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Luxury Brands in the Digital Age – Exclusivity versus Ubiquity

Given that luxury goods are primarily bought for what they symbolize – and in light of the rise of experiential and multi-sensory marketing approaches – it is crucial for luxury managers to create a prestigious atmosphere offline and online. However, in the ubiquity of the virtual environment where counterfeit luxury goods are only one click away, the question is: what is the best approach in the balance between mass class and high class?

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Due to the growing global appetite for luxury goods within the era of the “democratization of luxury” or the “luxurification of society” (Atwal/Williams 2009; Tsai 2005; Yeoman/McMahon-Beattie 2005), luxury brands are facing the challenge of using mass marketing strategies and simultaneously accentuating the exclusivity dimension of their products (Okonkwo 2010). This leads to the necessity of a better understanding of the rules and behavior in the digital marketplace. However, while being leaders on fashion trends and catwalks, luxury managers are still hesitant when it comes to innovative online strategies.

The internet is by nature the most democratic medium that allows access to anybody from anywhere. As the virtual environment is a place where images, videos and opinions circulate regardless of brand ownership, is it possible to keep a sense of exclusivity

around a luxury brand? Against this backdrop, the present paper focuses on the question of how luxury brands, defined as the highest level of prestigious brands encompassing several physical and psychological values (Vigneron/Johnson 1999), can be managed in the digital age maintaining a balance between exclusivity and ubiquity, high class and mass class.

Luxury E-tailing: Blessing or Curse?

From the consumer’s side, the main concerns associated with buying luxury goods online are the financial risk involved in online payment by credit card and the product risk dealing with the problem of counterfeiting. Risk-averse luxury consumers prefer the “touch and feel” experience in luxury stores while being afraid of

the product deception risk associated with an online shopping environment. The counterfeit market is one of the biggest concerns for luxury retailers as the internet is traditionally associated with cheap imitations and heavy discounting. By presenting their products online – in combination with 360-degree product presentations – they provide detailed views of the luxury product not only to actual and potential customers but also to counterfeit suppliers. This may help the latter to create cheap knockoffs that look like the originals. Consequently, if consumers search for a certain luxury product online, hundreds of fakes are presented to them as authentic. Thus, due to the internet image as a discount channel where counterfeits are abundant, luxury brand owners are afraid that e-tailing will damage their brand. However, as the internet has become the primary search and purchase environment for many consumers including the wealthy and super-rich, the presentation and availability of the products in an online environment guarantee access to consumers who shop online because of time restrictions and personal shopping preferences. Due to both the internet's increased ubiquity and print advertising's decreased returns, shopping convenience and product accessibility are the key decision factors forcing luxury brands to develop innovative strategies for the transition to online advertising and e-commerce (Okonkwo 2009, 2010).

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What is Exclusivity if it is Accessible to Everyone?

The aspect of exclusivity is widely understood as a key characteristic of luxury products (Kapferer/Bastien 2009; Okonkwo 2009). In this context, limited accessibility and rarity are cornerstones of luxury and justify their price premium. A sense of exclusivity should be maintained at all customer contact points, which demands specific locations, excellent product presentation and skilled sales personnel (Kapferer/Bastien 2009). Given the fact that the internet is founded on principles of democracy and accessibility, this raises the question of how luxury brands can combine a sense of exclusivity with the potential of the internet. As true luxury is only available to a few but desired by many, all market communications of luxury brands are by definition located in the spectrum between accessibility and exclusivity. The internet is the perfect environment for luxury brands to create both a sense of desirability with the distribution of content that appeals to existing and potential customers and to remain exclusive in terms of the selective distribution of the actual product. Thus, luxury brands can use the internet to spread the brand's dream and attract new consumers but still keep a sense of exclusivity by offering selective online content and services to the brand's traditional customers.

The Art of Creating Multi-Sensory Luxury Experiences Online

Because the experience of luxury must be 'multi-sensory' and experiential (Kapferer/Bastien 2009; Atwal/Williams 2009), many luxury managers who have accepted the necessity of being online as essential to their brand are faced with the question of how to create a multi-sensory experience of luxury on the internet. In a physical store, the high aesthetics of luxury products can be presented in an exclusive shopping atmosphere full of multi-sensory experiences (Caru/Cova 2007) that appeal to people's emotions. The internet, however, as Karl Lagerfeld said, does not convey "the unique feel and sophistication of luxury materials, refined tailoring and extraordinary attention to detail found in luxury fashion." Indeed, it is a key challenge to combine the traditional luxury brand image with the usage of innovative technologies.

Nevertheless, in contrast to traditional one-way marketing communication, it is possible to create the magic and myth of a luxury brand following an understanding of the internet as a 360-degree experience. In the digital age, the heritage and key values of a luxury brand can be communicated by using visual tools like pictures, videos or 3D product presentations, music that evokes certain emotions, and interactive media that promote the dialogue with brand advocates and evangelists.

The Value of Luxury Online

Given that luxury goods are primarily bought for what they symbolize, it is crucial for luxury brand managers to know what kind of values their brand promotes in the eyes of actual and potential customers.

Referring to the predominant management orientation of luxury brand research, the key values luxury brands address are dependent on the consumers' personal perceptions regarding financial, functional, individual, and social aspects. These key dimensions of luxury value perception encompassing the financial, functional, individual, and social aspects are strongly correlated but not identical with each other, as illustrated in figure 1 (for a detailed description cf. Wiedmann et al. 2007, 2009).

These value dimensions form the basis of a framework of luxury brand management online as described in the following paragraphs.

- Financial value. Even if a high price is widely accepted as a necessary element of luxury products (Fionda/Moore 2009), it is important to point out that luxury is qualitative not quantitative (Kapferer/Bastien 2009). The consumption of luxury products needs to provide social and psychological enhancements (Okonkwo 2009); thus, the price-value relationship is crucial. As the internet is a public place of immediate buying and selling, and often related to price discounts, the price premium associated with unique and exclusive products, superb quality, hand-made craftsmanship, and impeccable service needs to be ensured in the virtual environment via limited distribution.
- Functional value. Besides product-related functions, the functional value of luxury in an online environment refers to the usa-

bility, quality and uniqueness of the online appearance when using the website and further applications. Even though the senses of touch and smell are lacking, the internet can leverage movement, music, texture, space and community to successfully recreate a brand's character online. As affluent consumers are particularly heavy users of the internet (Unity Marketing 2011), luxury brand managers need to go beyond aesthetics and create marketing products that add value for the consumer – whether it is entertainment, education, or utility – to engage users with the brand.

- Individual value. As the use of luxuries can ultimately support individuals in their individual identity projects (Bauer et al. 2011), consumers' emotional needs are the key elements in defining the concept of luxury. Consumers experience luxuries as symbolic resources constituting important tangible cues that allow them to define themselves and to transfer the brand's social symbolism, such as exclusivity, authenticity, quality, uniqueness and culture, into their own aspired identities. Therefore, with regard to the individual value of luxury, brand managers should transfer the offline appearance into the online environment and, in order to get the consumers involved with the brand at a deeper level, the opportunity should be taken to ask them for their opinion and make adjustments accordingly.

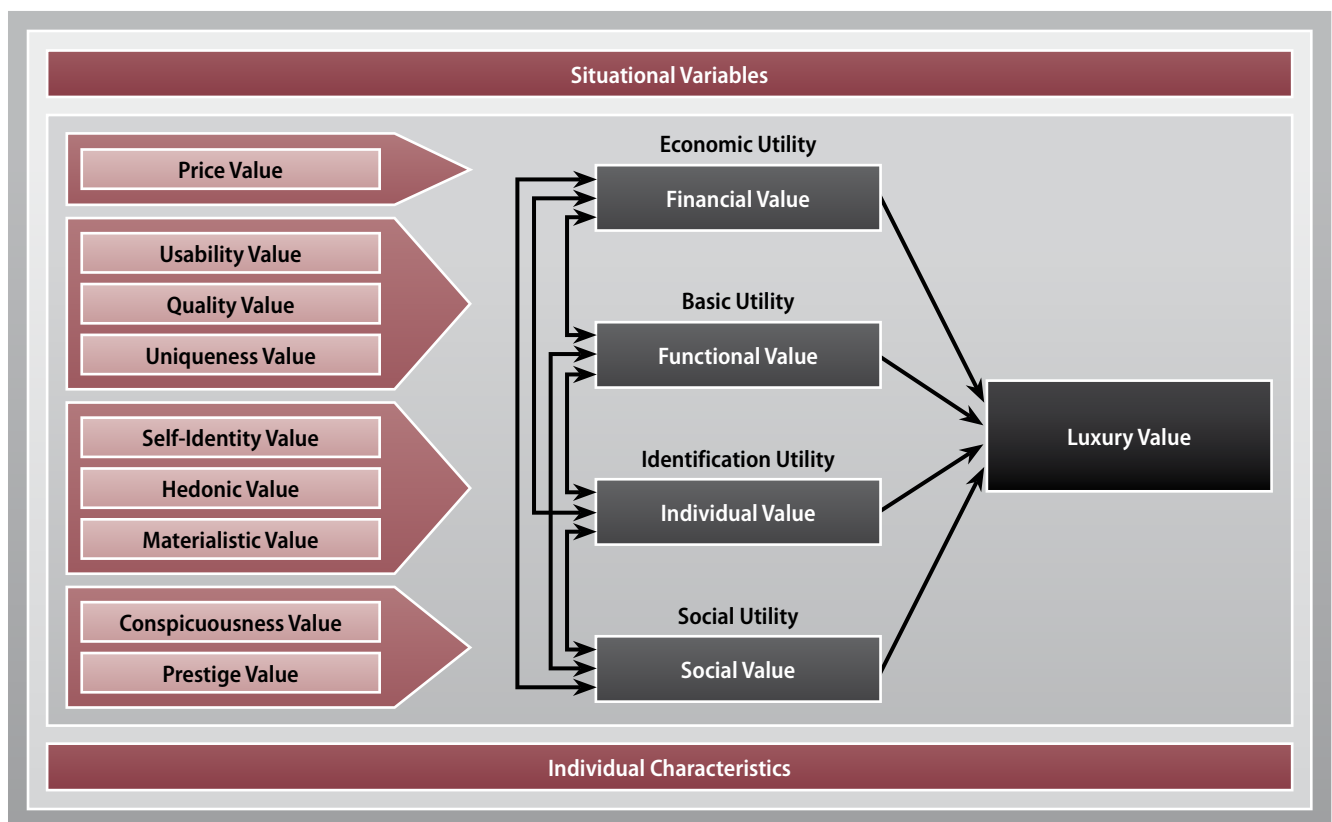
- Social value. The social dimension of luxury addresses the cognition of the individuals' social group(s) and focuses on online social networks. A high amount of wealthy internet users regularly utilizes social media applications (Unity Marketing 2011) and even though not all digital natives are potential customers of luxury brands, they may be potential brand advocates. Consumers use luxury brands as status symbols, and while broadcasting their association within their social circles for personal brand building efforts, they simultaneously promote the brand. By using the appropriate strategy, brands can become a part of the consumer's online identity and vice versa.

Leaders in Online Luxury

While many luxury managers are still hesitant about going online, the success of the luxury brands described in the following paragraphs proves the power of the internet as an instrument to reach a global audience while still maintaining a sense of exclusivity and sensory experience. With reference to the above-mentioned value dimensions, leaders in online luxury incorporate the aspects that have to be addressed in an e-luxe-approach as illustrated in figure 2.

The four companies described below apply these four value dimensions with differing priorities. The companies have been

Fig. 1 Consumers' Luxury Value Perception



selected based on their differences in interacting with the online audience and their leading position in adopting new technologies for communicating their luxury message online.

Louis Vuitton

Louis Vuitton is one of the first luxury brands with a comprehensive online strategy. Regarding the four luxury values as perceived by the consumer, Louis Vuitton incorporates all of them in the online environment.

As the web has meanwhile developed into a social platform, social communities such as Facebook and Twitter have become platforms which are visited on a daily basis by millions of people around the world. The Facebook page of Louis Vuitton has about three million fans and offers its users the latest news on the brand, information about products and the company and also allows them to comment on these contributions. Members of the Facebook fan page are offered videos of fashion shows and background information, photos, and stories about the brand's history such as 'The Art of Travel' by Louis Vuitton. Facebook as well as Twitter make it easy for people to socialize in connection with the brand which allows them to distinguish or separate themselves from others. Historically oriented storytelling can also be found on the website of Louis Vuitton. It offers internet

users and consumers as well as interested people extensive information which serves the individual value of consumers since the focus is not just on the products but also on the 'meaning' of the brand. Besides, Louis Vuitton provides the opportunity to personalize products.

With regard to the functional value, the atmosphere of brand websites is often related to the consumer's functional brand perception, and therefore the website's usability, in terms of navigability, functionality and interactivity, gains importance. Brands that are new to social media often make the mistake of being too innovative and trying too much, which may damage the brand's image; instead, interactive tools ought to be used prudently and should be related to the brand's personality and equity. The website of Louis Vuitton emphasizes the core values of the brand through intuitive navigability, compelling visuals, and a focus on brand heritage. As the internet is often used for information seeking, the prices are presented directly but not overwhelmingly and never reduced which corresponds to the offline price strategy of Louis Vuitton, thus addressing the financial value.

Gucci

With regard to the online shopping experience Gucci has to be mentioned as one of the forerunners. The brand is very innovative



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in their product presentation as the website offers a video clip where products are presented with a focus on experience orientation and also can be bought directly. With more than five million followers on Facebook, Gucci is well positioned in the social web. Heritage as well as personalization plays a significant role on the brand's website. Easy navigation and extensive product information in a brand-adjusted atmosphere take the consumers' functional and financial values into account.

Burberry

The innovative platform 'The Art of Trench' made Burberry one of the most successful luxury brands regarding user-generated content. It addresses individual value through direct connection to the brand as well as social value needs as users can interact with others. Regarding functionality, the atmosphere and usability of the webpage mirror the offline brand presence. Product information as well as prices can be found easily, while the focus is on non-monetary values.

Viktor & Rolf

"Welcome to the house of Viktor & Rolf" – this claim exactly represents the concept of the brand's online presence. After a virtual casket has opened, an impressive hall appears representing the entry of the virtual house. The user can navigate through the house and, on opening various doors, enters the world of Viktor & Rolf, e.g. by watching the latest show or getting information about fragrances. Taking the elevator leads the internet user into an area where special and personalized information is offered after signing up.

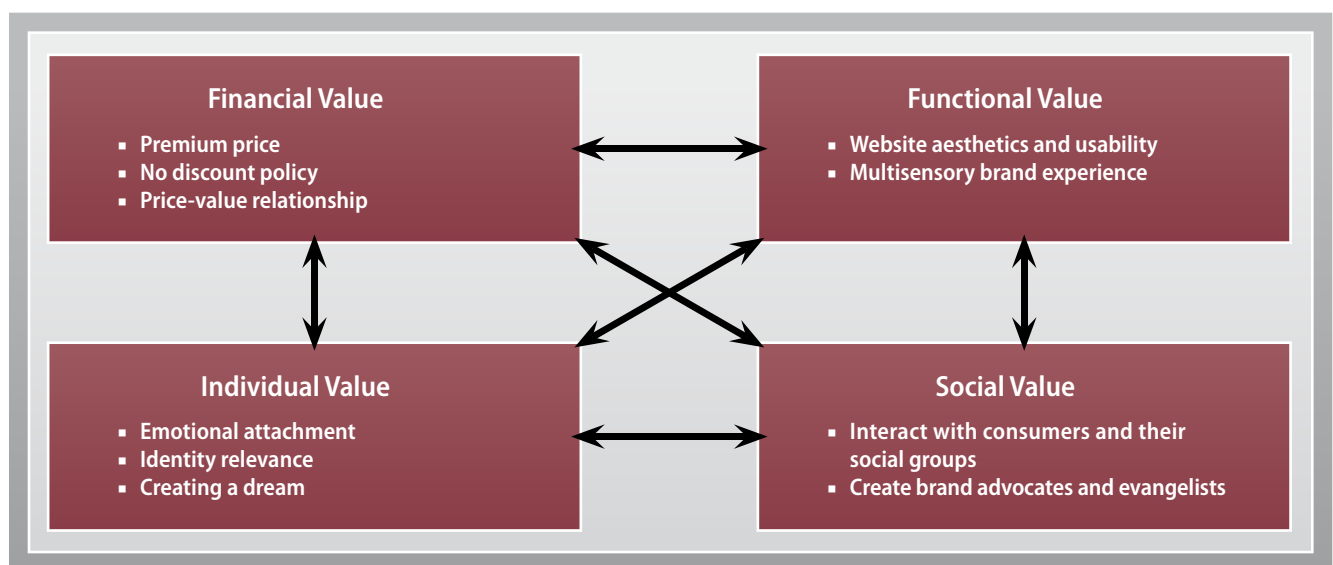
The online presence of Viktor & Rolf is not only innovative; it integrates the users, lets them experience the brand and creates a comprehensive world of the brand. Yet there is no possibility to buy the products online, price information cannot be found and the overall technical infrastructure could be optimized.

Conclusion

The decision to participate in the digital environment is crucial for luxury brands as online strategies are not weakening, but strengthening the brand. The refusal to accept the internet as a complement to offline retailing and the inability to innovate may become the biggest threats for luxury brands in today's business world. The digital environment offers the opportunity to reach billions of people internationally – brands that want to be relevant and desirable for current and future customers have to build their image and mythology online. Especially in the context of luxury brands, numerous third party information sources are to be found online, from customer reviews and blogs to auction sites and counterfeit online stores. In light of all the messages circulating around luxury brands, it is necessary for them to be an official part of the online landscape and to allow the interested community to become a part of the dream. Therefore, it is necessary to acknowledge the fact that a well-managed internet presence is the only way to guarantee that a brand has an adequate representation on the web and to ensure a well-orchestrated effort of different channels of digital communication.

Best practices give evidence that the key value dimensions of a luxury brand are a useful basis for the development of complementary offline and online strategies that create a true luxury experience.

Fig. 2 Values of e-Luxe



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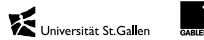
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