

Information Technology and Quantitative Management (ITQM 2017)

## Online luxury: The code breakers of a traditional sector

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### Abstract

In the recent years, the Internet has been a key factor in the evolution of globalization. Allowing a development at a speed, which have never been seen before, it completely revolutionized the way we exchange, communicate, trade and buy. Luxury, which has been a traditional market for thousands of years without ever seeing many changes, couldn't be spared from such a life-changing discovery. Here is the concern, how to match those two words which, at a glance, have nothing to do in common? Not only how to adapt the Internet to the luxury world, but also how to adapt luxury to the Internet? More than this, until which level can they both be adapted without being denaturalized?

From a branding point of view, the challenge is already determinant and we will try to answer these questions in our research. On the other side, we get the customers. Indeed, from a traditional segmentation, the Internet opened the way for a new type of customers to play a huge role in the luxury industry. We can therefore wonder who those customers are. What are they waiting for in terms of service? How do you match the customer expectations while staying coherent with your brand?

More than a debate about luxury and the Internet, we can extrapolate this subject as a way of dealing with tradition and modernism, and how initial challenges can create opportunities to reach new territories and create amazing brand experiences.

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Peer-review under responsibility of the scientific committee of the 5th International Conference on Information Technology and Quantitative Management, ITQM 2017.

*Keywords:* Luxury brands; retail; online retail; shopping environment; atmosphere; brand image; brand awareness; online branding

### Introduction

Having a good customer base is one of the most important components of running a successful retail business, online or offline. Opening a physical store only, may restrict the customer base area. Indeed, the retail store will be confined in a small area and will target and attract fewer customers than an online store. Whereas opening

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both, a physical and an online store will increase the chances to get a wider customer base and also to build strong brand awareness.

Opening an online store nowadays is easy and less expensive than a physical store. In order to increase the sales and the brand awareness, most of luxury brands have adopted the so-called concept “click and mortar” which means companies who own both, retail and online stores. Though the commercial strategies of a luxury brand are mainly the same as a regular brand, it is quite challenging to transfer the same atmosphere of a physical store into an online store. Luxury brands have many concerns such as keeping the exclusive image of the luxury brand, online luxury services and staying coherent with the brand image. All in all, luxury companies have to uphold a good balance between tradition and modernism of their brand to more improve and satisfy consumers’ shopping experience. How can the image of luxury be well transmitted in an online surrounding? So far, most luxury brands see this as a contradiction. This chapter will show them opportunities how to appropriately deal with the topic of luxury online branding.

## **I. Branding, or the art of transferring the image of the luxury brand online?**

### **1. Creating more than a luxury website**

While overall sales of luxury goods grew by 2 percent in 2013, online luxury sales increased by 20 percent to an estimated 9 billion euros. In the next five years, this number of online sales should double according to McKinsey & Company [1]. With the growing share of the Internet over the years a lot of luxury brands understood the importance of having a website due to the growing demand. The problem is that only a few manage to use the Internet as a powerful tool in their branding. To have an efficient online brand strategy, you need more than a website. The Internet 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.” [2] The challenge is therefore how to transfer the universe of the brand by arousing all the senses of people on the Internet. The luxury experience has always been on the cutting edge of what a retail experience should feel like, and a luxury website needs therefore to meet the same level of complexity. As luxury is by essence multi sensorial, the same applies to the luxury website: it needs to be ‘multi-sensory’ and experiential. More than having two different strategies for the brand, which would represent the online, and the offline strategy, luxury brands now need to think in terms of merging them into one. Indeed, you need to make your customer feel that wherever he or she is, whatever canals he or she decides to use to buy a product, he or she needs to have the same experience and feel the same way. The importance today to have an omni-channel strategy for luxury brands is increasing. as the Internet shopping becomes a 360° experience which transfers the magic uniqueness of what a luxury brand is?

Let’s see first in terms of customer experience. You need to “appeal their senses, enhance their mood, recognize their presence, engage their minds, capture their imagination and, in short, simply blow their minds away”. [3]

Truth is that there is not one perfect solution to solve this problem. The experience of the website will depend highly on the history of the brand, its image, and on matching the coherence and the brand s corporate identity.

But that is the theory. If we have a look at the luxury market online, most of the brands fail while finding the right balance between maintaining the affinity and communicating. So, what if the way to go was to counter the current trend of communication? The best way to find a solution to a problem is to look at the other direction than everybody else is doing. Precisely in communication, media or information: The “disinformation” due to the huge amount of channels our senses are subjects to and due to the tons of different pieces of information we get to see, analyze or discard.

Even with a communication agency, luxury brands fear their website becoming nothing but a catalogue of products and lowering the affinity of customers because they cannot provide the expected message. So, maybe, it wouldn’t be a bad idea to think about not doing any communication at all. How more vulnerable but at the

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