equipped with information. To be more appealing, luxury brands need to redirect their marketing strategy to the Internet where customers are not yet immune.

Twenty first century saw an evolution in information technology and digitalization. The development of Internet allows many things to evolve. In the past ten years the emergence of e-commerce, social media, network and digital devices has changed the business world by changing the way customer shops. There is no exception in luxury business. Technology and digital media influenced customer shopping habit and experience. This results in new path of purchase and perhaps, their perspective on brands. New luxury customers instead of reading about product on magazine, they might see it on social media. Instead of going to the store to look and feel, they open luxury brand's website and research the details. 80% of luxury sales nowadays is digitally influenced (McKinsey, 2018). It is inevitable for luxury brands to integrate digital media and find their new branding strategies.

Brand awareness is exceedingly essential because many luxury customers, especially Chinese, often buy from the top well-known luxury brands. In order to attain brand awareness using digital media, luxury brands under the mission to 1) find the

right channels 2) execute the right strategies 3) still able to keep brand heritage and attain exclusivity. Various digital media tools were introduced in chapter 3 and evaluated by an online survey in chapter 4 to determine the best application of digital media to build luxury brand awareness.

Luxury brands are center of the ecosystem and supported by different digital applications. Digital devices allow luxury brands to carry out their visibility in various environments. The more developed these devices are, the better quality of communication luxury brands can deliver. Luxury customers own multiple digital devices and spend hours on the mobile phone. Digital platforms such as social media, e-commerce, m-commerce, mobile application and new technologies - artificial intelligence or augmented reality are strategic digital application. Social media is where luxury brands can interact with their potential customers, enhance brand awareness, turn them into loyal fans and persuade them to buy products. Social media marketing methods such as Facebook or Instagram ads, customer-generated content, video content or influencer partnerships have showed most to be most effective. Giant luxury brands such as Chanel or Burberry have not been reluctant to adapt social media and awarded with certain success. Last year, Chanel was named by Insightpool as the most influential luxury brand on social media. They are great example of how to retain a sense of exclusivity but still able to be visible to mass audience. E-commerce and m-commerce are real challenges for luxury brands. Even though most of luxury purchases are digitally influenced, almost 92% of sales were made in-store. To thrive on these channels, luxury brands should be prepared and, in the meantime, build a strong omnichannel to satisfy customer's shopping experience. Luxury customers today expect a seamless experience across all channels despite where they finally decide to shop, online or in physical stores. In addition, luxury business should not overlook the power of mobile application. A great brand-centric mobile application not only makes it easy for customers to shop, but also provides another channel for building luxury brand. Disruptive technologies such as 3D printing, artificial intelligence or augmented reality offer another way to step out of competition and lead the industry to a new future where luxury and technology immerse. Finally, influencers are essential to compete for customer's attention. Luxury brands can remind the aspiring populace about their existence in creative ways with the help of influencers. Influencer marketing can also

help them stay relevant. Because of the reach of the influencers, they will be able to reach out and engage with potential customers who may have overlooked their names.

In conclusion, luxury brands previously viewed digital media as "mass market", but today it has become an increasingly important marketing tool for them. Digital channels can do wonders for luxury brands. Brands that are quickly involved and engaged will find themselves great result. However, there will still be doubts and challenges to overcome. Luxury brands are taking careful steps to integrate and somehow seeking for new brand discipline and therefore, will become more confident with those channels in the future.

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APPENDIX

Appendix 1: Top 10 luxury goods companies by sales

#	Company name	Selection of luxury brands	FY2016 Luxury goods sales (US\$m)	FY2016 Luxury goods sales growth (%)
1	LVMH Moët Hennessy Louis Vuitton SE	Louis Vuitton, Fendi, Bulgari, Loro Piana, Emilio, Pucci, Acqua di Parma, Donna Karan, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	23,447	5.0
2	The Estée Lauder Companies Inc.	Estée Lauder, Aramis, Clinique, Prescriptives, M·A·C, DKNY, Aveda, Jo Malone, Licensed fragrance brands.	11,824	5.0
3	Compagnie Financière Richemont SA	Cartier, Van Cleef & Arpels, Montblanc, Jaeger-LeCoultre, Vacheron Constantin, IWC, Piaget, Chloé, Officine Panerai	11,677	-3.9
4	Luxottica Group S.p.A.	Ray-Ban, Persol, Oakley, Oliver Peoples, Vogue Eyewear, Licensed eyewear brands	10,051	2.8
5	Kering SA	Gucci, Yves Saint Laurent, Balenciaga, Alexander McQueen, Bottega Veneta, Boucheron, Brioni, Puma and Volcom	9,369	7.7
6	L'Oréal Luxe	Lancôme, Biotherm, Helena Rubinstein, Urban Decay, Kiehl's, Licensed brands	8,476	6.0
7	The Swatch Group Ltd.	Omega, Longines, Breguet, Harry Winston, Rado, Blancpain, Licensed watch brands	7,413	-10.7
8	Ralph Lauren Corporation	Polo Ralph Lauren, Ralph Lauren Collection, Lauren Ralph Lauren, Club Monaco, Double RL, Purple Label	6,653	-10.2
9	PVH Corp.	Calvin Klein, Tommy Hilfiger	6,646	5.6
10	Chow Tai Fook Enterprises Ltd	Chow Tai Fook, Hearts on Fire	6,604	-9.4

Source: Deloitte, 2018

Appendix 2: Top 15 most popular luxury brands online in 2018

Rank	Brand	Share of Search Interest	Web Traffic	Social Media Audience	Social Media Engagement
1	Gucci	22.34%	9,440,000	54,144,179	13,600,000
2	Chanel	11.79%	4,270,000	67,499,041	2,591,803
3	Louis Vuitton	9.67%	7,700,000	56,886,821	7,400,000
4	Hermes	9.29%	1,770,000	10,356,812	1,380,000
5	Rolex	8.03%	4,530,000	15,813,354	438,000
6	Tiffany	7.69%	2,130,000	20,874,200	801,000
7	Dior	5.62%	2,910,000	48,306,113	6,290,000
8	Armani	5.47%	1,990,000	24,685,216	974,000
9	Prada	4.97%	1,530,000	23,934,422	2,186,210
10	Balenciaga	4.39%	2,180,000	9,158,109	1,696,459
11	Cartier	3.63%	1,280,000	12,279,311	314,015
12	Burberry	3.62%	2,790,000	43,329,468	1,485,372
13	Lancôme	1.90%	107,070	13,290,575	338,781
14	Yves Saint Laurent	0.89%	1,760,000	11,825,457	804,593
15	Bulgari	0.70%	1,200,000	11,277,114	696,071

Source: Luxe Digital, 2018

Appendix 3: Survey questions - Luxury brands on digital media

Source: Author

11/30/2018

Luxury brands on digital medias

Luxury brands on digital medias

Thank you for answering this survey, much appreciation from me. This survey will be used for practical analysis of my master thesis: Application of Digital Medias on Building Luxury Brand Awareness. Before you start, please notice that this is an anonymous survey and your answers will only be used for the conduct of this dissertation.

***Some definition and notes:

- Luxury products: can fall into any luxury categories and not necessarily be fashion brands nor luxury goods. It can be luxury services or hospitality. (For example: luxury hotels, premium cars, electronic devices,...)
- You may not have bought luxury products but most of the questions were made to draw your opinions as a future buyers as well. Please don't skip those questions.

* Required



1. What is your gender? *

Mark only one oval.

- ☐ Female
☐ Male

2. What is your age? *

Mark only one oval.

- ☐ Under 18
☐ 18-24
☐ 25-35
☐ 36-45
☐ 45+

<https://docs.google.com/forms/d/13n5zXMk9Mn52uUfUHQcN0Nm-QYI99BE9AUJLdxKBsBU/edit>

3. Which region are you from? **Mark only one oval.*

- ☐ Europe
- ☐ North America
- ☐ Asia (Mainland China)
- ☐ Asia (the rest)
- ☐ Australia
- ☐ Africa
- ☐ South America

4. Are you currently employed?*Mark only one oval.*

- ☐ Yes, I am a full time employee
- ☐ Yes, with a part-time job
- ☐ No, I'm currently unemployed

5. Have you recently bought luxury products? **Mark only one oval.*

- ☐ Yes
- ☐ No

6. Reasons why you would buy luxury products? **Check all that apply.*

- ☐ I like to treat myself
- ☐ Luxury goods are high quality
- ☐ They help expressing myself
- ☐ They will last long and does not out of trend easily
- ☐ I like to have the latest piece
- ☐ I like to impress people
- ☐ I am inspired by social medias/influencers/celebrities
- ☐ Luxury brands are more ethical
- ☐ Other: _____

7. Where do you find the latest high-fashion trend or luxury items? **Check all that apply.*

- ☐ Printed fashion magazine
- ☐ Digital fashion magazine
- ☐ Fashion shows/catwalk
- ☐ Brands' websites
- ☐ Social medias
- ☐ Fashion blogs/Vlogs
- ☐ Celebrities
- ☐ Friends/Families
- ☐ TV advertisements
- ☐ Other: _____

Luxury brands on social media

<https://docs.google.com/forms/d/13n5zXMk9Mn52uUtUHQcN0Nm-QYI99BE9AUJLdxKBSBU/edit>

8. Do you own social media accounts (Facebook, Twitter, Instagram, Snapchat, Weibo, Tumblr,...) *

Mark only one oval.

- ☐ Yes, I have more than 3 social media accounts
- ☐ Yes, but less than 3
- ☐ Yes, but I don't use them
- ☐ Absolutely no

9. Which of these social medias do you use? (select multiple options) *

Check all that apply.

	Facebook	Twitter	Youtube	Instagram	Tumblr	Pinterest	Qzone	Weibo	Google+	VK	Linkedin	Other
Frequently	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sometimes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. What do you use them for? (choose more than 1) *

Check all that apply.

- ☐ Connecting with friends and family.
- ☐ Reading news and current events.
- ☐ Finding funny and entertaining contents.
- ☐ Sharing my thoughts, opinions.
- ☐ Sharing photos and videos.
- ☐ Researching and buying products.
- ☐ Using my spare time.
- ☐ Meeting new people, general networking.
- ☐ Other: _____

11. What would you use social media for when browsing / gathering ideas for luxury products? (choose more than 1) *

Check all that apply.

- ☐ To look for the latest trends.
- ☐ To look at trusted comments/recommendations about products.
- ☐ To look for new (collection) releases.
- ☐ For idea generation.
- ☐ To gather information about prices.
- ☐ To check what gifts friends and/or family want.
- ☐ To gather information about discounts/promotions/sales.

12. Do you usually interact with luxury brands on social medias? *

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Maybe

13. Write down first 3 luxury brands that you can think of. *

14. Why would you follow/interact with luxury brands on social medias? (choose more than 1) **Check all that apply.*

- ☐ They post nice photos and videos of luxury products that I like.
- ☐ Their content is often well-written with useful information.
- ☐ They are top brands and I know them.
- ☐ They post latest items so I don't have to search for them else where.
- ☐ I'm looking for the latest trends from luxury brands.
- ☐ I'm a fan of the brands and like to follow them.
- ☐ I can find opinion and reviews from other people.
- ☐ They appear in my recommendation.
- ☐ Other: _____

15. How would you describe luxury brands on social medias? **Mark only one oval.*

- ☐ Actively interacted
- ☐ Great content: photos, captions, videos
- ☐ Entertaining
- ☐ Creative
- ☐ Fun
- ☐ Not responsive, they don't usually answer comments
- ☐ Boring
- ☐ Other: _____

16. What types of video content from luxury brands would you watch? **Check all that apply.*

- ☐ Introduction of new products/services
- ☐ Beauty tips/tutorials
- ☐ Mini series/ short films of brand history
- ☐ Making of an luxurious and handcrafted products
- ☐ Designers/celebrities interviews
- ☐ Fashion catwalk videos
- ☐ Other: _____

Online shopping**17. Have you ever shopped luxury products online? ****Mark only one oval.*

- ☐ Yes
- ☐ No

18. If yes, where did you buy?*Mark only one oval.*

- ☐ Luxury brands' websites
- ☐ From a trusted e-tailers (Ex: Farfetch, Amazone, Tmall,...)
- ☐ From any other websites that sell luxury products (eBay, Aliexpress, local e-commerce,...)

19. If no, would you buy luxury products online in the future?

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Maybe

20. What types of luxury products would you buy online? *

Check all that apply.

- ☐ Apparel, clothing
- ☐ Watches, sunglasses or jewellery
- ☐ Accessories: bags, hats, purse/wallet, ties, belts,...
- ☐ Luxury trips: resorts, hotel, yacht, spa, tour,...
- ☐ Footwear
- ☐ Beauty products: perfume, cosmetics, health and beauty,...
- ☐ Other: _____

21. What do you use luxury brand's website for? (choose more than 1) *

Check all that apply.

- ☐ To check out their new items and go to store to try.
- ☐ To check availability in store, size and substitutes.
- ☐ To contact customer services.
- ☐ To check how they style and combine items together, ideas for outfit.
- ☐ To get special offer if I shop online (online discount).
- ☐ To buy products.
- ☐ Other: _____

22. How would you describe luxury brand's website? *

Check all that apply.

- ☐ Professional
- ☐ Beautiful design with nice images and layout.
- ☐ Rich content and well-written
- ☐ Luxurious appearance
- ☐ Remind me of the brand itself
- ☐ Easy to navigate
- ☐ Not relevant with brand
- ☐ Too complicated
- ☐ Lack of features
- ☐ Other: _____

Influencers

23. Which persons do you think are the top influencers in luxury world? **Check all that apply.*

- ☐ VIPs in luxury industry (Donatella Versace, Christian Louboutin, Michael Kors,...)
- ☐ Designers
- ☐ Actors/Actresses
- ☐ Youtubers
- ☐ Fashion bloggers
- ☐ Rich people
- ☐ Singers/Musicians
- ☐ Stylists/Fashionista
- ☐ Footballers
- ☐ Top models
- ☐ Athletes
- ☐ Other: _____

24. Why do you trust their opinions? **Check all that apply.*

- ☐ They are experts of their fields.
- ☐ They are bold, stylish and know trends.
- ☐ They would not buy unqualified products
- ☐ They offer deep reviews and opinions.
- ☐ I admire the person and their lifestyle
- ☐ I want to look like them.
- ☐ They are authentic.
- ☐ Other: _____

25. Do you trust anonymous reviews on websites/social medias? **Mark only one oval.*


- ☐ Yes
- ☐ No
- ☐ Maybe

Other digital channels**26. Do you think technologies such as robotics, artificial intelligence, augmented reality and 3D printing are the future of luxury? ****Mark only one oval.*

- ☐ Yes, in less than 2 years
- ☐ Yes, in more than 2 years
- ☐ Yes, in 5-10 years
- ☐ Yes, in more than 10 years
- ☐ Not at all

27. Why would you use luxury brand's mobile application? **Check all that apply.*

- ☐ It's more convenient with better user experience.
 - ☐ I would but they need to be more interesting with creative feature than just shopping cart.
 - ☐ They integrate with other social medias and my local application.
 - ☐ I get the latest offer from the brands by notification.
 - ☐ I spend most of my time of mobile phone.
 - ☐ I don't like them at all.
 - ☐ Other: _____
-

Powered by
 Google Forms

Appendix 4: Survey results

What is your gender?

69 responses

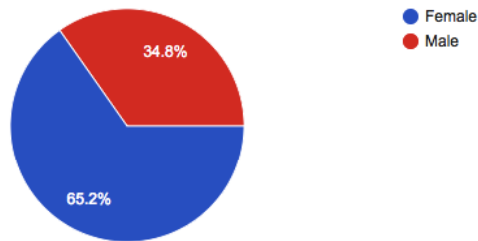


Chart 1: What is your gender?

What is your age?

69 responses

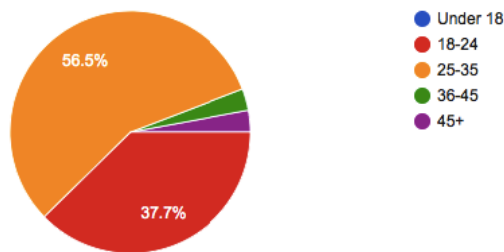


Chart 2: What is your age?

Which region are you from?

69 responses

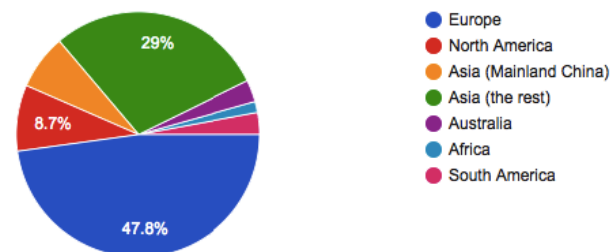


Chart 3: Which region are you from?

Are you currently employed?

69 responses

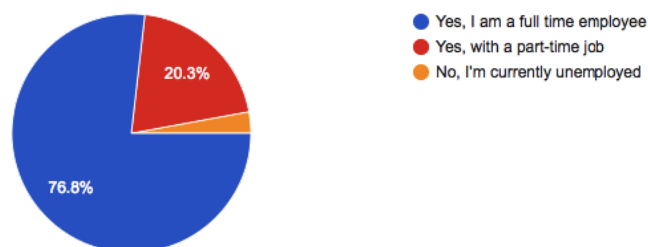


Chart 4: Are you currently employed?

Have you recently bought luxury products?

69 responses

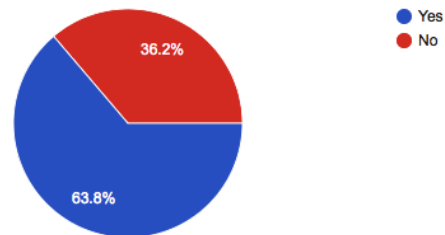


Chart 5: Have you recently bought luxury products?

Reasons why you would buy luxury products?

69 responses

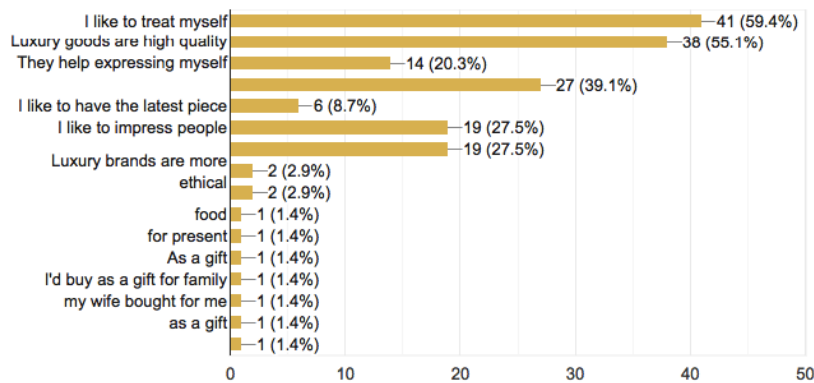


Chart 6: Reasons why you would buy luxury products?

Where do you find the latest high-fashion trend or luxury items?

69 responses

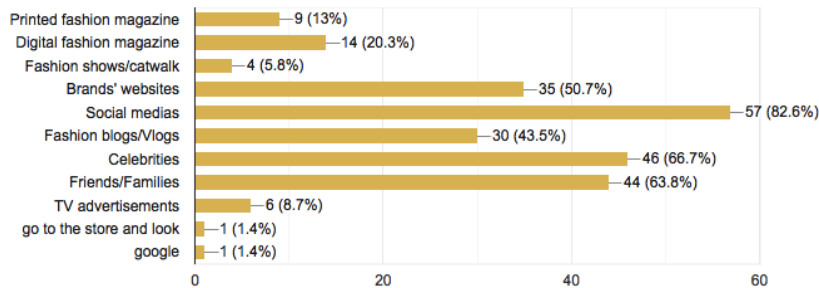


Chart 7: Where do you find the latest high-fashion trend or luxury items?

Do you own social media accounts (Facebook, Twitter, Instagram, Snapchat, Weibo, Tumblr,..)

69 responses

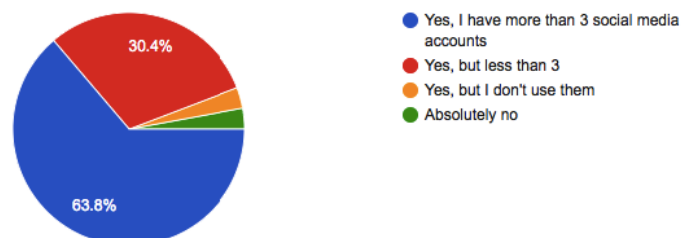


Chart 8: Do you own social media accounts (Facebook, Twitter, Instagram, Snapchat, Weibo, Tumblr,..)

Which of these social medias do you use? (select multiple options)

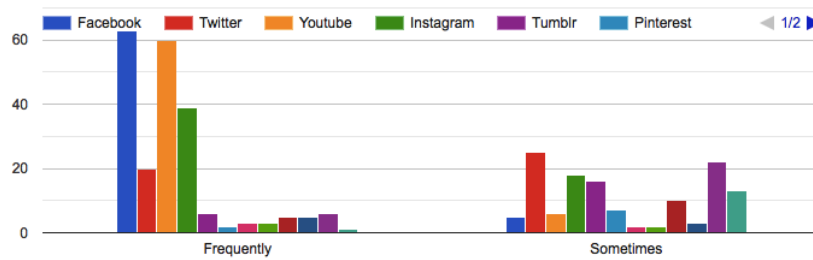


Chart 9: Which of these social media do you use? (select multiple options)

What do you use them for? (choose more than 1)

69 responses

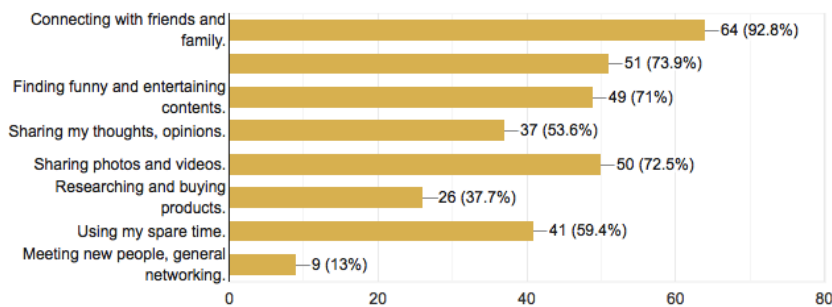


Chart 10: What do you use them for?

What would you use social media for when browsing / gathering ideas for luxury products? (choose more than 1)

69 responses

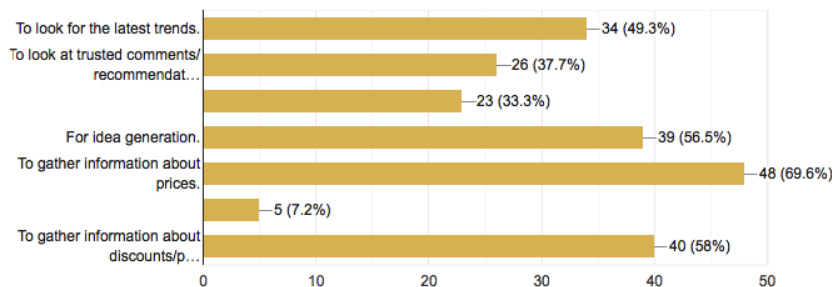


Chart 11: What would you use social media for when browsing / gathering ideas for luxury products?

Do you usually interact with luxury brands on social medias?

69 responses

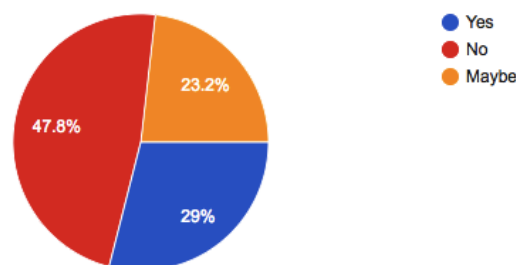


Chart 12: Do you usually interact with luxury brands on social media?

Write down first 3 luxury brands that you can think of.

69 responses

Gucci, Chanel, LV; Dior, tom ford, guess; Gucci LV Christian Dior; Chanel, Louis Vuitton, Ferrari; Karl Lagerfeld, Gucci, Tommy Highfigler; Gucci, LV, Hermes, Hublot, Lamborghini, Chanel, Gucci, Balenciaga, Tommy Hilfiger; Maserati, Saint Laurent, Louis Vuitton; Estee Lauder, Hermes, Chanel; Chanel, Gucci, Rolex; Chanel, Gucci, Hermes; cant think of any; Dior, LV, Skii; Givenchy, ysl,channel, adidas channel DW; jimmy choo, givenchy, vincom; lv, gucci, hermes; Louis Vuitton, Cartier, Chanel; Rolex, Gucci, Ferrari; Armani, Chanel, Balenciaga; Versace, Louis Vuitton, Gucci; Bentley, chanel, LV; Chanel, Dior, Tiffany&Co; CK, Guess, Gucci; LV, armani, tommy; rolex, lamborghini, apple; LV, Hermes, Valentino; Guess, michael kors, calvin klein
Furla, LV, Coach; calvin klein, valentino, Armani; Michael Kors, Versace, Chanel; Armani, Gant, Lacoste; Prada, Chanel, Rolce Roy
Gucci, Moschino, LV; Tag Heuer, Rolex, LV; Cartier, Chanel, Fendi; Rolex, Omega, Mercedes; Gucci, Prada, Chanel; Cartier - LV - Coach; Hublot, Rolce Roy, Armani; balenciaga, gucci, rolex; Hermes, LV, Montblanc
Klein, Vutton, Boss; Givanche, Bollinger, Bvlgari; Gucci, LV, chanel
LV, Gucci, Hermes; Chanel, gucci, michael kors; Tiffany, moschino, gucci
Fendi, Marc Jacobs, Chanel; Gucci, Bvlgari, Luis Vuitton; Gucci, BMW, Sheraton; Channel, Dior, LV; Apple, bmw, ducati; Gucci, LV, Chanel; Chanel, Gucci, LV; Rolex, Gucci, LV; Moschino, Gucci, Fendi, elle channel dolce gabana; Rolex, Hugo Boss, RL; Dior, Ck, Balenciaga; Porche, Tommy, montblanc; Valentino, Moschino, Hermes; Rouge bunny Rouge, LV, Boss; D&G

Chart 13: Write down first 3 luxury brands that you can think of.

Why would you follow/interact with luxury brands on social medias? (choose more than 1)

69 responses

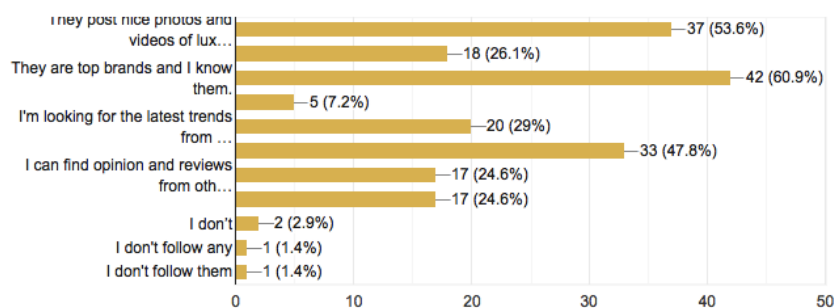


Chart 14: Why would you follow/interact with luxury brands on social media?

How would you describe luxury brands on social medias?

69 responses



Chart 15: How would you describe luxury brands on social media?

What types of video content from luxury brands would you watch?

69 responses

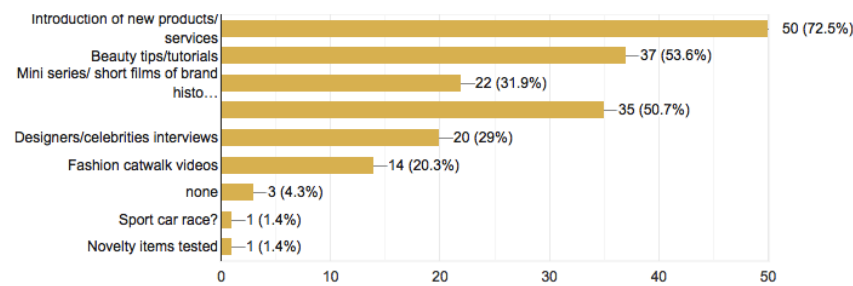


Chart 16: What types of video content from luxury brands would you watch?

Have you ever shopped luxury products online?

69 responses

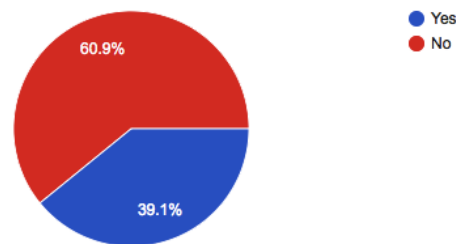


Chart 17: Have you ever shopped luxury products online?

If yes, where did you buy?

39 responses

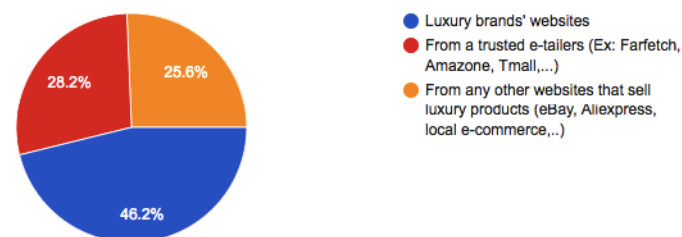


Chart 18: If yes, where did you buy?

If no, would you buy luxury products online in the future?

46 responses

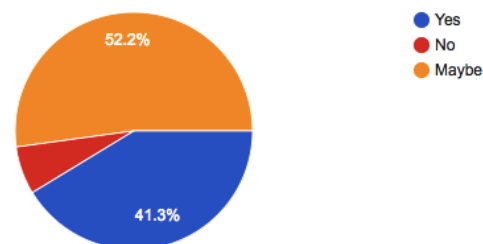


Chart 19: If no, would you buy luxury products online in the future?

What types of luxury products would you buy online?

69 responses

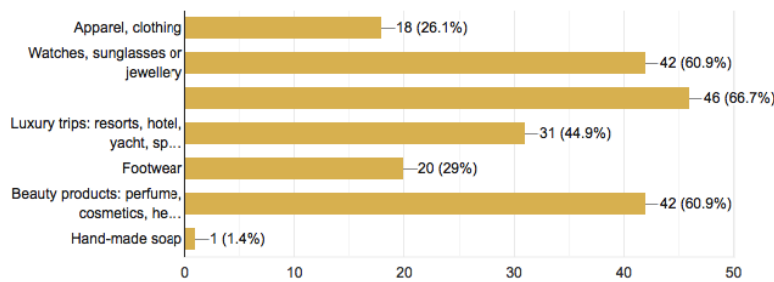


Chart 20: What types of luxury products would you buy online?

What do you use luxury brand's website for? (choose more than 1)

69 responses

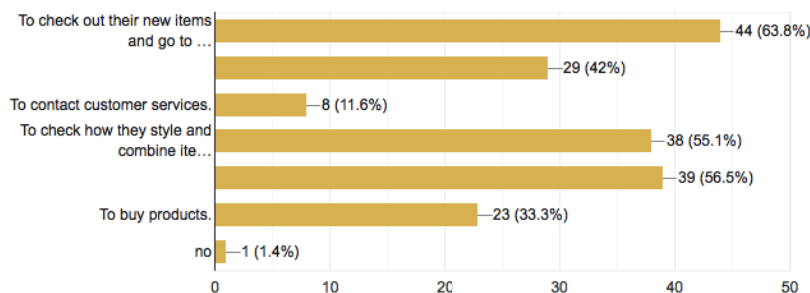


Chart 21: What do you use luxury brand's website for?

How would you describe luxury brand's website?

69 responses

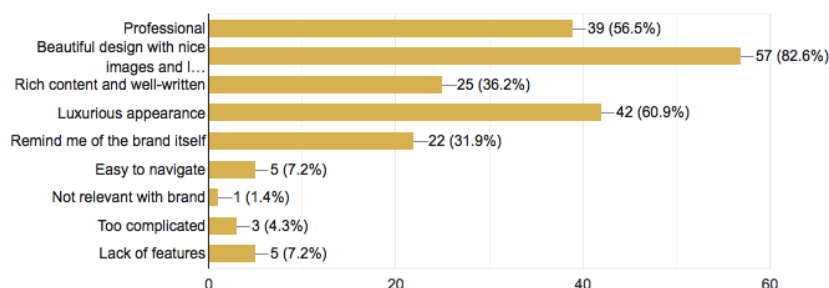


Chart 22: How would you describe luxury brand's website?

Which persons do you think are the top influencers in luxury world?

69 responses

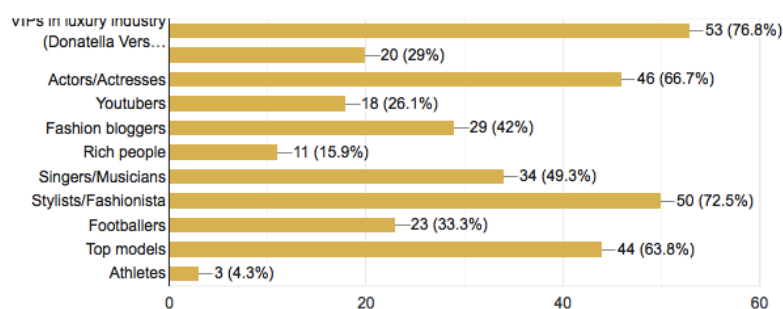


Chart 23: Which persons do you think are the top influencers in luxury world?

Why do you trust their opinions?

69 responses

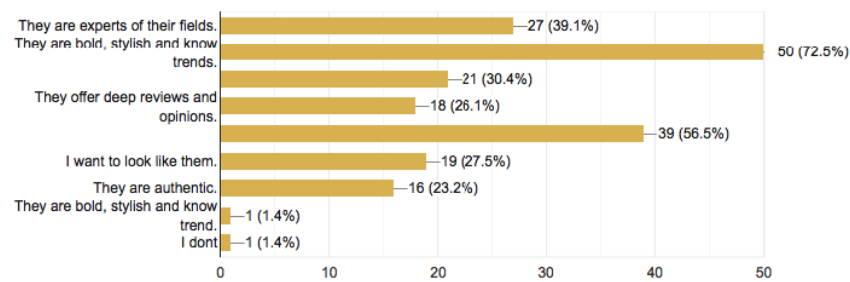


Chart 24: Why do you trust their opinions?

Do you trust anonymous reviews on websites/social medias?

69 responses

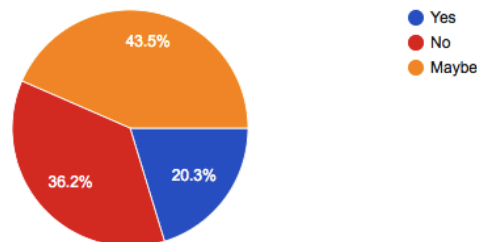


Chart 25: Do you trust anonymous reviews on websites/social media?

Do you think technologies such as robotics, artificial intelligence, augmented reality and 3D printing are the future of luxury?

69 responses

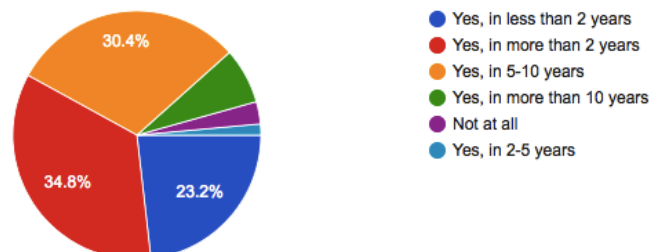


Chart 26: Do you think technologies such as robotics, artificial intelligence, augmented reality and 3D printing are the future of luxury?

Why would you use luxury brand's mobile application?

69 responses

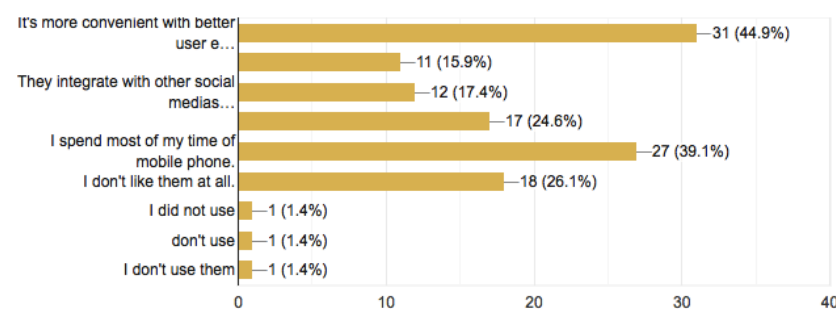


Chart 27: Why would you use luxury brand's mobile application?