



**Key B2C Luxury Brand Marketing Strategies to Establish Strong Relationships with the Modern Consumer of Luxury Fashion**

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## Abstract

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<p>This Bachelor's thesis explores key B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion. The aim of this thesis is to understand trends in consumer buying behaviour, the importance of brand experience, and the role of brand equity that formulate those strategies. Luxury fashion is considered to be one of the most well-performing and fastest developing industries. The number of studies on luxury products has grown. Selling to high-end customers demands a distinct approach in terms of marketing practices.</p> <p>The study consists of research methods such as theoretical and statistical analyses. The desktop research discusses important concepts from literature material, such as subject books, articles, and expert interviews about the buying behaviour of the luxury fashion consumer, the importance of brand experience, and the role of brand equity. The empirical research focuses on statistical analysis to study buying behaviour of the modern luxury fashion consumer and the importance of brand experience that was conducted through a web survey answered by luxury fashion users, during which 30 responses were collected.</p> <p>Based on the conducted theoretical and empirical research, the modern consumer of luxury fashion is knowledgeable and has decent technology skills, desiring both personalisation and positive emotions when purchasing products from brands, visiting different types of stores, valuing in-store and online shopping, and somewhat considering luxury fashion brands on social media and those that are more sustainable. Brand experience creates stronger customer relationships and brand resonance, and leverages profit where a personalised, localised, and clienteling approach is maintained in-store and digitally. The role of brand equity is essential in luxury fashion brands due to value establishment, strengthening relationships with customers, brand loyalty, leveraging brand elements, and pursuing the luxury strategy. 15 key B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion linked to consumer buying behaviour, brand experience, and brand equity to consider by luxury fashion brands.</p> <p>The strategies are suitable to be applied by established luxury fashion brands and by emerging brands, their management, and marketing specialists in brand building, marketing, and customer experience. The results of the study bring insights for creating strong relationships with consumers, maintaining customer retention and loyalty, leveraging sales and profit, and promoting the growth of luxury fashion brands when applying specific marketing strategies that can be adapted by every luxury fashion brand, and expanded in further research while elaborating on certain topics.</p>
<b>Key words</b> B2C luxury fashion brand, luxury fashion market, brand marketing, marketing strategy, consumer buying behaviour, brand experience, brand equity

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# 1 Introduction

This is a research type of a Bachelor's thesis for the Degree Programme in International Business in the major specialization of Customer Relationship Management and Communication (Marketing) in Haaga-Helia University of Applied Sciences by student Daria Prusova. In this chapter, the focus is on the background to the topic of this thesis, what are the research and investigative questions, as well as how the topic is demarcated. In addition, the international aspect and benefits of this thesis are discussed. Key concepts are demonstrated to the reader to have a full understanding of the topic. The main purpose of the chapter is to provide an overview of the thesis topic, research objectives, and its background.

## 1.1 Background

Luxury fashion is considered to be one of the most well-performing and fastest developing industries. Firms-leaders experienced growth within the last few years, as well as luxury markets, are expanding globally. In addition, the studies number of luxury products has grown. (Cabigiosu 2020, 9-31.) Personal luxury goods are the second largest segment of the luxury industry, after luxury cars. This segment includes luxury apparel, accessories, watches, jewellery, and eyewear. (Sabanoglu 2022.) The revenue of the global luxury goods market estimates to reach approximately 387 billion dollars by 2025 (Statista Research Department 2022). Emond 2009; Ko & Megehee 2012 state that luxury fashion is a significant part of the modern fashion world, and luxury fashion branding is a timely and essential topic (Choi 2014, 7).

Luxury and premium brands have been performing outstandingly compared to the rest of the global apparel market since the period before the pandemic. There are certain trends and factors that strengthen the luxury category, such as spending habits and pandemic-affected, also more investable, and sustainable shopping. The current period is considered to be a new era of luxury shopping. (Alderman & al. 2022.)

Selling to high-end customers demands a distinct approach regarding marketing practices. Luxury marketing strategies are not the same as those for mass-market brands. (Patel s.a.)

Brand marketing increases the value of the company. Specifically, brand marketing is an investment that establishes an asset – brand equity. As a concept, brand marketing is considered to be the theory and tactics, to make a strong brand. While building the value of a brand, the value of the company itself is established, too. (Finkle 2018.)

Luxury branding is important to research, due to the increasing economic, social, and cultural significance of the sector and new consumption trends and various changes (Keinan, Crener & Bellezza 2016, 29).

This thesis focuses on understanding consumer buying behaviour, the importance of brand experience, and brand equity that formulate the main business-to-consumer luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion.

Recent trends in marketing and the global pandemic have changed the luxury goods market, demonstrating a change in consumer behaviour. It is important for luxury brands to establish attractive marketing strategies both online and offline to fulfil the needs of high-end consumers who are looking for brands that match their values. Also, brand experiences are one of the main tendencies nowadays. (Romagnoli 2022.)

Brand equity is important for companies since it supports enhancing awareness of the brand and establishing brand associations and perceived value. Brand equity helps build relationships with customers by strengthening brand loyalty. (Thimothy 2021.)

Considering the aforementioned, the modern high-end consumer of luxury fashion is quite demanding. Therefore, it is significant to research and formulate key luxury brand marketing strategies to establish strong relationships with them in the long-term perspective, specializing in the elements such as buying behaviour of the modern consumer of luxury fashion, brand experience, and brand equity.

The author has the motivation to develop and demonstrate expertise in luxury fashion brand marketing, performing the research, extracting, and formulating the main business-to-consumer luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion.

## **1.2 Research Question**

This thesis aims to research luxury brand marketing and define the most important marketing strategies to establish strong relationships with the modern consumer of luxury fashion. The results are based on performing research where the buying behaviour of modern luxury fashion users is explored, as well as the importance of brand equity and brand experience are elaborated on. Thus, the main purpose of this study is to understand, highlight, and outline luxury brand marketing strategies that can support brands in the creation of strong relationships with the modern consumer of luxury fashion. The main outcomes and insights of the thesis are beneficial for marketing

specialists and luxury fashion brands in their marketing practices, building strong relationships with consumers.

The research question (RQ) of the thesis is “What are the key B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion?”. The research question was divided into investigative questions (IQ) as follows:

IQ 1. What is the buying behaviour of the modern luxury fashion consumer?

IQ 2. How important is a brand experience to establish strong relationships with the modern luxury fashion consumer?

IQ 3. What is the role of brand equity in the creation of strong relationships with the modern luxury fashion consumer?

Table 1 below presents the overlay matrix with investigative questions, theoretical framework components, research methods, and outcomes for each investigative question.

Table 1. Overlay matrix

Investigative Questions	Theoretical Framework	Research Methods	Outcomes
IQ 1. What is the buying behaviour of the modern luxury fashion consumer?	Trends in buying behaviour of the modern luxury fashion consumer; needs of the modern luxury fashion consumer; increasing online purchases/on multi-brand sites/strong digital presence; consideration of luxury fashion brands on social media; consideration of more sustainable luxury fashion brands	Desktop research Webropol survey, Statistical analysis	Buying behaviour of the modern luxury fashion consumer (chapter 4; 4.1)
IQ 2. How important is a brand experience to establish strong relationships with the modern luxury fashion consumer?	The importance of brand experience in a luxury fashion brand; personalisation and localisation; digital technologies and clienteling	Desktop research Webropol survey, Statistical analysis	The importance of a brand experience to establish strong relationships with the modern luxury fashion consumer (chapter 4; 4.2)
IQ 3. What is the role of brand equity in the creation of strong relationships with the modern luxury fashion consumer?	The role of brand equity of a luxury fashion brand; brand equity in luxury fashion strategy	Desktop research	The role of brand equity in the creation of strong relationships with the modern luxury fashion consumer (chapter 2; 2.3)

### 1.3 Demarcation

The topic and research question in this thesis focus on a specific direction of marketing – brand marketing. The industry of focus is considered to be luxury fashion. In addition, based on a luxury pyramid developed by Rambourg in 2014, the chosen luxury brand levels for the study are mainly accessible core (for less than 1500 USD – designer accessories and apparel), and premium core (with higher prices, for less than 5000 USD), but can include also more high-end categories of brands such as superpremium (up to 50,000 USD), or affordable luxury (up to 300 USD) (Solomon & Mrad 2022, 42; Khan 2015). The research is not limited by a specific age group, gender, or geographical area, but rather is supported by results from relevant research participants of different

nationalities. The thesis is demarcated to cover the important concepts in luxury fashion brand marketing. Out of the larger scope, to answer the research question, the investigative questions concentrate on luxury fashion brand marketing, specifically on the significant components such as brand experience and brand equity. The buying behaviour of the modern luxury fashion consumer is studied along with mentioned concepts which together form the key B2C luxury brand marketing strategies to build strong relationships with this unique type of customer.

#### **1.4 International Aspect**

The international aspect required by the degree programme of all theses is covered by performing research about the luxury fashion industry at the international level. The research itself is not limited by the market of a certain country. Luxury brand marketing strategies are established as international ones, suitable for various luxury fashion brands around the world that can be tailored to each market respectfully.

#### **1.5 Benefits**

This thesis allows extracting important concepts about the topic, as well as the results of the empirical study bring insights for creating strong relationships and engaging with customers, maintaining customer retention, increasing sales, and promoting the growth of luxury fashion brands when applying those specific marketing strategies. Besides new outcomes and development, the thesis gathers and validates the existing research results. Also, the author brings a new understanding of concepts and research insights to the luxury fashion marketing area, from which both well-established and emerging luxury brands can benefit and create strong relationships with a demanding modern consumer of luxury fashion. In addition, the author has career interests and motivation to demonstrate expertise in luxury fashion marketing, as well as educational interests in this specific area and field of marketing specialisation.

#### **1.6 Key Concepts**

**Luxury Fashion** includes brands offering high quality, and has brand heritage, prestige, rarity, and craftsmanship. The products of luxury fashion brands have the form of ready-to-wear lines (prêt-à-porter) as opposed to Haute Couture where the products are custom-made for particular people. Some examples of luxury fashion brands are Louis Vuitton, Chanel, Prada, Bottega Veneta, Balenciaga, Gucci, Saint Laurent, Hermès, Ralph Lauren, Tiffany & Co, etc. The majority of luxury brands are owned by several global groups. Luxury brands operate at different levels, for instance, there are affordable luxury, accessible core, superpremium, and ultra-high-end. (Solomon & Mrad 2022, pp. 41-42.)]

**Luxury Brand** is a high-cost excellent brand that sells exclusive products (Patel s.a.). Luxury includes products and services that are characterised by innovation and unique accessibility due to their limited availability and higher pricing (D'Arienzo 2016, p. 351).

**Brand marketing** is the theory and tactics which make the brand strong, increase its value and establish brand equity (Finkle 2018).

**Marketing strategy** is a “strong vision outlining a business’s value proposition to its customers”. Marketing strategies are implemented as a direction to manage general marketing efforts rather than outlining the specific actions in concrete advertising campaigns (Coursera 2022).

**B2C**, an abbreviation for **business-to-consumer** is “a retail model where products move directly from a business to the end user who has purchased the goods or service for personal use (Chai 2020).

**Consumer buying behaviour** is buying behaviour of final consumers which are individuals and households, purchasing goods and services for their consumption (Kotler, Armstrong & Opresnik 2018, p. 668). As stated by Rath, Petrizzi & Gill 2012, “Consumer behaviour consists of the decision-making processes and actions of buyers they recognize their desire or need for a product or service, and engage in the search, evaluation, use, and disposal of a particular item” (Rath, Petrizzi & Gill 2012, pp. 67-68).

**Brand experience** is the tangible and emotional experience customers have when engaging with a brand. It gathers the elements of user experience, customer experience, and brand identity. Brand experience is considered to be the continuous impression consumers have of a brand, including perceptions, feelings, thoughts, and reactions from the marketing activities to bigger campaigns and certain product launches. (Bonderud 2022.)]

**Brand equity** is “a set of brand assets and liabilities linked to the brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm or the firm’s customers” according to Aaker 1991, p.15. Brand equity can be separated into five categories: brand loyalty, brand awareness, perceived quality, brand associations, and other own brand assets. (Hollensen 2020, p. 476.)] Brand equity is the influence of consumer market perceptions regarding brand value (D'Arienzo 2016, p. 344).

## 2 Important Concepts Behind B2C Luxury Brand Marketing Strategies to Establish Strong Relationships with the Modern Consumer of Luxury Fashion

In this chapter, the purpose is to present the theoretical framework of the thesis to give a better overview of the following important concepts. Moreover, the chapter demonstrates the desktop research part of this thesis, establishes the base for its empirical study, and answers the main research question. Besides the information regarding the concepts, theories, and models which are discussed in the theoretical framework, the subchapters also include luxury brand marketing strategies and examples from various luxury fashion companies, the implementation of which support creating strong relationships with the modern consumer of luxury fashion and promotes the overall development of the brand.

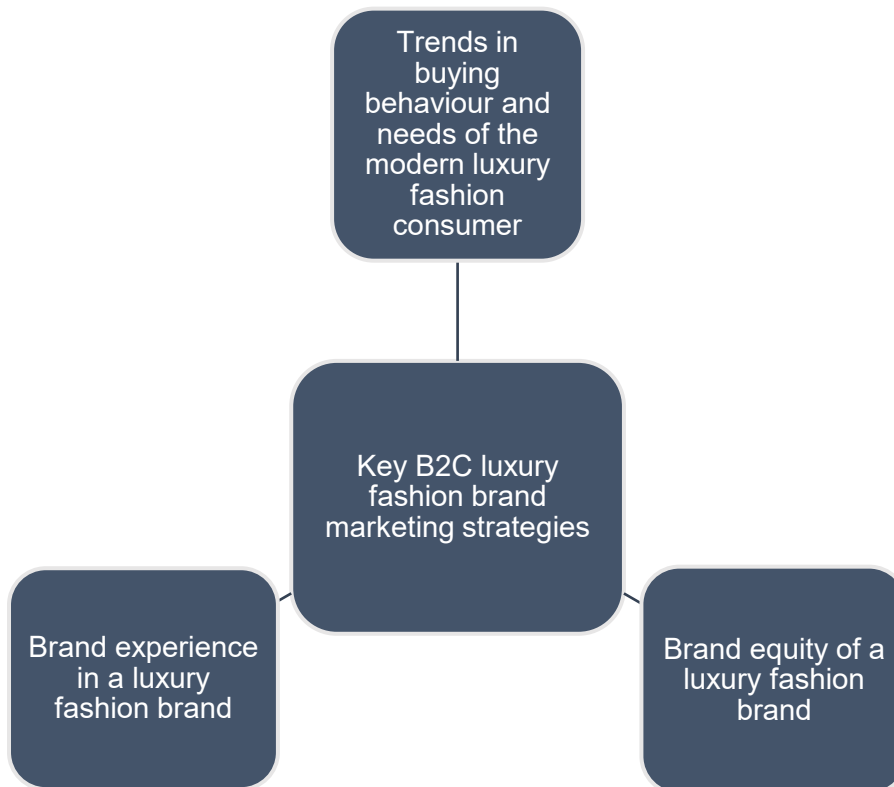


Figure 1. Theoretical Framework

Figure 1 describes the theoretical framework of the thesis where the concepts of consumer buying behaviour, its trends, and needs of the customers, brand experience, and brand equity formulate B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion.

## **2.1 Trends in Buying Behaviour of the Modern Luxury Fashion Consumer**

This thesis explores current and long-term trends in consumer behaviour of the modern luxury fashion user. The market is extremely competitive and changing, therefore, luxury brands must understand their audience and recognise the demands of consumers (Patel s.a.). Nowadays, wealthy customers more and more search for brands matching their values, and judge them not only on the products and services but also on their actions. There are certain trends in marketing, as well as the global pandemic that has changed the luxury goods market, demonstrating a shift in consumer behaviour (Romagnoli 2022).

### **2.1.1 Needs of the Modern Luxury Consumer and Trends in the Market Audience**

Luxury consumers are considered to be demanding, fast-changing and quite knowledgeable (Keinan, Crener & Bellezza 2016, 24). According to SRI consultancy firm, it classifies luxury consumers based on three attitudes regarding luxury. The first one states luxury is utilitarian, meaning that people will buy items that will last for a long period, and they are likely to perform careful pre-buying research and make more rational than affective decisions when purchasing luxury products. The second one thinks luxury is a status signal, where individuals from this segment are more likely to be younger than people who consider luxury as utilitarian but older than those considering luxury as gratification. Owning luxury goods means for them the achievement of something, there is a need to reach and demonstrate success to others, driving this group to gain more status. And the third one considers luxury as gratification, forming the smallest groups and are likely to be younger, male individuals. These consumers consider luxury to be delightful and quite extravagant, being ready to spend high amounts on products for the reflection of their uniqueness to attract attention and likely making affluent, impulsive purchases. (Solomon & Mrad 2022, 159.)

Luxury consumers want to be surprised and amazed, and needing for consistent and predictable quality and service, too. There are three main expectations of luxury consumers: "Seduce me" meaning emotional, memorable, experience; "Show me you know me", like personalisation, relevance; "Wow me" such as surprise, delight. In addition, online has decent potential in supporting luxury brands to satisfy and exceed those expectations. (Keinan, Crener & Bellezza 2016, 24.)

According to the Bain Luxury Goods Worldwide Study 2020, in the next years, there are four growth engines, driving and reshaping the luxury market by 2025. Younger generations such as Generations Y and Z will be the biggest shoppers of luxury that represent over two-thirds of global purchases. These generations put a strong emphasis on diversity and inclusion, sustainability, and environmental issues, seeking luxury brands that match their vision and desire for purpose. Chinese consumers will become a dominating nationality for luxury that grows to represent over 45 %

of global purchases. Mainland China is on its way to becoming the biggest luxury market. (D'Arpizio, Levato, Prete, Gault & de Montgolfier 2021.) Female purchasing power is increasing in terms of "influence, responsibilities, impact on society, and financially", according to the CEO of luxury jewellery brand Bulgari, Jean-Christophe Babin (BOF Studio 2021). Online is set to be the leading channel for luxury purchases which will be discussed more in detail in the next paragraphs. (D'Arpizio, Levato, Prete, Gault & de Montgolfier 2021).

### **2.1.2 Increasing Online Purchases and Strong Digital Presence**

While reviewing the corresponding literature, the author highlights the main trends in buying behaviour of the modern luxury fashion consumer. One of the trends is increasing online purchases and a high digital presence. As the digital landscape is continuously developing, and the COVID pandemic accelerated digital trends, so they will evolve as the spending habits of luxury consumers move into a new normal. According to Bain & Company consulting company, online becomes the leading channel for luxury purchases by 2025 (D'Arpizio, Levato, Prete, Gault & de Montgolfier 2021). Luxury brands that adapt to the latest digital trends will succeed. Brands that tend to advertise existing and new products in unique and spectacular ways embrace The Metaverse, Virtual, and Augmented Reality, including the NFTs (Non-Fungible Tokens). It is essential to assure the delivery of a flawless luxury digital marketing experience at every touchpoint. (Romagnoli 2022.)

Digital has an effect not just on luxury goods sales, but on the whole value chain, from digital marketing and improved in-store experience to product co-creation. Even though a lot of luxury brands have been based on the business model in which inaccessibility, exceptional quality, and uniqueness were the key to the value proposition, increasing online sales and the increasing usage of social media reshapes the industry (Keinan, Crener & Bellezza 2016, 19). The opinions among luxury companies about buying behaviour of luxury shoppers shifted from choosing physical stores with personalized customer service, tangible shopping experience, and sceptical attitude to online purchases of expensive luxury goods towards the willingness to buy fully priced luxury products on the Internet (Dauriz, Remy & Sandri 2014). As there is a strong increase in online sales and re-definition of physical stores, it is necessary for the brands to adapt their networks according to the new map of luxury buying, develop role of the store, and its ergonomics with maximizing the customer experience (D'Arpizio, Levato & al. 2021). Many customers seek to interact with brands virtually on their smartphones, computers, and tablets before they choose what and where to purchase or how much they are ready to pay. Also, according to the former digital director at LVMH Group Thomas Romieu, consumers of luxury goods desire a streamlined experience, minimising the number of decisions to be made (McKinsey & Company 2013). Therefore, it is highly important for luxury brands to strategize their digital presence where the suitable digital strategy varies for

each brand, however, there are core elements that remain the same: a solid mobile presence, a selective approach to social media, and a focus on important financial, marketing and customer research metrics (Dauriz & al. 2014).

Luxury brands must keep pace with the digital behaviour and preferences of their customers and provide them with exciting and beyond-standard online experiences which will be discussed more in the next subchapter. When companies perform digital investments sagely based on their own unique brand archetypes and categories, enhanced results and more value creation will be demonstrated. There will be a help to marketers, delivering on the digital promise by knowing of what to measure precisely and how to react to fast-changing buying behaviours. Digital presence is essential since for the luxury customer segment online experiences lead to real-world decision-making. Based on the Altagamma-McKinsey Online Observatory research, more than 45 % of luxury purchases are driven by findings of customers in the digital universe, and this number is expected to rise. The surveyed consumers referred to the ability to compare products and prices online, along with exploring its wider selection, and pointed out convenience and speed as the main reasons to buy online. For instance, customers are more likely to purchase online if they are located farther from the physical store. Also, it is stated, engaging and easy-to-navigate mobile sites more potentially lead traffic to the store. According to the Chief Executive Officer of luxury jewellery brand Bulgari, owned by LVMH group, Jean-Christophe Babin, the purchasing journeys of their customers often begin on the website before coming to the very store, as well as a client can do “a digital try-on” online before the in-store one (BOF Studio 2022).

A lot of modern consumers research luxury goods on a mobile device before the purchase. These days, the dominant number of customers browse stores or social media applications on their phones, therefore, establishing mobile shopping as seamless as possible for shoppers to purchase what they are willing to without hassle is vital (DeAcetis 2021). As suggested by the research, it is important for brands to note that they should not be expected to attract potential customers into a store by only establishing enhanced web or mobile sites due to the need of searching for product-oriented information sources, for example, multi-brand and department stores to compare products, its brands, and prices easier. There were investments by certain high-end retailers in mobile applications for customer engagement, however, customers that downloaded a luxury brand app are in the minority. Even though, luxury shoppers seek applications with detailed, current information or helpful services such as easy user-friendly product catalogues or special offers for loyal customers (Dauriz & al. 2014). Considering the aforementioned, it is highlighted that the luxury consumer is more mobile than ever. (Dauriz, Michetti, Sandri & Zocchi 2014.)

### **2.1.3 Consideration of Luxury Fashion Brands on Social Media Platforms**

Arising from the trend aforementioned in the previous paragraphs, there is increasing usage of social media by luxury fashion consumers and their creation of “judgments” and considerations regarding the luxury brand and its products. (Dauriz & al. 2014.) In the context of brand building, web-based content has been developed for generating a “buzz” around the brand that will lead to increased sharing by viewers and viral success. Thus, marketers actively invest in social media. (Beverland 2018, 185.) Direct and digital marketing (websites and social media) are considered to be the best ways for the fashion or luxury brand to directly communicate with a target audience and establish stronger relationships with them, specifically if its customers are younger (Solomon & Mrad 2022, 12). Also, digital, and social media provide opportunities for more artful storytelling (Keinan, Crener & Bellezza 2016, 17).

Kim & Ko 2010 in their quantitative empirical analysis in Korea researched the usage of social media marketing for supporting luxury fashion brands. The statistical data analysis confirmed the importance of using social media marketing for luxury fashion brands in developing customer relationships and intention to make a purchase, where the element of entertainment is the strongest. They state social media marketing is a decent way to retain old customers and attract new ones. (Choi 2014, 14.)

Nowadays, social media influencers (SMIs) actively engage with fashion and luxury brands to motivate fellow subscribers to buy their specific products in their accounts and blogs on various social media platforms. Consumers rely on the opinions and certain expertise and knowledge of influencers that create build trust and drive communication with many followers. There are different types of social media influencers such as mega- (millions of followers), macro- (200,000-900,000 followers), micro- (10,000-200,000 followers), and nano-influencers (less than 10,000 followers). Influencers can promote a brand and improve its reputation becoming a part of the social media strategy of the brand. (Solomon & Mrad 2022, 249-250.)

The suitable digital strategy is different for every luxury brand, but the most important elements correlate: a strong mobile presence, a selective social media approach, and a clear focus on specific metrics (Dauriz & al. 2014).

### **2.1.4 Purchases of Products from Luxury Fashion Brands on Multi-Brand Sites**

Nowadays, there are quite many e-commerce retailers and department store websites, where many luxury fashion brands are presented, therefore there is another trend – consideration and purchasing luxury fashion on multi-brand platforms and websites. Consumers tend to look for luxury fashion brands on multi-brand sites. The success of multi-brand e-commerce platforms, such

as Net-A-Porter has proved that luxury fashion consumers are very much opting to purchase products online, and based on McKinsey research in the luxury industry, the Internet plays an essential role in buying behaviour of luxury consumers. For instance, 40 % of luxury purchases are somewhat influenced by the digital experience of shoppers, thus via online research of a product that is later bought offline, or through social media “buzz” leading to a purchase in a physical store. (Dauriz & al. 2014.)

Luxury consumers are using mobile sites or websites of multi-brand retailers and department stores as product-oriented sources of information more and more, so brands should not only rely on their sites for the promotion of products to potential customers. Also, it is easier for luxury shoppers to compare items and prices. To influence and engage with luxury shoppers in each stage of the “customer decision journey”, brands partner with online multi-brand retailers. It is important for those labels to ensure that the presence on multi-brand sites is strategic and strengthens brand positioning. However, for instance, certain items of the ultraluxury brands could be absent from the multi-brand sites to maintain their level of exclusivity if it is sought by them. If a brand positions itself as “affordable luxury”, it can present some of the items at a lower price on sites of upper-segment department stores. (Dauriz & al. 2014.)

### **2.1.5 Consideration of More Sustainable Luxury Fashion Brands**

Another trend in buying behaviour of the modern luxury fashion consumer is a commitment to the environment and sustainability, paying attention to luxury brands with similar practices. For instance, Millennials, Gen Z, and Alpha Ultra-High-Net-Worth Individuals are devoted to the environment. It means that luxury brands must correlate with the key values, thus addressing this younger and wealthy group consisting of people with a strong social consciousness. Respectively, luxury brands must unambiguously display their own sustainable activity and environmental commitment and prioritise ethics over aesthetics. (Romagnoli 2022.) Shoppers are becoming more concerned about the environment, animal welfare, equality, and ethical manufacturing, therefore they expect brands to act accordingly. Luxury and fashion consumer browse ‘sustainable clothing’, ‘slow fashion’, and ‘ethical production’, and choose a specific brand over another based on their activities. (Riili & Bezze 2022.)

When the trend for sustainable buying has already started recently, the global pandemic has boosted it (DeAcetis 2021). In addition, the second-hand market for luxury goods increased by 9 % to €28 billion throughout the pandemic (D’Arpizio, Levato & al. 2021). According to the Chief Executive Officer of Bulgari, the luxury jewellery brand owned by LVMH group, in the past consumers were purchasing a product from a brand, the reputation of which was established due to its

excellence, quality, or social status, when nowadays even though this kind of dimensions are present, it is also vital to maintain corporate social responsibility (CSR), including the sustainability of a brand (BOF STUDIO 2021).

Overall, the luxury sector produces high-quality and long-lasting products, thus maintaining sustainability. Vintage apparel and accessories from luxury fashion designers are a trend nowadays. A lot of luxury brands tend to emphasise their singularity through manufacturing in the country of origin, promoting localisation as a part of their value and distinctiveness as stated by Kapferer 2012. For instance, the luxury fashion brand Stella McCartney is well known for its achievements in sustainable aspects. (Keinan, Crener & Bellezza 2016, 22.) Luxury fashion brands will gain the attention of customers through a better understanding of brand values by highlighting their practices regarding sustainability, for example, sharing about product characteristics or materials used within their digital channels and advertisements such as recycled denim, plastic-free packaging, etc. (Riili & Bezze 2022). Certain luxury designers have established statements on the runways, using vegan, recycled, and upcycled materials. Doing sustainable and ethical practices will allow balancing exclusivity and transparency of brands. Various endorsements of sustainable fashion by celebrities might boost the awareness of innovations about the conscious practices of brands and promote the benefits of their usage. (Ho 2020.)



Figure 2. Trends in Buying Behaviour of the Modern Luxury Fashion Consumer

Figure 2 summarises trends in buying behaviour of modern luxury fashion consumer, showcasing that luxury fashion consumers nowadays are demanding, fast-changing, considering the growth in younger and multinational market audiences, and extremely knowledgeable. Also, the author

highlights the most common current and long-term trends, including the increase in online purchases and strong digital presence of this target group, consideration, and purchases of products from luxury fashion brands on multi-brand or department stores sites and social media platforms, as well as the preference of more sustainable luxury fashion labels. When outlining brand marketing strategies, luxury brands must consider the needs, desires, and attitudes of their consumer audience, provide seamless and omnichannel digital experience, including mobile and websites, social media, and multi-brand platforms, as well as adapt and promote more sustainable and ethical approach regarding practices of the brand.

## **2.2 Brand Experience in a Luxury Fashion Brand**

Brand experience in B2C luxury fashion brands is explored and its implications are discussed. Various examples of useful brand marketing practices by luxury fashion brands are demonstrated throughout the analysis. Brand experiences are one of the main tendencies within this certain market nowadays (Romagnoli 2022).

### **2.2.1 Luxury Fashion Brand Experience and Its Importance**

Brand experience is the tangible and emotional experience customers have when engaging with a brand. Brand experience is considered to be the continuous impression consumers have of a brand, including perceptions, feelings, thoughts, and reactions from the marketing activities to bigger campaigns and certain product launches. (Bonderud 2022.) As stated by Gensler 2017, brand experience includes the retail environment (physical and online), pop-ups, events and brand activations (one example can be launching coffee shops or restaurants from luxury fashion brands – Gucci Osteria restaurant in Florence, high-end food hall from luxury group LVMH in Paris, restaurants with Michelin chefs from Louis Vuitton in Osaka and Saint-Tropez, or another example is Louis Vuitton LV Dream exhibition in Paris with artistic collaborations celebrating 160 years of creative exchanges together with a café/chocolate shop with a branded pastry from the famous French pastry chef), installations and exhibitions (e.g., Dior Designer of Dreams exhibition in London with a selection of work of the designer), consisting of different modes of experience as social, pedagogical, entertainment and aspirational (Huggard & Cope 2020, 9; Solomon & Mrad 2022, 47-48; Taylor 2022, LVMH s.a.). Also, the strategy of collaborations between luxury and mass-market brands establishes positive associations between partnering brands to promote brand images and brand awareness. That makes luxury fashion more accessible to lower-income consumers. For instance, mass-market brand H&M collaborates with various luxury designers such as Moschino, Maison Margiela, Balmain, Stella McCartney, Alexander Wang, Kenzo, Giambattista Valli, Simone Rocha, etc. (Solomon & Mrad 2022, 45-46.)

The experiential approach is valuable to provide brand authenticity across all marketing mix aspects and potential new differentiation sources. Thus, luxury brands incorporate their identity in expensive flagship boutiques, the purpose of which is immersing the customer in the concept of a brand (Beverland 2018, 45.) For instance, Prada designs and creates stores that are a mix of retail, technology, and museum gallery (Beverland 2018, 179). Brands reaching luxury consumers with the proper experiences and information at a suitable moment will grow more and manage to surpass competitors (Dauriz & al. 2014).

The ability to acquire knowledge about the feelings, current and next needs of prospects support brands in the creation of new or the expansion of existing customer acquisition and retention strategies. In a new competitive environment, brand experience management is important to be implemented in to retain loyal customers. According to Forrester Consulting research, 70 % of business leaders believe that brand experience management will support enhancing the brand awareness and differentiation of a company. When customer experience management strengthens customer loyalty and retention, the discipline of brand experience management is about comprehending the level of interactions attractiveness or rejection that is perceived by prospects, thus, what companies must do to enhance brand differentiation. The implementation of those demonstrates decent ROIs (returns-on-investment), where brand experience management chiefs notice much higher additional profit, better brand resonance, and more satisfied consumers. In fast-paced markets, companies must use real-time experience data – how the customers are feeling currently about the products and services, to determine the experience gaps for improving brand differentiation. Examples of such data that is needed to design a more enhanced customer experience can be call centre interaction or sharing experience in social media by clients. It is essential to correctly collect the insights from the experience data such as trends and behaviours and later pass it to the right experts within the organisation. Utilising a purposeful and less big set of systems and solutions practised by brand experience managers in the most successful firms supports gathering real-time experience data, transforming it into metrics and strategy, and understanding which customer and brand investments to prioritize. The needs and expectations of consumers rapidly change, therefore business executives should have systems that support directing customer feedback and recommendations to a suitable department within the organisation and at the same time demonstrating various business metrics, for instance, sales and advertising spending. Experience data with the usage of suitable technology is needed for increasing the value for both existing clients and prospects. (Sheets 2021).

### 2.2.2 Personalisation and Localisation as Parts of the Luxury Fashion Brand Experience

Continuing, personalisation is an important aspect in the creation of experience for customers in luxury brands and retailers. A lot of fashion e-tailers can monitor the behaviour of each client and utilize it to provide the personalised customer experience. For instance, the aforementioned fashion e-tailer Net-a-Porter collects the data, which its customers are willing to share, to establish research teams and perform the analysis of customer surveys and behavioural data to gain useful feedback and valuable customer-base insights. Personalisation is also integrated into the in-store experience. Thus, Burberry created the 'One to One' iPad application, providing sales associates in-store to establish and support customer profiles, considering global shopping histories and visual wardrobes for every client. In addition, targeted in-store promotions and offers are increasing. This way, the companies, and brands are able to provide a personalised experience to an individual client. (Sherman 2014.) Also, in post-pandemic times, chatbots and other digital solutions are an efficient way to provision of the personalised shopping experience, driving higher satisfaction of customers and increasing sales (DeAcetis 2021).

High-end consumers strive to have localised and unique brand experiences. These days, luxury consumers tend to choose brand experiences over material consumerism. When travel is restricted, it is important for brands to demonstrate the reason to travel by providing experiences that can be enjoyed in a particular place. Therefore, distinctive localised experiences, as well as strongly personalised services and fascinating, meticulously curated events are implemented by luxury brands to attract luxury consumers. Within such a competitive market, luxury brands should adopt the 'Anything is possible' approach. (Romagnoli 2022.)

As stated by McKinsey's senior partner and regional leader for apparel, fashion and luxury in Asia, Aimee Kim, every consumer from the audience is an individual. Despite the general characteristics, brands that can stand out with their hyper-localisation, know the client, and perform the work with them on the maximum level of personalisation, which makes it the "winning formula". (BOF STUDIO 2021.)

In post-pandemic times, consumer enthusiasm for domestic shopping is valuable. Before, 30 or 40 percent of luxury sales were produced by customers in transit and abroad. Since when travel becomes possible, luxury is one of the first categories to benefit as stated by Benjamin Vuchot, chairman and chief executive of LVMH-owned DFS Group. Purchasing luxury online and locally is beneficial for the brands, for example, it allows luxury biggest players such as LVMH, Kering and, Richemont to maintain the increase in sales above pre-Covid levels by the second quarter of 2021. The travel flows between most regions are expected to recover around the beginning of 2023 at the earliest. When travel retail and duty-free players need to expand horizons via offering local

products and collaborations, luxury brands and retailers also implement localisation strategies and tend to adapt through offering online clienteling, next-day home delivery, opening of domestic stores, offering access to local designers, expansion of local marketing campaigns, and investment in domestic physical footprints, like events and merchandise adjusted to the local tastes and cultures. In addition, luxury consumers discover new local designers or purchase items from familiar domestic brands. It is expected that consumers will purchase more new, local designs abroad, and resume to shopping for core, accessibly priced luxury products, and from domestic brands and artisans locally. Therefore, luxury brands need to establish new solutions to receive both local clients and tourists in a longer perspective and accordingly reallocate investments, involving reshaping business aspects around product development, marketing, merchandising, and retail. (BOF Team & McKinsey & Company 2021.)

### **2.2.3 Digital Technologies and Clienteling in the Luxury Fashion Brand Experience**

According to Bain 2022, the luxury customer experience partly consists of various digital instruments and touchpoints such as applications, online channels, and virtual reality. However, those technologies do not substitute individual, face-to-face customer service, but allow brands and retailers to improve the experience. Thus, companies incorporate technology and online channels by providing service also in physical stores. In fact, approximately 80 % of luxury sales are affected by digital touchpoints. Luxury fashion brands, including those that do not sell the main products like clothing and leather goods online, for instance, Chanel, have their own websites, social media, and applications to engage with a customer in the digital environment. There are also brands that always have been interested in integrating innovations and continue to explore newer technology. As an example, Gucci uses AR – augmented reality to virtually try out sneakers, and Burberry offers consumers a digital view of brand bags for superior demonstration of shapes and sizes. (Amed & al. 2022, 43.) Also, Dior launched a virtual store with a 360-degree view where shoppers can wander around the whole boutique and look at products like in a regular offline retail store (DeAcetis 2021).

In-store and digital clienteling are practices that are implemented by luxury brands, supporting building customer relationships. Clienteling is the development and management of a customer base, where sales associates maintain profiles of clients and provide personalised service to them, notifying them regularly about new collections, private sales, or events for practicing successful in-store retail. In addition, for establishing luxury relationships, it is valuable to create strategies for online clienteling and make it as refined, as in-store practices. Some of those strategies include providing communication content with a relevant tone and in foreign languages, maintaining personal privacy on the websites, and offering an operational omnichannel platform for easy

access by consumers, meaning possession of the same knowledge of brand organisation around the world and personal details and product preferences of the customer. (D'Arienzo 2016, 287.)

To mention, store associates play a central role in the luxury shopping experience. Clienteling applications such as Hero, Getbee, Luce of luxury group Kering, and others are developed for communication between sales associates and clients, including remote selling which increased before the Covid-19 pandemic, and turned out to be essential for a lot of brands due to store shuttering. Examples of brands that implemented clienteling to be connected with their customers are Gucci, Balenciaga, Moncler, and Burberry. During the post-pandemic period, applications have a significant role in development of customer experience. Executive vice president of future retail of online luxury fashion retail platform Sandrine Deveaux states that Farfetch-owned brand Browns utilizes applications to directly connect with customers with “what is most important in the store, [and that] is the sales associate”, when opened its new flagship store in London in April 2021. Thus, the associates at Browns work with an application, providing different clienteling features, including a “connected retail layer” that gives an opportunity for associates to scan a QR code in the customer-oriented Browns application to link a personal account and the store site. This technology allows getting physical items that are outlined in the wish list of a customer and providing specific relevant recommendations. In addition, store associates can send a product list that the customer is interested as demonstrated in the store due to certain availability of the items from a large inventory of Browns on the very location and give a link to shoppers for making mobile phone purchases. (Amed & al. 2022, 43.)

Engaging with customers through telling a product story to them is an essential part of offering the brand experience. For instance, Chanel, using the technology of Farfetch implemented its elements at its flagship Rue Cambon boutique in Paris and has been spreading it to certain selected locations. The main idea is not to sell items straightforwardly but to display the story around those Chanel products with RFID sensors located in fitting rooms which are able to scan tags on the garments tried by a shopper, and thus the connected mirror demonstrates information via photos and videos on the runway. Another example is LVMH Japan, partnering with SoftBank, recently sharing about leveraging their actions towards providing clients to enter “virtual reality spaces” at its stores to connect with artisans directly online and observe the manufacturing processes. (Amed & al. 2022, 43-44.)

Also, clienteling applications support store associates, providing useful information regarding a collection to share with customers. As an example, in 2021, the clienteling application ‘Hero’ presented a special feature for the associates, allowing them to make short videos to highlight certain brand items. According to Milton Pedraza, chief executive of Luxury Institute – the research and

consulting firm, not quite many brands have yet to utilize clienteling applications as efficiently as they could. There is a challenge in training staff to correctly engage with clients via those specific channels. Many luxury brands are at the beginning of collecting data and generating knowledge from clients to support them in personalisation of service within all channels. The core purpose of this technology is to give each or as many as possible consumer(s) personalised, tailored service and interaction, varying from product recommendations based on the specific taste of the customer when entering the store to providing the most relevant brand items in the application and sending emails with a notification about the arrival of products to their liking at the nearest store location. (Amed & al. 2022, 44.)

Therefore, luxury fashion brands understand the aim of technology to interact with consumers outside physical stores. The implementation of actions connected to virtual worlds and NFTs by some luxury companies demonstrates the value of online presence. According to the CEO of Bulgari, Jean-Christophe Babin, NFTs will promote additional visibility, and more familiarity and add the frequency of touchpoints (BOF STUDIO 2021). To extend the personalisation in brands, luxury brands consider the production of customised products through the usage of technology and small-batch manufacturing to make products individualised like their service (Amed & al. 2022, 45).

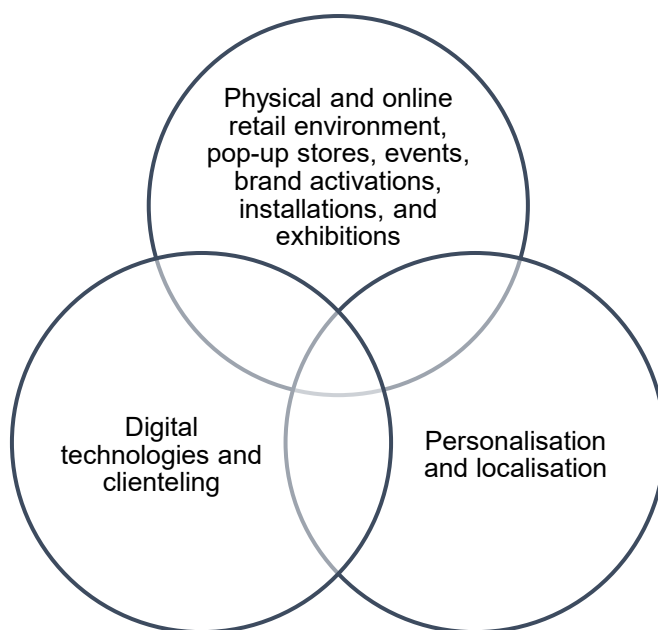


Figure 3. Important elements of the brand experience in B2C luxury fashion brands

In Figure 3, certain essential elements of the B2C brand experience are presented. Those include examples of luxury fashion brand experience, personalisation, localisation, digital technologies, and clienteling such as applications and storytelling which the author highlights in the most of reviewed literature for the desktop research. Brand experience is important since it provides the

ability to acquire knowledge about the feelings and desires of prospects and retention of loyal customers. Providing personalised and developing localised in-store and virtual experiences with the help of digital technologies and clienteling strategies such as using brand applications and storytelling supports maintaining strong relationships with luxury fashion consumers.

### **2.3 Brand Equity of a Luxury Fashion Brand**

In this chapter, the concepts of brand equity of a luxury fashion brand and its meaning in luxury are discussed. Brand equity is significant for companies for raising awareness of the brand, as well as for establishing brand associations and perceived value for the consumers. In fact, providing the best customer experience by the brand influences the enhancement of the company's brand equity. (Thimothy 2021.)

#### **2.3.1 Brand Equity and Its Big Role in the Luxury Fashion Branding**

Brand equity is associated with the value of the brand, so for consumers, brand equity is considered to be defined in terms of the relationship strength between customers and the brand. Thus, consumers tend to feel a closer connection with brands and consider them more meaningful when it is a resource for them to reach some specific goals, and it is transferred through the very value of the brand depending on the market. (Beverland 2021.) There is a concept of customer-based brand equity – “the differential effect that brand knowledge has on consumer response to the marketing of that brand.” CBBE demonstrates brand equity from the consumer perspective to understand the needs and wants of customers. Marketers answer two main questions: What do various brands mean to consumers? How does the brand knowledge of consumers influence their response to marketing activity? (Keller & Swaminathan 2020, 68-69.) Establishing, developing, and strengthening brand equity is the main brand-building goal, including big dimensions such as awareness, associations, and loyalty of the customer base (Aaker 2014, 10).

Brand equity is the marketing and financial value, the association of which with the strength of a brand in the market. Products with brand equity are well-known and accepted, with a bigger number of customers who are willing to purchase them. The job of the marketers is to considerably maintain brand equity through raising awareness of customers (e.g., implementing seasonal runway shows in the fashion industry), pursuing positive reactions to the brand by customers (creation of promotions, parties, and other events to highlight the uniqueness, quality, and relevance of a brand), and retain customer loyalty established on brand preference. (Rath, Petrizzi & Gill 2012, 213.)

As stated by Vigneron & Johnson 2004, luxury goods, the consumption of which satisfies both functional and psychological needs that are linked to the perceived characteristics of the product

like quality, aesthetics, scarcity, and elitism. According to Okonkwo 2007, there are ten characteristics of a successful luxury fashion brand: special brand identity, global reputation, emotional appeal, “innovative, creative, unique and appealing” products, consistent premium quality delivery, heritage craftsmanship, premium pricing, exclusivity in the productions of products, high visibility, and extremely controlled distribution. At Roncha & Montecchi 2021 a 7-dimension model is proposed that shows the key attributes of luxury fashion brands: exclusivity, social marker, brand identity and management, integrated marketing communications, heritage, product and price integrity, and experience. These attributes are important for product design and development, formulating business strategies to implement in various markets, and increasing value perception. (Roncha & Montecchi 2021.)

In the apparel, fashion, and luxury segment, perception establishes more value creation than in approximately any other sector. It is considered that the expectations of consumers about the brand generate at the same time a vital and intangible value source. Thus, perception transforms into the market sense of a brand growth potential which is balanced and equilibrated against the evaluation of the risk profile. There are two dimensions of the perception, brand fundamentals, and the narrative. Brand health, intellectual property, and talent, likewise with areas such as design, merchandising, digital, and M&A are included in brand fundamentals and ensure the base for establishing and promoting growth momentum. To be clear, these certain elements give a “creative engine” for the company. To ensure sustainable growth, it is important to manage the momentum in a considered and disciplined manner to prevent overexposure that does not eliminate long-term brand equity for short-term returns. The most successful players set growth management strategically with specific directives and actions for reaching pursuits and creating value. Also, winners make investments in brand building, talent management, and increasing managerial discipline. Another perception dimension, is the narrative, a story of the company in other words. Fashion brands tell and demonstrate their story in every runway show, showcases, and floor display. According to Paharia & al. 2011, another way for effective storytelling is a brand bibliography – brand origins, life experiences, and evolution (Keinan, Crener & Bellezza 2016, 24). The value and messages are communicated by the brand to customers, employees, investors, partners, and media. The narrative establishes the needed connection for the brands to maintain loyalty and growth. It is essential to reach a suitable balance between the delivery of performance and perception management, providing the outperformance in a long-term perspective of the sector, and value creation is constantly in fashion. (Nolen Foushee, Remy & Schmidt 2015.)

Brand equity and authenticity displace price and product dilution. According to McKinsey’s senior partner and regional leader for apparel, fashion and luxury in Asia, Aimee Kim, customers value “a higher quality than quantity”, and they will prefer brands with a decent reputation due to

sustainability and ethics, and for their authenticity and timelessness. It is highly important to maintain this brand equity of the company, thus, it holds the philosophy of luxury. Exclusivity and limited editions promote this particular experience. (BOF STUDIO 2021.) Luxury brands provide a sense of lifestyle that is based on the authenticity. This should be done effectively through the communication of luxurious lifestyle messages, the images, telling the story behind more than a product. Besides the products, the idea of a luxury lifestyle is the center of attention. Also, lifestyle messages and visuals should be promoted within various channels, such as social media profiles, blogs, magazines and TV advertisements, and mobile applications. Thus, consumers are willing to purchase products that communicate uniqueness and distinctiveness sense, specifically authentic and delightful to their lives. Respectively, luxury brands develop their value much better when establishing those stories. (Tochtermann & Dauriz 2012.) For example, based on the research about purchasing intention for luxury fashion products of Italian consumers, conducted by Amatulli & Guido 2011, shoppers who buy luxury fashion products want to align their lifestyle and fulfill their inner drives. Also, they discovered that self-confidence and self-fulfillment are the main hidden values in the mind of interviewed consumers when purchasing luxury fashion goods. Thus, it was suggested that luxury fashion brands may focus on those two inner drives when formulating their branding strategies. (Choi 2014, 11.)

When enhancing the brand equity of the company, the perceived value increases in the eyes of the consumers, as do the margins of the brand. Brand equity supports increasing brand awareness. When the brand is well-known, it adds more value to the products with its name. Familiarity and visibility are developed through the awareness of the brand, leading to other decent associations. Next, brand equity provides brand associations and increases perceived value. For instance, when a person hears about a high-end brand of luxury fashion and leather goods Hermès, multiple brand associations are linked with positive attributes appearing like “luxury”, “premium”, “quality”, etc. Brands that have positive characteristics have a better chance to lead the market, providing consumers with reasons to purchase. Perceived value plays an important role, too. Thus, brand equity supports relationships building between the perceived benefits and costs. As an example, the prices of Hermès products are reasonable due to the finest quality. Also, brand equity establishes sincere relationships with customers and significant income in the long-term perspective through enhancing brand loyalty. Customer loyalty improves brand value and helps to outstand the competition. Therefore, the branding strategy of the company must include the brand equity element for stronger and more sustainable value. (Thimothy 2021.)

### 2.3.2 Brand Equity in Luxury Fashion Strategy

Vincent Bastien, the author of the book called 'The Luxury Strategy', co-authored with another expert in this field, Jean-Noël Kapferer, and based on Bastien's experience with Louis Vuitton, one of the leading luxury brands in strategizing, gives the definition of the luxury strategy as following: "The luxury strategy aims at creating the highest brand value and pricing power by leveraging all intangible elements of singularity- i.e. time, heritage, country of origin, craftsmanship, man-made, small series, prestigious clients." The luxury strategy is considered to be one of the most effective strategies within the market. Luxury is about being unique and inimitable, not comparable with the competition. So called "impression of permanence" of the luxury is supported by its identity, providing a brand the strong feeling of uniqueness, timelessness, and authenticity. Therefore, luxury brands are not compared or positioned. For instance, the high-end brand Chanel has a special identity instead of a positioning. Luxury is considered to be a non-necessity that is made to be desirable because it develops promotion emotions such as self-elevation, recognition, or pleasure, not prevention emotions like discomfort absence or reductions of risk. Promotion emotions provide excitement, joy, and delight, while prevention emotions give satisfaction, security, and confidence. Furthermore, it is considered to be that there should be many more people who recognise the brand than those who might afford to purchase it for themselves. In traditional marketing, the key term is the return on investment. In luxury, the value is doubled when people notice the familiar brand when looking at somebody else. Therefore, brand awareness is essential to be spread beyond the target audience positively, to be prestigious. (Bastien 2015.)

Companies such as Hermès focus their advertising on the brand itself rather than a certain product, therefore, it is possible to expand their products to infinity due to the acknowledgment by the consumer audience. When introducing something new, it is important for brands to explore the reaction of the customers, their needs, preferences, and antipathies for a better understanding of perceiving the message. Thus, the messaging and certain creative elements should be implemented, analysing data and tendencies of consumers. It is essential to put the customer at the center of what the brand creates. (Timothy 2021.) Both online and in-print content must promote the unique story, value, and ethos of a luxury brand to resonate with consumers that highly appreciate not only credibility but also the concept and purpose (Romagnoli 2022).

According to the interview by Olivier Sibony and Thomas Tochtermann in Paris, with former chairman and CEO of the LVMH Fashion Group, Pierre-Yves Roussel, luxury brands in this multinational conglomerate sustain iconic products in stores for decades, applying creativity at the same time to constantly make them relevant. As an example, brands create special versions, colors, or certain minor adjustments that customers might even notice, but they are very

innovative. Luxury is a business of creating desire and happiness. It is essential to invent exceptional products and always surprise consumers. The management team and people within the LVMH organization are open-minded, inspired, curious, and interested in the creative work as stated by the chairman and CEO of LVMH, Bernard Arnault, and this drives innovation and creativity of brands and the whole company. To successfully establish the unique identity of each brand, the strategy is to connect it with the history and heritage, popularizing the concept of DNA and framing every brand – it supports in demonstration of intangible elements like brand essence, personality, and emotions. For instance, LVMH uses visuals, iconic items, places, and words to start framing and developing a brand in collaboration with its creative teams. Also, luxury brands of LVMH involve various facets of the brand, paying attention to resonating environment during certain periods. Regarding brand extensions, LVMH implements them organically – when it is a suitable time for the brand and the excitement sense about the expansion, without force or for business reasons. The Internet has an impact on the industry, increasing the visibility of fashion and balancing the pricing across the continents. Now consumers research actively products online, the Internet has become “ a consumer’s first window into the brands”, including LVMH. So, it is significant to ensure the experience of the real brand. For example, the whole website of the luxury brand should reflect what it is about, as the in-store experience must be the best for various categories of customers to be delightful. Customer experience, agility, creative problem-solving, and flexibility in the business nowadays are essential. (Sibony & Tochtermann 2014.)

It is quite important to maintain the balance between exclusivity and accessibility in the age of digital media, globalisation, and off-price retailing. As stated by Sonja Prokopec, a professor at ESSEC, one of the strategies for luxury fashion brands is to focus on modifying the structure of their portfolio to be more exclusive. For instance, the suggestion is to reduce the number of “entry-level and logo-heavy” products, and at the same time implement a re-orientation of the perception about more expensive and iconic items with more sophisticated brand signifiers. According to Paurav Shukla, professor of luxury brand marketing at Glasgow Caledonian University, if the aim of the brand is to stay luxury, the strategies should differ for those, the goal of which is sales and they are satisfied with ‘massification’ and dilution of the brand image. Therefore, the balance of exclusivity and accessibility “has always been the magic luxury formula”, and it is essential for luxury companies to maintain it daily to sustain this concept, as stated by Mario Ortelli, senior research analyst for luxury products at Sanford C. Bernstein. (Pike 2016.)

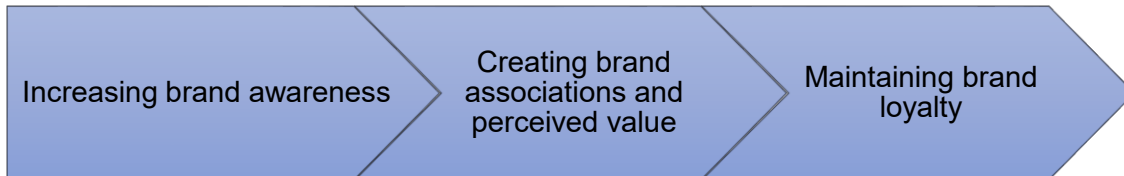


Figure 4. The role of the brand equity in B2C luxury fashion brands

Figure 4 demonstrates the role of brand equity that is important in B2C luxury fashion brands. Brand equity is the marketing and financial value which helps to maintain the strong position of a brand in the market. Brand equity enables to increase in brand awareness, establishes a brand association and positive perceived value, and leverages brand loyalty. Enhancing brand equity is in the philosophy of luxury. The luxury brand must promote its unique story, value, and quality, and communicate a sense of lifestyle and exclusivity to consumers.



Figure 5. Important elements for leveraging the brand equity of B2C luxury fashion brands

Figure 5 summarises elements to maintain brand equity of luxury fashion brands. Unique story, ethos, heritage, craftsmanship, and exclusivity should be actively promoted to customers to create perceived value, when a sense of lifestyle, delight, and positive emotions leverage it. Emphasis on sustainability, ethics, authenticity, and timelessness maintains brand equity and customer loyalty. Those elements should be integrated into the luxury strategy of the brands.

To summarise, the author presents desktop research as the theoretical framework in which important concepts behind B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion are discussed. Consumer buying behaviour and its current trends, brand experience, and brand equity of a luxury fashion brand and its important elements are presented. Needs of the modern luxury fashion consumer and trends in this market audience buying behaviour such as increasing online purchases and digital presence, consideration and buying luxury fashion brands on social media and multi-brand sites, and paying attention to more sustainable brands are explored. Next, the brand experience in a luxury fashion brand and its importance are discussed with its implications through personalisation, localisation, digital technologies, and clienteling. Finally, desktop research presents the brand equity of a luxury fashion brand and its role in those businesses, including its implications in luxury strategy. Within the theoretical framework, various brand marketing strategies and examples of luxury fashion brands and retailers establishing strong relationships with the modern consumer of luxury fashion

are presented. The next chapter discusses the research design and methods for the empirical part of the study and the overall research.

### 3 Research Design and Methods

The purpose of this chapter is to describe what are the research methods used in this thesis. The given information supports the choice of desktop research as the theoretical framework described in the previous chapter, and the statistical analysis approach for answering the main research question of the thesis. Key findings from the research, population and sample, data collection, and analysis methods are discussed. Also, reliability and validity aspects in quantitative research are presented within the chapter.

#### 3.1 Key Findings

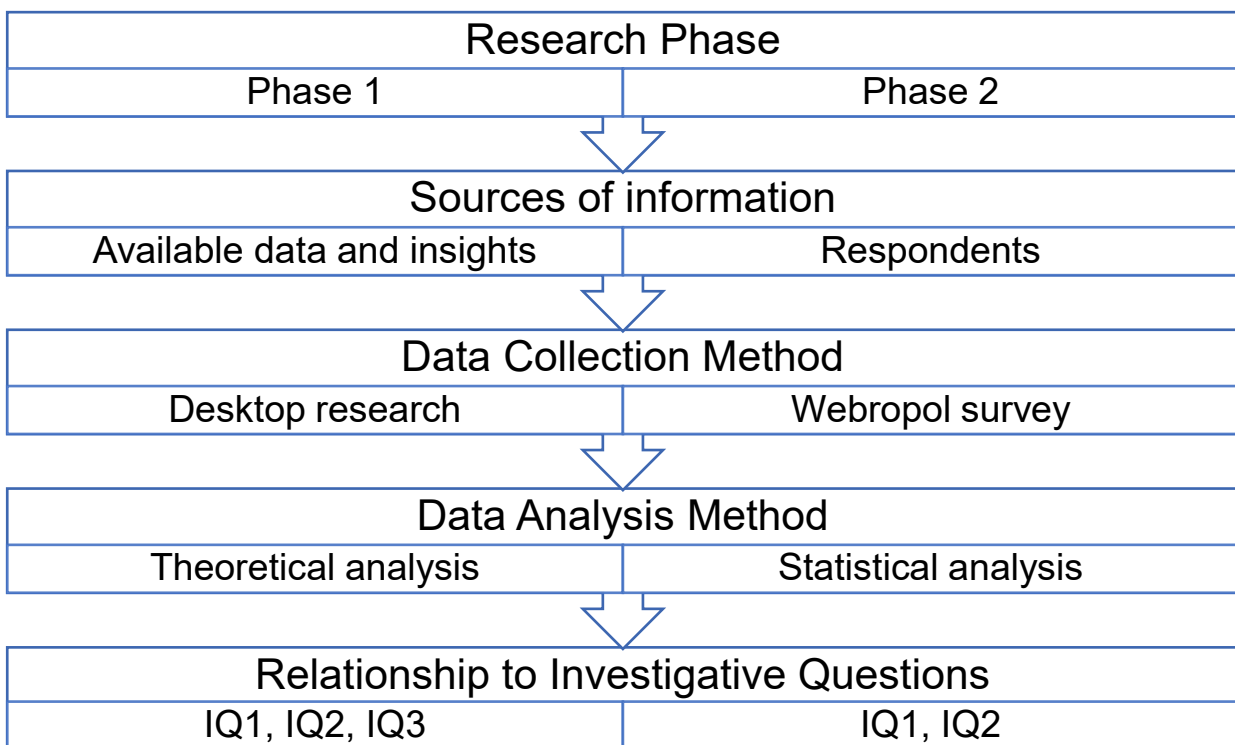


Figure 6. Research design

The thesis research has a multi-phase design with two data collection activities – theory overview in desktop research and statistical analysis of survey created in Webropol software. In the empirical part, only quantitative approach is used. In phase 1, IQ1, IQ2, and IQ3 are researched, and key insights about the buying behaviour of the modern luxury fashion consumer, the importance of brand experience, and the role of brand equity in a luxury fashion brand for establishing strong relationships with this type of customer are provided through as the literature review in Chapter 2 about Theoretical Framework. Next, in Phase 2 statistical analysis of IQ1 and IQ2, the buying behaviour of the modern luxury fashion consumer and brand experience

importance in a luxury fashion brand is conducted through the web survey answered by 30 respondents as luxury fashion users and people with experience of engaging with luxury fashion brands. The outcomes of this research will be analysed together with a literature overview and formulated into the key B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion, answering the main research question. (Figure 6.)

In empirical part, to study the research question, a quantitative approach is used in this thesis. The author considers this approach suitable because quantitative research is related to a deductive approach, concentrating on the usage of data to test the theory. Also, it is an inductive approach where theory is developed by using the data. Quantitative research studies relationships between variables, measured numerically and analysed with the usage of statistical and graphical techniques. This approach supports ensuring data validity. The questionnaire as a single data collection technique may be designed within quantitative research and must contain clearly formulated questions. This approach involves probability sampling techniques to provide generalisability. The data collected through a survey research strategy is followed by quantitative analytical procedure. (Saunders, Lewis & Thornhill 2015, 166-168.)

### **3.2 Population and Sample**

In desktop research, analysis of the secondary data such as specific theory, concepts, trends, and insights from 25+ topical expert articles/interviews/research papers/thematic fashion business reports (e.g., digital technology-related) and relevant chapters from 10+ marketing-, branding-, brand management-, luxury and fashion marketing and its consumer behaviour books and e-books is conducted within the desktop research (see Chapter No.2).

For the survey, the representative sample will be extracted from the target population. The selection criteria are so the target survey respondent is considered to be the luxury fashion consumer or a person who has experience engaging with luxury fashion brands, multinational, multi-age, and with different genders. Both probability and non-probability sampling methods were used to access and target specific survey respondents with experience in purchasing and engaging with luxury fashion brands, as well as to select random respondents among which could be luxury fashion users. Thus, in probability sampling the probability of every case is known and equal, allowing to answer research questions, reach objectives and make statistical inferences about characteristics of the population, while in non-probability sampling, the probability of a selected case from the target population is not known and it is not possible to do the aforementioned (Saunders, Lewis & Thornhill 2015, 275-276).

The size of the sample is 30 survey respondents. From the perspective of the author and multiple sources overview, this number of respondents is a solid one to conduct academic empirical

research and extract insights from modern consumers of luxury fashion. Statisticians state that a sample size of 30 or more typically shows results in a sampling distribution for the mean, much closer to a normal distribution. (Saunders, Lewis & Thornhill, 280). Also, it is recommended to have a minimum of 30 as a sample size for the quantitative research in a student project, allowing conducting statistical tests (Adams, Khan & Raeside 2014, 82).

The author has access to those respondents and some of their connections, researches, and targets certain individuals directly and groups of individuals, containing luxury fashion consumers. The respondents are motivated by the idea of contributing to the thesis and the research that aims to improve luxury brand marketing strategies to establish strong relationships with modern consumers of luxury fashion. There shall not be any ethical issues, since the respondents fill in the survey anonymously and voluntarily. The results are used for study purposes, for their description within the thesis and outcomes to answer the research question.

### **3.3 Data Collection**

After the desktop research, the duration of which was around two months, the empirical research was implemented. The entire survey is attached to this paper in the appendix section (Appendix 1). The type of questions used in survey design includes close, multiple-choice, multi-selection, open-ended, Likert scale, and semantic differential scale questions. The survey starts with a brief explanation of the researcher's introduction, thesis topic, themes, and how the study is conducted. The logic of question order is such that the survey begins with more basic questions, continues with thematic and specific ones, and is completed by asking demographic questions. To justify, the aforementioned approach in design and empirical study allows exploring better the buying behaviour of the modern luxury fashion consumer and the importance of brand experience in a luxury fashion brand, opening up certain theories, concepts, and insights defined in desktop research and add certain new information regarding the investigative questions. The respondents were reached through communication and social media platforms such as email service, WhatsApp, and LinkedIn. The post on LinkedIn and messages/emails contains a brief explanation of the thesis research and a request to fill in the survey. The survey was accessible through the public weblink and conducted voluntarily and anonymously.

The data collection period was lasting from 29.03.2023 to 15.04.2023. The survey was first distributed to the sample personally mainly through WhatsApp, and partly via email, with the non-probability sampling method. In addition, the LinkedIn post containing the research topic and link to the survey was published, and messages with survey requests were sent to two groups with various audiences in WhatsApp using the probability sampling method. Then, some additional messages and calls in WhatsApp were sent and arranged to collect the desired number of survey responses.

All in all, 31 identical survey forms were sent directly via WhatsApp, and email and an additional 3 were posted on LinkedIn and WhatsApp groups.

### **3.4 Reliability and Validity**

In research strategy validity is an important factor regarding “whether the findings are really about what they appear to be about (Saunders & Lewis 2018, 134). The quantitative research in the thesis must be valid, relevant, and unbiased. Respondents must be chosen in a way representing the sampling from the population of luxury fashion consumers and people engaging with luxury fashion brands. It is important to ensure the suitability of research methods to answer the research question. The process and outcomes of data collection must be transparent to the respondents when participating in the research and providing information regarding it. The work must be critically assessed ensuring the validity of it, where data collection methods accurately measure the things that were intended to measure. Also, the research outcomes are surely about what they assert to be about. Reliability ensures the data collection methods, and the procedures of analysis to provide consistent findings. It is essential to have measures that will manage to generate the same outcomes on other occasions by the researchers. The research interpreted by others can unambiguously comprehend how the author came to conclusions from the collected data. The work must be systematically planned through conducting theoretical research based on which the survey will be established, consisting of topical questions to conduct statistical analysis and answer the investigative questions. (Saunders & Lewis 2018, 134-135.) To answer the main research and investigative questions, the author accesses and analyses related theory from books, articles, and expert knowledge from literature and online resources, and conducts the quantitative research through a questionnaire and its statistical analysis.

### **3.5 Data Analysis**

Data from the survey is analysed through the Webropol statistical reporting tool as it is required by Haaga-Helia UAS. The figures and tables are created in an Excel program to present the main results in Chapter 4 of the thesis.

The initial analysis should study data with the usage of tables in graphs. Choosing a table or graph depend on research questions and objectives, which data aspect should be focused on, and how the measurement data is precise. Some of the examples include tables to demonstrate specific amounts, bar graphs/histograms to show the highest and lowest amounts, line graphs for demonstrating trends, pie charts, and percentage component bar graphs for proportions and percentages. (Saunders, Lewis & Thornhill 2016, 553.)

The author used pie charts, bar graphs, and tables to demonstrate proportions, percentages, and amounts based on the research objectives. Webropol analytics and its reporting and professional statistics tools were used to study the answers given by survey respondents. The average was checked when reviewing results in Webropol. Central tendency is the value for a variable that shows the common, middle or average (Saunders & Lewis 2018, 191). This approach allowed sufficient and quantitative analysis of the information collected from the survey, comparing it with the theoretical study, and outlining the key B2C luxury fashion brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion.

## 4 Data and Results

This chapter presents the results of the statistical analysis based on the collected answers from web survey distributed among luxury fashion consumers who have experience purchasing and using luxury fashion products and engaging with these types of brands.

### 4.1 Demographic Information of Survey Respondents

Overall, answers from 31 survey respondents were collected, including 30 valid answers. The following paragraph describes specific demographical information about the respondents. The audience who answered survey questions is multinational, with different ages and genders. The following figure presents the distribution of gender among survey respondents. 67 % of respondents are female and 33 % of male (Figure 7).

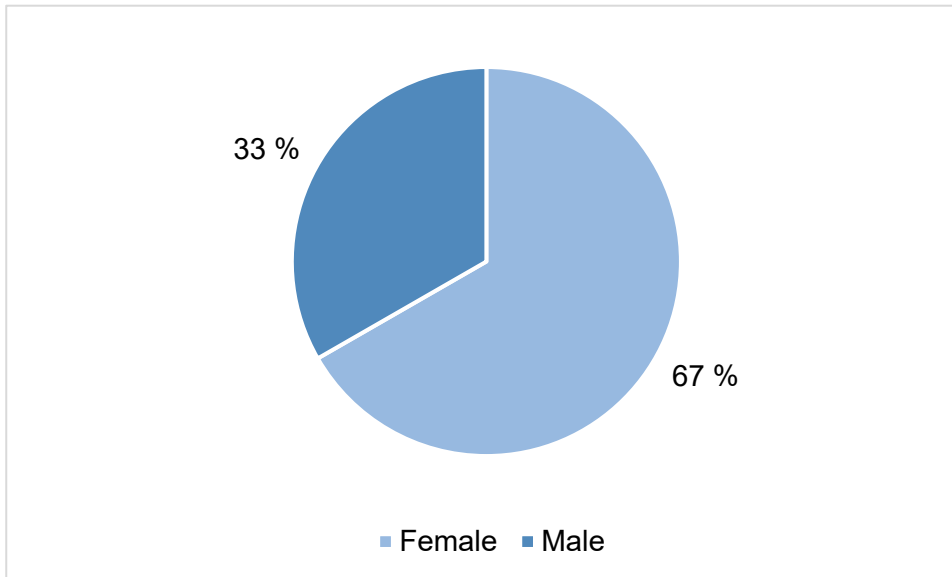


Figure 7. Distribution of gender among the survey respondents

Table 2 presents the distribution of age among survey respondents. Most survey respondents are 18-24 years old which is 70 % and there is a certain percentage of other age groups according to the table (Table 2).

Table 2. Distribution of age among the survey respondents

	Respondents	Percent
17 or younger		%
18-24	21	70%
25-34	4	13%
35-44	2	7%
45-54	1	3%
55-64	1	3%
65+	1	3%
Total	30	100%

90 % of survey respondents are from European regions, 7 % from Asia, and 3 % from each of the following regions – Americas, Oceania, Middle East, and Africa.

The highest percentage of respondents are students, who are simultaneously employed, making 50 % of the answers. There are 23 % of students, 17 % of full-time employed people, and other occupation groups according to the following table. (Table 3.)

Table 3. Distribution of occupation among the survey respondents

	Respondents	Percent
Full-time employed	5	17%
Part-time employed		%
Student	7	23%
Student/employed	15	50%
Retired	1	3%
Other:	2	7%
Total	30	100%

## 4.2 Buying Behaviour of the Modern Luxury Fashion Consumer

The survey respondents were asked from which product categories they purchase luxury fashion items. The most popular categories to buy from are apparel/clothing – 77 %, 24 respondents, and shoes – 61 %, 19 respondents. 55 % of respondents tend to buy bags, accessories – 52 %, eye-wear – 52 %, jewellery – 29 %, and watches – 19 %. (Figure 8.)

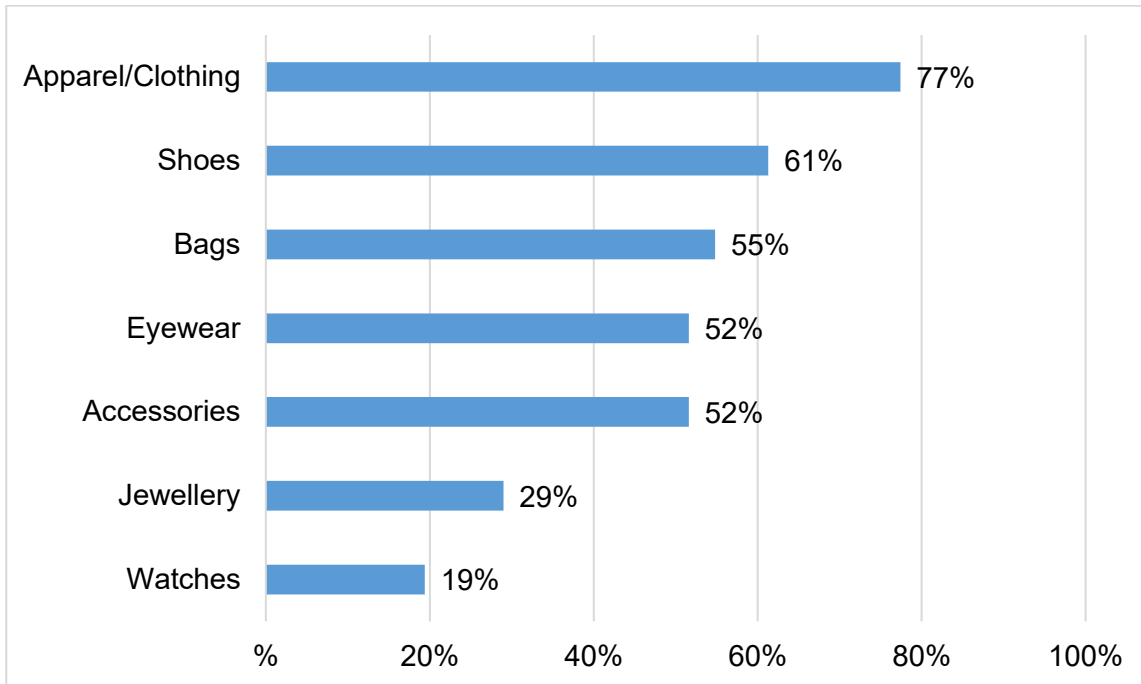


Figure 8. Luxury fashion product categories that are purchased by survey respondents

In addition, respondents were requested to fill in information about which price categories they purchase luxury fashion items from, based on a luxury pyramid developed by Rambourg in 2014 (see 1.3). Most respondents buy fashion products from affordable luxury (100-300 USD) – 87 % and accessible core – 77 % (300-1500 USD). 32 % of respondents purchase luxury fashion items from the premium core (1500-5000 USD) and only 10 % from superpremium (5000-50,000 USD). (Figure 9.)

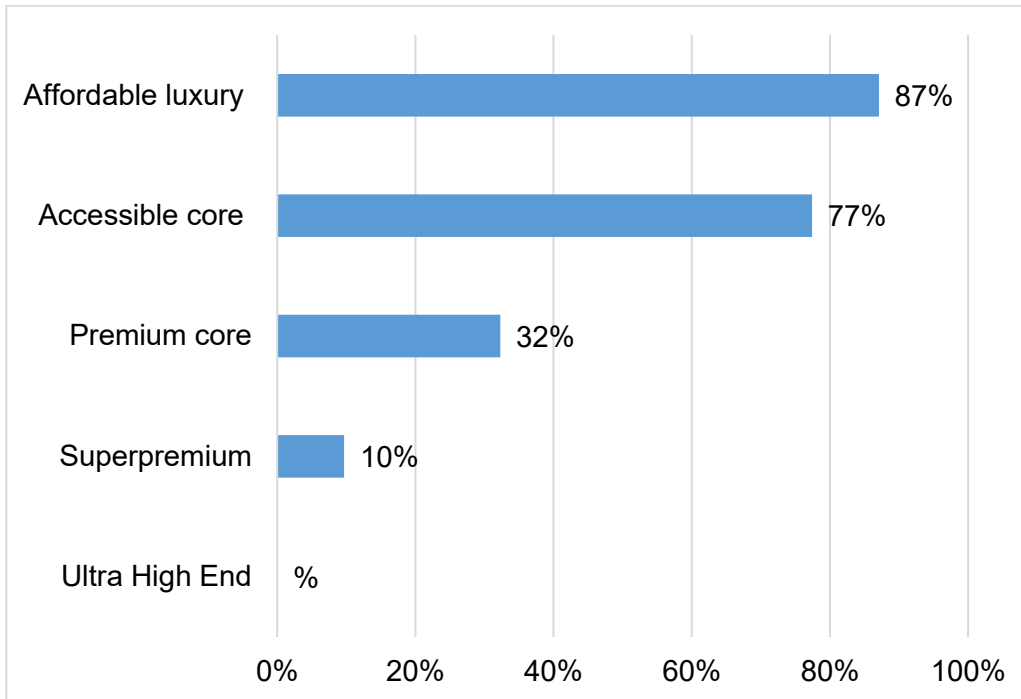


Figure 9. Price categories of luxury fashion products that are purchased by survey respondents

On average, survey respondents purchase luxury fashion goods seldom. Over 35 % of them stated that they buy these products very rarely, 32 % - seldom, 29 % - sometimes, and only slightly over 3 % of respondents – very often.

The survey respondents were asked to think about luxury fashion brands that they consider to be more loyal to and explain why. Examples of brands such as Louis Vuitton, Prada, Rolex, Gucci, Dior, Armani, Maison Margiela, Chanel, Celine, Yves Saint Laurent, Moncler, Acne Studios, Michael Kors, Coach were given by the respondents. The most frequent reasons include the premium long-lasting quality, style, look, and design. Certain survey respondents mentioned appreciation of decent customer service, ergonomics, stability and good brand image, interesting collaborations, and aesthetics of luxury fashion brands.

Luxury products satisfy both functional and psychological needs, considering the characteristics such as quality, aesthetics, scarcity, and elitism. Also, consumers appreciate “a higher quality than quantity”, and value luxury brands with a decent reputation in sustainability and ethics, and their exclusiveness and timelessness. (see 2.3.)

As visible from the figure, over 73 % of the respondents answered that they purchase luxury fashion goods from flagship stores of the brands, 63 % in department stores, and the same percentage make purchases from multi-brand stores, including online e-commerce retail platforms such as Farfetch (Figure 10). One of the trends in consumer buying behaviour is the consideration

and purchasing of luxury fashion goods on multi-brand platforms such as Net-a-Porter, websites, and applications, including from department stores. Consumers use them as product-oriented sources, so brands should orient on these platforms for improving and strategizing brand positioning. (see 2.1.)



Figure 10. Distribution of places for purchases of luxury fashion goods

According to the following figure, 56 % of survey respondents stated their preference for offline buying luxury fashion products, and only 7 % prefer purchasing them online. Buying behaviour of luxury consumers changed from making choices of physical stores towards willingness to purchase luxury products on the Internet (cf. Chapter 2). However, nearly 37 % of respondents tend to buy luxury fashion items both in-store and online (Figure 11). According to the research held by Altagamma-McKinsey Online Observatory, the surveyed consumers of luxury fashion referred to the convenience and speed of purchasing online, including an easy comparison of products and prices among their wider selection. Since there is a strong increase in online sales and physical stores are redefined, luxury fashion brands must adapt according to the new map of luxury buying, and enhance the role and ergonomics of the store to maximize the customer experience. According to the Bain & Company consulting company, online becomes the leading channel for luxury purchases by 2025. (see 2.1.)

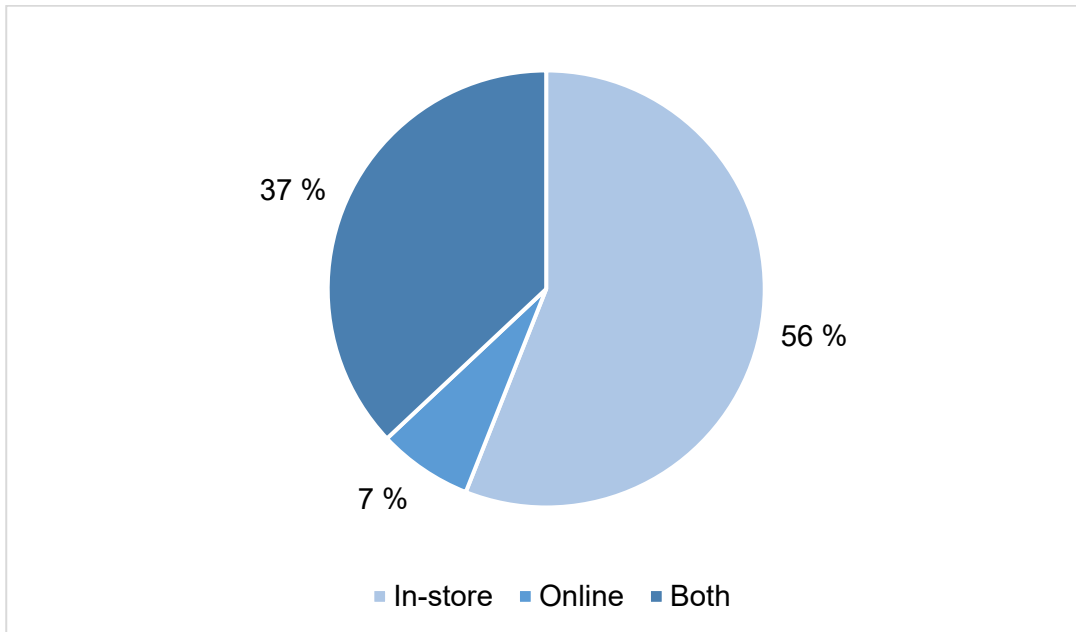


Figure 11. Distribution of preference to purchase luxury fashion products in-store and online

The majority of survey respondents which is 83 % visit a website or a mobile application of a luxury fashion brand before going to the store for purchase (Figure 12). Many modern consumers research luxury items on a mobile device before the actual purchase. According to the CEO of luxury jewellery brand Bulgari, Jean-Christophe Babin, the purchasing journeys of their customers often begin with exploring the website and performing “a digital try-on” online before coming to the store. (see 2.1.)

Engaging and easy-to-browse mobile sites lead traffic to the store. As stated in DeAcetis 2021, the majority of customers go through the applications of stores or social media on their phones, therefore, it is significant to establish seamless mobile shopping for shoppers. Consumers are more likely to purchase a product if their location is far from the store. Also, engaging and easy-to-browse mobile sites lead traffic to the store. (see 2.1.) Half of the respondents consider the smooth experience and user-friendly interface of the website extremely important, and people who answered the survey on the average value those characteristics.

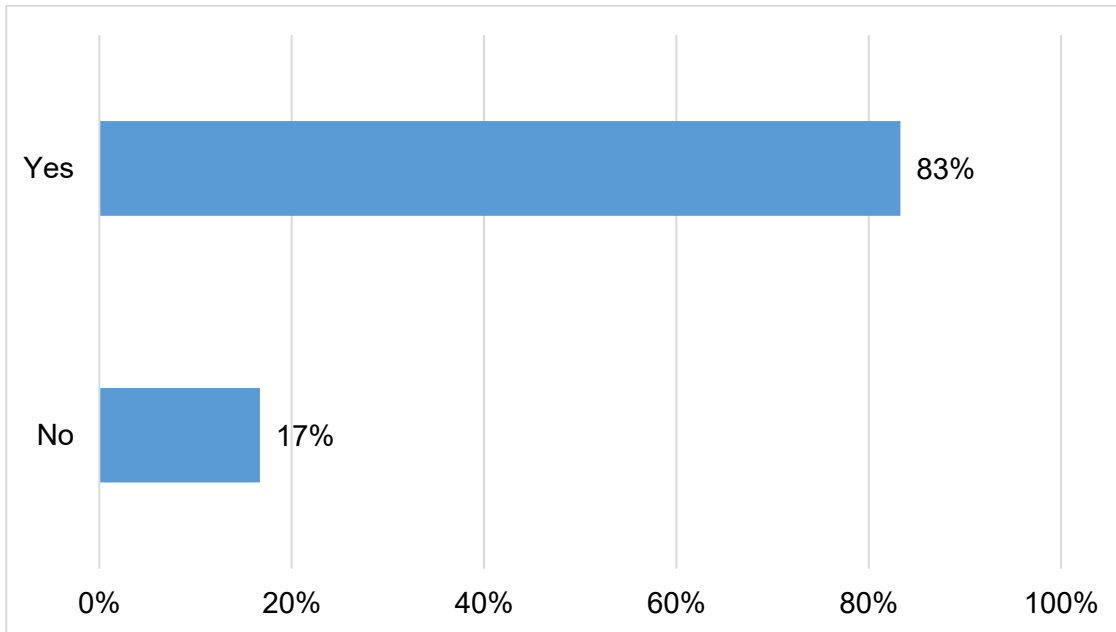


Figure 12. Frequency of website or mobile application visits by the survey respondents

Most of the survey respondents (67 %) follow luxury fashion brands on social media. The majority of them (27 %) slightly agree that the content from luxury fashion brands and influencers on social media affects their consideration of the purchase, and on average respondents agree with this statement (Figure 13). Luxury fashion consumers increasingly use social media platforms and establish “judgements” and considerations about the products of luxury brands. According to Beverland (2018, 185), web-based content generates a “buzz” around the brand which leads to increased sharing by viewers and viral success promoting brand-building, therefore marketers invest in social media. (see 2.1.)

According to Dauriz & al. 2014, certain products from ultraluxury brands are not presented on the multi-brand sites to maintain their level of exclusivity (cf. Chapter 2). For over 53 % of people who answered the survey, the online presence of luxury fashion items does not decrease the level of uniqueness for this kind of product, compared to seeing them in a boutique/store.

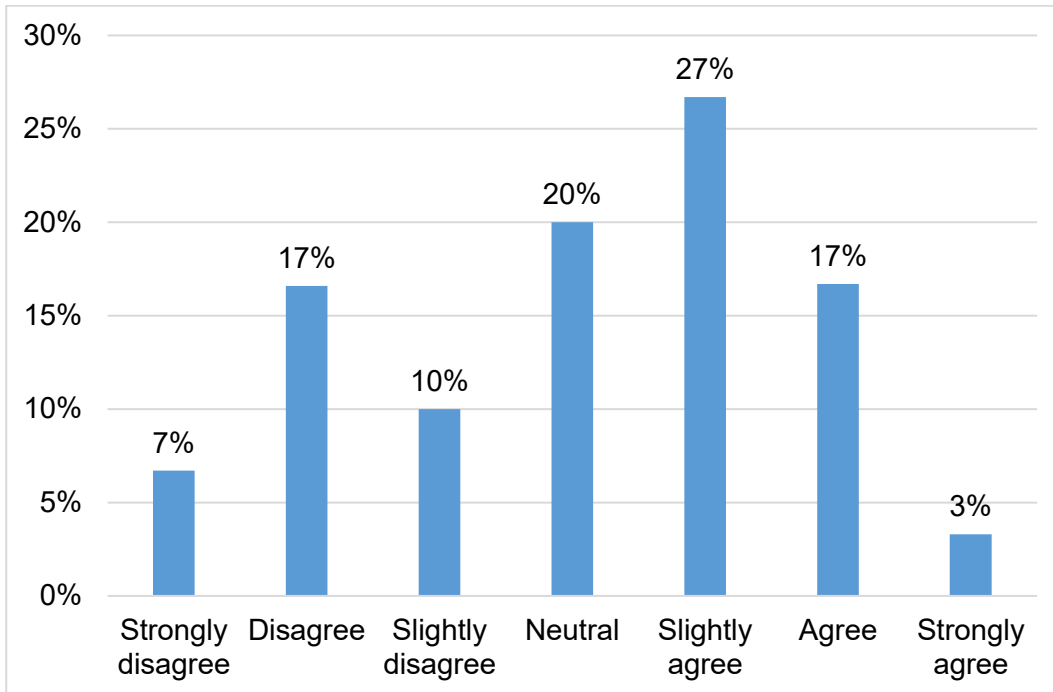


Figure 13. Perception of the survey respondents regarding the effect of content from luxury fashion brands and influencers in social media on the consideration of purchases

More than half of respondents (53 %) describe their behaviour when buying luxury fashion products as a careful choice with a lot of research and making rational purchases behaving in a utilitarian way towards luxury goods, as stated by Solomon & Mrad (2022, 159), according to SRI consultancy firm, classifying luxury consumers based on three attitudes regarding luxury (see 2.1). However, 47 % of other survey participants mentioned that they tend to make emotional purchases even though they considerably choose a product. According to Keinan, Crener & Belezza (2016, 24), there are three core expectations of luxury consumers who require decent predictable quality and service, and want to be surprised and excited: “Seduce me”, “Show me you know me”, “Wow me” (see 2.1). There are 60 % of respondents who mentioned expectations and emotions that are linked to personalisation, relevance, and desirability (“Show me you know me”) are stirred in them. Moreover, around 40 % and 43 % of respondents respectively mentioned that it feels such as emotional, memorable, experience (“Seduce me”) and also they expect surprise, delight, and pleasure (“Wow me”). (Figure 14.)

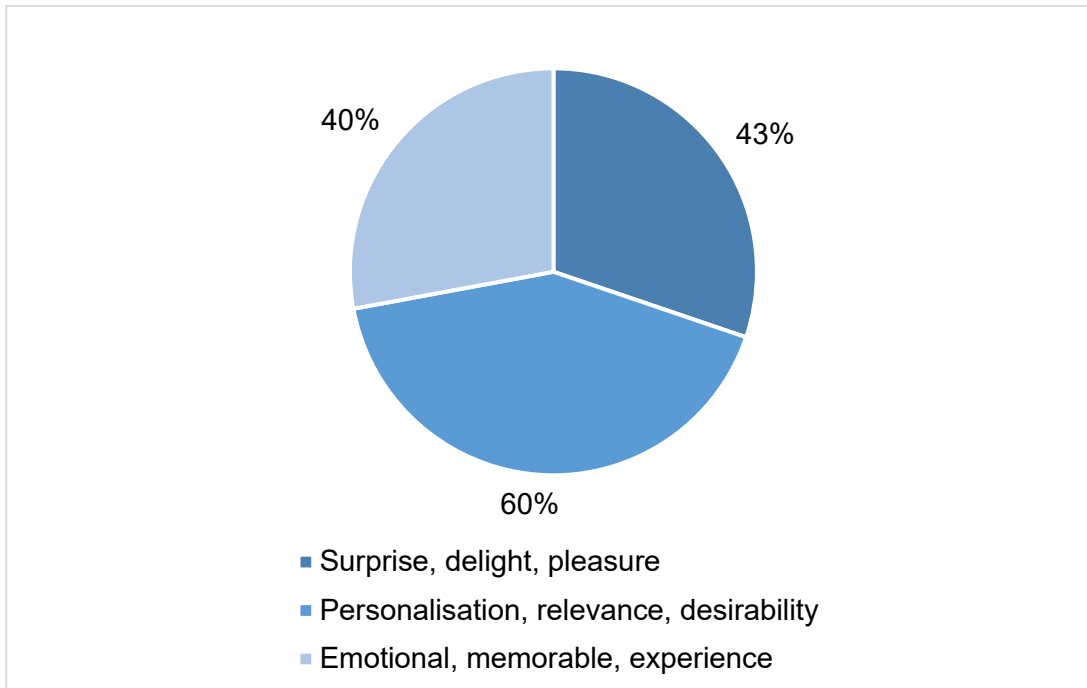


Figure 14. Distribution of expectations and emotions that luxury fashion products stir in survey respondents

Regarding the sustainability aspect, 40 % of survey participants pay attention to it only sometimes and 30 % never do that, while only almost 7 % often care about sustainability when purchasing products from luxury fashion brands, therefore, on average respondents do not concern much about sustainability aspects currently. These days, commitment to the environment and sustainability, giving attention to luxury fashion brands with similar practices, for instance, younger generations choose brands that match their key values and strong social consciousness (cf. Chapter No.2). However, nearly 37 % of respondents would definitely and another 37 % would maybe prefer one luxury fashion brand over another if one of them was more sustainable and ethical in its design, production, and other practices (Figure 15). According to Riili & Bezze 2022, luxury and fashion consumer search for 'sustainable clothing', 'slow fashion', and 'ethical production', choosing a certain brand over another based on their contributions. Many luxury brands make accent on localisation and manufacturing in the country of origin to be considered as their value and uniqueness. According to Ho 2020, sustainable and ethical practices balance exclusivity and transparency (see 2.1).

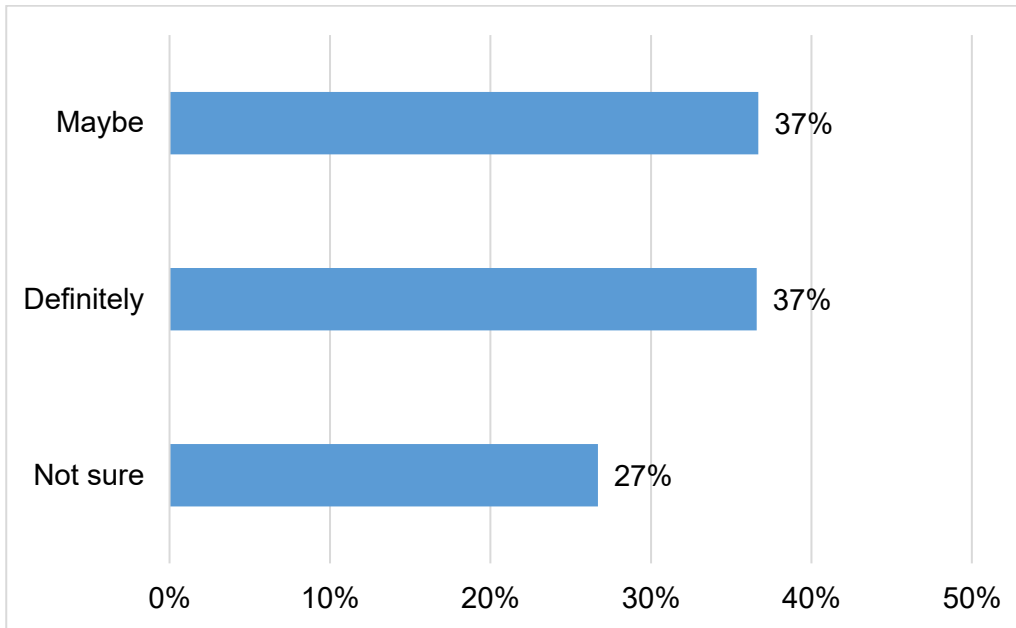


Figure 15. Distribution of preference of survey respondents towards choosing more sustainable and ethical luxury fashion brand in its design, production, and other practices over another

To sum up, survey respondents, consumers purchase items from luxury brands from flagship stores, department stores, and multi-brand stores, more often at physical locations, but still tend to buy them at online platforms. Most consumers visit a website or a mobile application of a luxury brand before heading to the store for purchase and behave in a utilitarian way, preferring to do research, look for information about an item, and choose it rationally. Still, some consumers tend to make emotional purchases, however, they considerably choose a product. Survey respondents have expectations and emotions, linked to personalisation, relevance, and desirability and want brands to know what they need. Consumers also mentioned expectations of emotional, memorable, experience and surprise, delight, and pleasure. Long-lasting quality, style, look, and design are the most frequent reasons that survey respondents buy luxury fashion products. A smooth experience and user-friendly interface are extremely important for consumers when they visit a website of the brand. More than half of the consumers in the survey agree that the online presence of luxury fashion items does not decrease the level of uniqueness for those products, compared to seeing them in a boutique or store. The majority of the survey respondents follow luxury fashion brands on social media and slightly agree that the content of those brands and influencers affects their consideration of purchasing a product. Regarding the sustainability aspect, consumers in a survey pay attention to it sometimes, but not frequently, when purchasing products from luxury brands. However, they would prefer one brand over another if one of them was more sustainable and ethical in its design, production, and other practices. Based on the statistical analysis, modern consumer of luxury fashion is knowledgeable and has decent technology skills,

valuing both online and offline shopping to choose luxury fashion products. Consumers tend to perform research, visit user-friendly brand websites and applications, and considerably choose an item, paying attention to characteristics such as quality, style, and design, desiring personalisation and relevance, emotions, and delight from luxury fashion brands. Modern consumer follows luxury brands on social media, considers purchasing products seen there, and is ready to choose more sustainable brands in the future. Different types of stores are convenient for the modern consumer of luxury fashion, like flagship, department, and multi-brand stores.

### **4.3 Importance of Brand Experience to Establish Strong Relationships with the Modern Luxury Fashion Consumer**

30 % of survey respondents consider brand experience with a certain luxury fashion brand to be very important and almost 27 % extremely important (Figure 16). Nowadays luxury consumers prefer brand experiences over material consumerism. Luxury brands that reach consumers with the right experiences and information at the right moment will develop better and surpass the competition. According to Beverland (2018, 45), luxury brands immerse customers in the concept of a brand, for instance, establishing its identity in fancy flagship stores. (see 2.2.)

Moreover, 43 % of survey participants think that personalised customer experience is important when buying products from luxury fashion brands is important (Figure 17). Personalisation is an essential aspect when creating an experience for customers in luxury fashion brands and retailers. As stated by D'Arienzo (2016, 287), digital tools are an effective way for providing personalised shopping experience and driving customer satisfaction. According to Amed & al. (2022, 44), clienteling applications allow adapting to certain needs of a customer and making product recommendations. In-store and digital clienteling, sales associates provide personalised customer service, tailored to each shopper, for example, notifying about new collections, private sales, or events. Also, it is brand storytelling is a decent practice to talk about a product and offer a brand experience. (see 2.2.) Therefore, on average, respondents think about brand experience and personalised customer experience as relatively important aspects when interacting with a luxury fashion brand and shopping for its products.

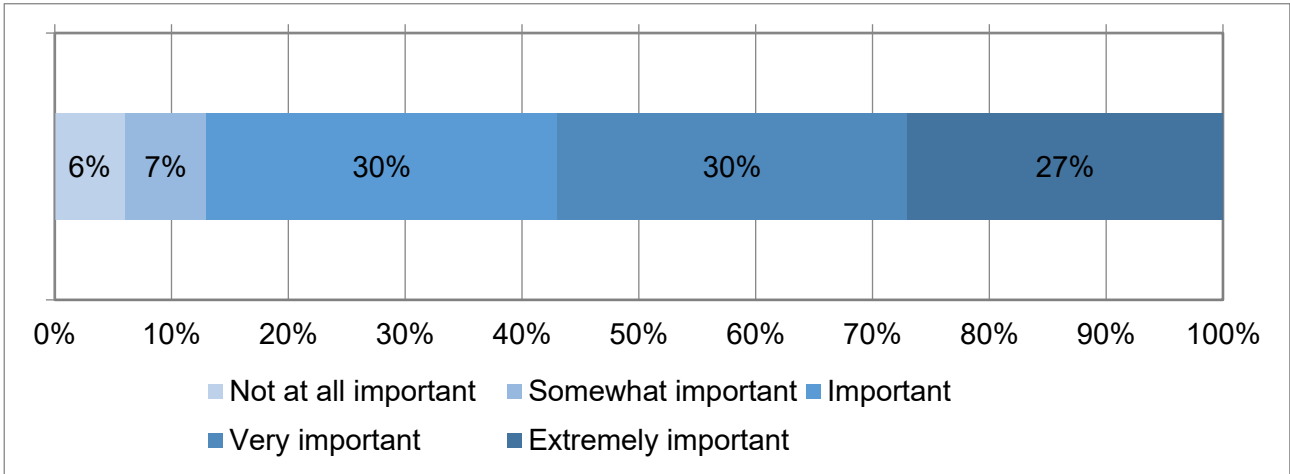


Figure 16. The importance of brand experience with a luxury fashion brand according to the survey respondents

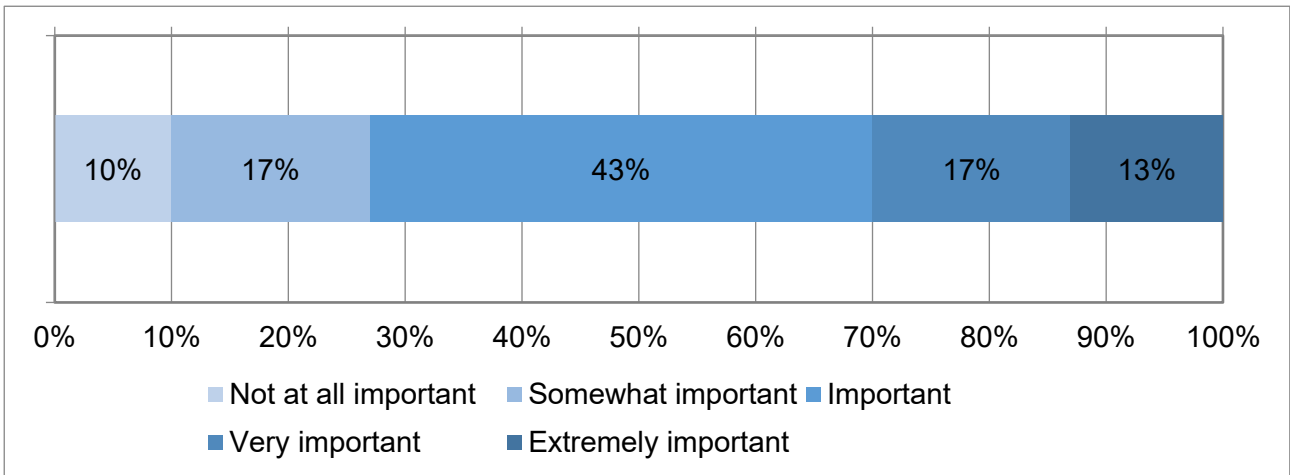


Figure 17. The importance of personalised customer experience when purchasing products from luxury fashion brands according to the survey respondents

When shopping for a luxury fashion brand, almost half of the respondents (46 %) prefer brands from foreign designers, for example, Prada, Louis Vuitton, Burberry, Longchamp, Michael Kors, etc., 7 % from local luxury brands in their regions and 27 % tend to prefer both types. According to Romagnoli 2022, currently, luxury consumers strive to have localised and unique brand experiences. Luxury consumers tend to discover and purchase products from new local designers and domestic brands. It is expected, shoppers will buy more local designers abroad, and continue purchasing accessible core luxury items, and from domestic brands and artisans locally (see 2.2).

The respondents were asked in which way it would be preferable to purchase various categories of luxury fashion products in terms of experience. To sum up, consumers prefer to buy apparel, shoes, jewellery, watches, and eyewear in-store through face-to-face customer service or personal

appointments with a sales advisor. Bags and other accessories are purchased both in-store and digitally through brand websites, applications, or messengers. As is seen from the figure, consumers who answered the survey prefer purchasing the following categories of luxury fashion goods in physical locations, however, they are also bought digitally, so both channels are significant in marketing and displaying the items. This tendency could be due to the correct choice of size, product consideration, price, and pre-purchase research depending on the item. (Figure 18.) In addition, according to Bain 2022, the luxury consumer experience consists of digital tools and touchpoints like applications, online channels, and virtual reality, however, personalised, face-to-face customer service is equally important which together improves the brand experience, incorporating technology and online channels by providing service in physical stores. Store associates have a central role in the luxury shopping experience. (see 2.2.)

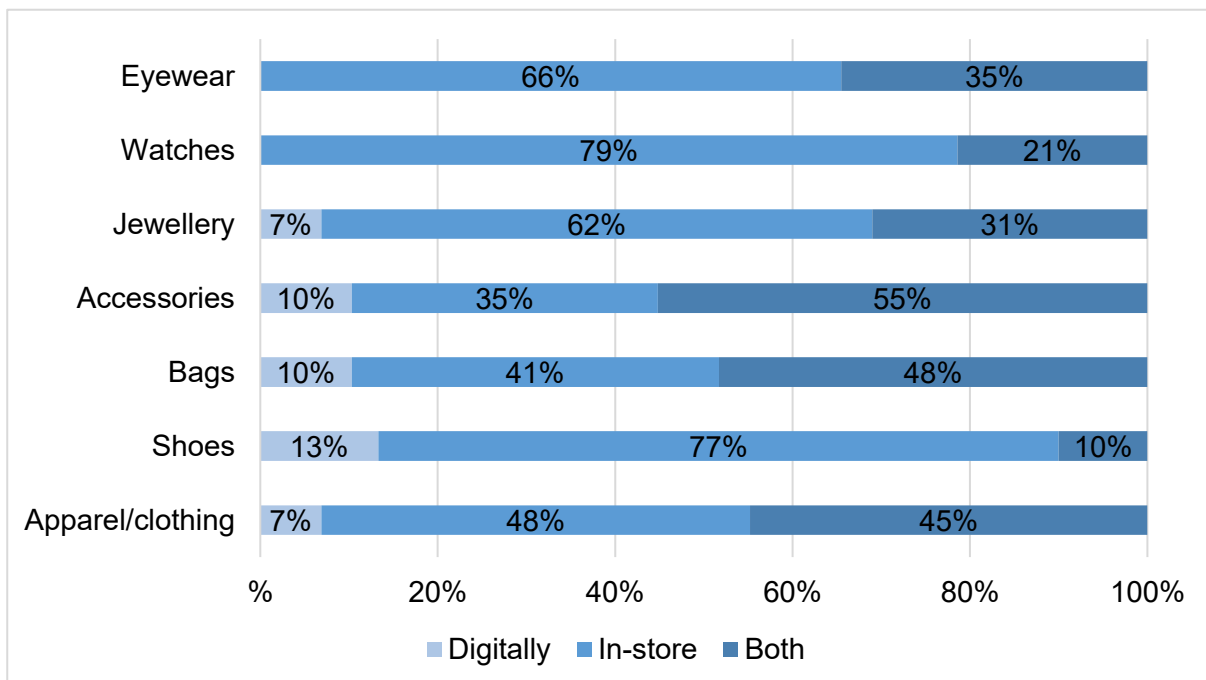


Figure 18. Preference of purchasing luxury fashion items from different product categories digitally, in-store, or both ways according to the survey respondents

According to Bonderud 2022, brand experience is the continuous impressions by consumers regarding a brand which includes perceptions, feelings, thoughts, and reactions from the marketing activities, campaigns, and product launches. Brand experience includes the retail environment (physical and online), pop-ups, events and brand activations, cafés, restaurants, installations, and exhibitions, consisting of different modes of experience as social, pedagogical, entertainment, and aspirational. Also, collaborations between luxury and mass-market brands set positive associations between brands and boost brand awareness and brand images. (see 2.2.) More than 90 % of survey respondents consider physical and online retail environments such as boutiques/stores and

online channels like websites to be an engaging form of brand experience. Brand collaborations are in the second place according to 70% of consumers that took part in this study. Brand events are engaging for 43 % of respondents; exhibitions/installations for 40 %, brand restaurants/cafés for 33 %, and pop-up spaces are engaging for 30% of respondents respectively. (Figure 19.)

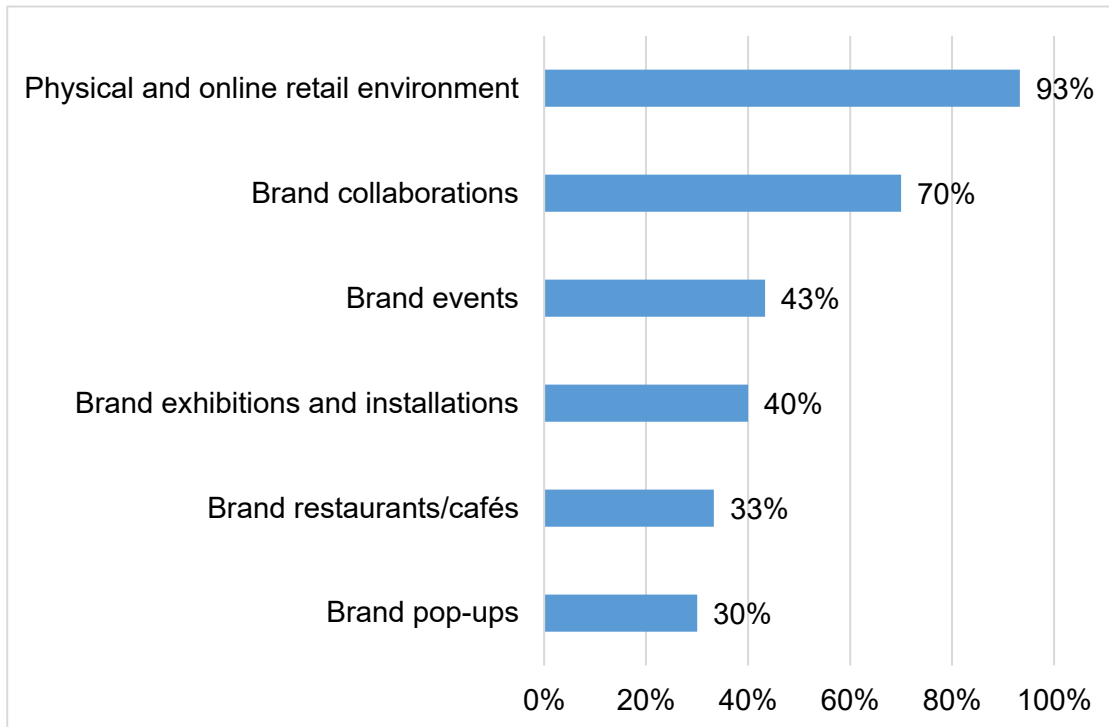


Figure 19. Distribution of the most engaging forms of brand experience in luxury fashion brands according to the survey respondents

The respondents were asked to share their opinions regarding their interest in the experience of luxury fashion brands in Virtual Reality (VR), Augmented Reality (AR), Metaverse, and NFT (Non-Fungible Tokens). Only 20 % of respondents mentioned that it would be interesting to experience brands through those technologies and more than half of survey participants would not be interested to try it. However, 30 % of respondents said that they maybe would demonstrate an interest in experiencing luxury fashion brands in VR, AR, Metaverse, and NFT.

The luxury customer experience partly consists of different digital instruments and touchpoints, including virtual reality, for example, Gucci and its AR sneakers, Burberry with its digital view of brand bags, and Dior with its 360-degree view virtual store (cf. Chapter 2). According to Romagnoli 2022, luxury brands advertise their products in unique ways, embracing the Metaverse, Virtual Reality, Augmented Reality, and NFT (see 2.2).

According to the survey results, 80 % of survey respondents feel more attached to the luxury fashion brands with which they have a positive brand experience (Figure 20). Customer experience and brand experience are essential to be implemented to receive the following ROIs - retain loyal customers, receive better brand resonance, more satisfied clients, and additional profit. It is stated at Romagnoli 2022, a flawless luxury digital marketing experience at each touchpoint is important for a luxury fashion brand. Moreover, establishing luxury relationships is valuable to create strategies for online and in-store clienteling (see 2.2.)

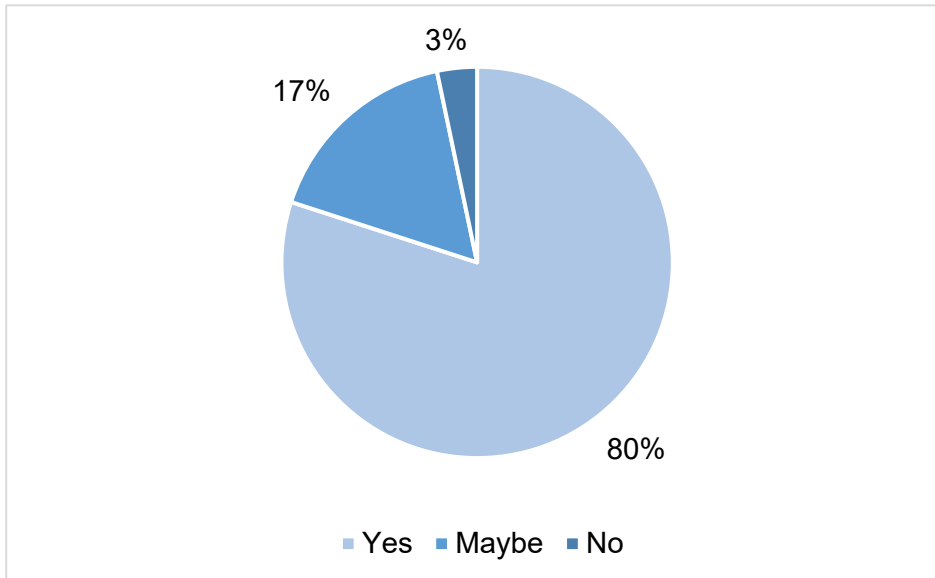


Figure 20. Distribution of the agreement regarding the attachment to the luxury fashion brand with which survey respondents have a positive brand experience

To sum up, most respondents consider that brand experiences and personalised customer experience are very important when purchasing luxury fashion brands. Consumers in the survey prefer luxury brands from foreign designers and some tend to buy more foreign and somewhat local ones, having localised brand experience. Consumers purchase luxury fashion items in-store or online depending on the type of products and other factors. For instance, survey respondents buy apparel, shoes, jewellery, watches, and eyewear in-store via communicating with a sales advisor, and bags and accessories are purchased both ways, in-store and digitally through the brand websites, applications, and messengers. However, both channels must be developed to provide a decent brand experience. Most survey respondents consider physical and online retail environments and brand collaborations an engaging form of brand experience. Brand events, exhibitions, installations, restaurants, cafés, and pop-up spaces are the next engaging forms of brand experiences after those. Consumers are carefully considering whether they would like to experience brands in Metaverse, Virtual Reality, Augmented Reality, and NFT. Almost all survey respondents feel more attached to the luxury fashion brands with which they have a positive brand

experience. According to the consumers who participated in a survey, brand experience is important for establishing strong relationships with the modern consumer of luxury fashion. Decent various touchpoints and digital channels, clienteling, personalised customer service, and in-store and online environments promote positive brand experience and return on investment – satisfied customers, improved profit, and brand resonance.

## 5 Conclusions

The purpose of this chapter is to summarise the key findings from this thesis and recommendations and outline key B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion based on theoretical and statistical analyses. Also, the author ensures the reliability and validity of the study. The insights regarding further research and reflection on learning are discussed.

### 5.1 Key Findings

The buying behaviour of the modern luxury fashion consumer can be described as the following: this type of consumer purchases luxury fashion products more frequently from physical locations, but also are bought online, in both cases often visiting a website or application of a brand before the purchase. Most consumers purchase products at flagship stores of a luxury fashion brand but also tend to buy them in department stores and multi-brand stores, including e-commerce retailers. Luxury shoppers use mobile sites or websites of multi-brand retailers and department stores as product-oriented sources of information; thus, brands should consider those platforms to promote products to consumers (see 2.1). While using the website of the brand, a smooth user experience is significant, and the online presence of luxury fashion items does not decrease its uniqueness. Consumers behave mostly in a utilitarian way when buying luxury fashion products, performing research, and choosing them rationally, however, certain people tend to make emotional purchases. Luxury consumers desire to be surprised and amazed and requiring for consistent and predictable quality and service at the same time (see 2.1).

Customers prioritise quality, style, look, and design when purchasing luxury fashion goods. Consumers somewhat care about sustainability now, but still tend to consider furthermore sustainable and ethical brands. As stated by the CEO of Bulgari owned by LVMH group, these days, consumers purchase a product from a brand not only for the quality, excellence, or social status but also if a brand maintains sustainability and CSR (see 2.1). Most consumers follow luxury fashion brands on social media platforms and somewhat consider purchasing a product based on the content of those brands and influencers. According to Keinan, Crener & Bellezza (2016, 17), digital and social media allow creating more artful storytelling. Certain luxury purchases are somewhat influenced by the digital experience of consumers through online research of a product that is later bought in-store, or through social media “buzz” that leads to a purchase in a physical store. (see 2.1.) In general, the modern consumer of luxury fashion is knowledgeable and has decent technology skills, looking forward to personalisation and relevance, expecting positive emotions when purchasing products, visiting different various types of stores such as brand’s flagship, department, and multi-brand stores, including e-commerce retailers, valuing both in-store and online shopping, and

somewhat considering brands on social media, more sustainable brands. The luxury fashion market is competitive and changing, therefore, brands must understand their audience and the needs of consumers (see 2.1).

The importance of brand experience to establish strong relationships with modern luxury fashion consumers is due to the prioritisation of brand experiences and personalised customer experiences by the shoppers. In brand experience, knowledge about the feelings and desires of consumers allow brands to create new and expand existing customer acquisition and retention strategies. Brand experience management is valuable to retain loyal customers. As the needs and expectations of consumers change fast, the correct collection of insights from the experience data must be implemented and forwarded to the right experts in the company. (see 2.2.) Survey respondents prefer foreign designers and tend to purchase more of them and somewhat local luxury brands, where brands can provide localised experience. As stated by BOF Team & McKinsey & Company 2021, luxury brands must establish new solutions to receive local clients and tourists in a longer perspective and reallocate investments, reshaping business aspects around product development, marketing, merchandising, and retail. According to Aimee Kim, McKinsey's senior partner and regional leader for apparel, fashion and luxury in Asia, brands can outstand the competition with hyper-localisation and personalisation, including travel retailers and duty-free players, especially in the post-pandemic period, providing local products, designers, collaborations, marketing campaigns, online clienteling, the opening of domestic stores, and adapting to local tastes and cultures.

Purchases differ, depending on category of a products, thus, in-store purchases are preferable for apparel, shoes, jewellery, watches, and eyewear, while bags and accessories are chosen both in-store and digitally. Both physical and online channels must be refined for a decent and enjoyable brand experience. Luxury fashion consumers consider physical and online retail environments such as boutiques, stores, websites, and applications of brands. In addition, shoppers value most brand collaborations, and then brand events, exhibitions/installations, restaurants and cafés, and pop-up spaces. Consumers are slightly sceptical about experiencing luxury fashion in the Metaverse, Virtual and Augmented Realities, and NFT (Non-Fungible Token), however, luxury brands are aiming to integrate these technologies into the brand experience. As stated by Romagnoli 2022, personalised, localised, virtual/digital experiences and clienteling maintain strong relationships with luxury fashion consumers. Luxury fashion consumers highlight the importance of brand experience agreeing that they feel more attached to a brand with which they have positive brand experiences. In clienteling, the store associates maintain a customer base and provide personalised service to them, notifying them about new collections, private sales, or events. It is significant to set strategies for both online and in-store clienteling. (see 2.2.) The aforementioned practices lead to stronger customer relationships, satisfied clients, brand resonance, and leveraged

profit where touchpoints, digital channels, clienteling, personalised customer service, and in-store and online environments brand experience are maintained, providing a decent return on investment.

The role of brand equity in the creation of strong relationships with the modern luxury fashion consumer is highly important. According to Aaker (2014, 10), brand equity is considered to be the main brand-building goal and formulates awareness, associations, and customer loyalty. Various characteristics of luxury fashion brands should be communicated to the consumers, for instance, brand identity, exclusivity, heritage, emotional appeal, decent reputation, and premium pricing. According to Tochtermann & Dauriz 2012, brands promote the story, value, and ethos behind the brand and its products, through luxury lifestyle messages within different communication channels like social media, blogs, magazines, and TV advertisements. Thus, brand equity forms the perception of the luxury fashion brand and promotes authenticity, timelessness, and uniqueness. It establishes the value of the brand, strengthening the relationships with consumers. As it is stated by Keller & Swaminathan (2020, 68-69), customer-based brand equity shows the needs and desires of the consumer, and marketers work with two main questions: what do various brands mean to consumers? How does the brand knowledge of consumers influence their response to marketing activity? It is important to implement the luxury strategy that creates the highest brand value and pricing power, leveraging, and marketing intangible elements such as time, heritage, country of origin, craftsmanship, prestigious clients, etc., according to Bastien 2015. It is important for luxury brands to balance exclusivity and accessibility to maintain this luxury strategy concept. Marketers must maintain brand equity to raise awareness of customers, pursue positive reactions to the brand by consumers, and retain loyal customers who have a brand preference. (see 2.3.) Brand equity is an important element to include in brand marketing strategies because it supports establishing sincere and strong relationships with customers and brand loyalty, increasing income in a long-term perspective, and differentiating from competitors.

The main research question holds key B2C luxury brands marketing strategies to establish strong relationships with the modern consumer of luxury fashion. Based on the theoretical and empirical research, there are the following brand marketing strategies that luxury brands must consider:

- Constantly follow buying behaviour trends and needs of the target audience and new consumers, adapt to it, keeping the core values and concept of the brand in the centre
- Considering that the modern luxury fashion consumer is demanding, knowledgeable, and extremely good in digital technologies and performs research a lot, but still looks forward to experiencing positive emotions, pleasure, and delight when purchasing these products

- Showcase products of the brands on platforms such as department stores and multi-brand sites, for example, e-commerce retailers, but certain high-end items might be sold only in physical locations to ensure brand positioning
- Develop social media platforms of brands and cooperate with various influencers
- Implement sustainable and ethical practices and show them to consumers to decrease environmental impact, match the values of consumers, and maintain exclusivity and transparency
- Promote brand experience on every touchpoint for the consumer to strengthen relationships with a customer, their satisfaction, increase brand resonance and profit
- Ensure seamless and engaging digital and mobile experience on brand websites and applications to lead traffic to the store and explore products, and develop in-store experience simultaneously as both are equally important
- Develop clienteling and provide personalised customer experience to clients in-store and digitally, for example on platforms and applications
- Increase localised brand experience to purchase luxury fashion goods domestically
- Use various forms of brand experience to promote the brand and communicate with consumers, especially within physical and online retail environments and brand collaborations
- Implement wisely brand experience with innovative technologies
- Leverage the brand equity of the company to boost brand awareness, associations, and customer loyalty
- Communicate brand characteristics and attributes, such as brand identity, authenticity, timelessness, exclusivity, heritage, emotional appeal, heritage, premium pricing, craftsmanship
- Promote the unique story, values, and ethos of a brand and its products via storytelling and luxury lifestyle messages on various communication channels
- Ensure customer-based brand equity to monitor the needs and desires of luxury fashion consumers to know the meaning of brands to them and how it influences their response to marketing activity

These strategies are combined and outlined based on the literature overview, articles with expert interviews, and empirical study through the survey with consumers of luxury fashion. The strategies are suitable for established luxury fashion brands and certain can be applied in emerging luxury fashion brands. The strategies are valuable for marketers and brand management in brand building, marketing, and customer experience.

## **5.2 Recommendations**

The outcomes of this thesis are useful for luxury fashion brands, their management, and marketing specialists. Buying behaviour and needs of luxury fashion consumers should be constantly monitored and compared to previous and current trends, brand experience and brand equity must be maintained, using of key B2C luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion. Ideas for research to implement in the future are presented in the following paragraphs. Also, those marketing strategies can be adapted by each luxury fashion brand to establish strong relationships with a modern consumer of luxury fashion.

## **5.3 Reliability, Validity and Relevance**

The author ensured the reliability and validity of the analysis process to outline relevant results and conclusions for the thesis research question. High-quality literature sources were used to conduct desktop research, and relevant results from the survey in the empirical part were analysed. Theoretical sources are reliable which are books, articles, expert websites, and interviews. The quantitative research tool, the web survey was designed based on the literature overview in theoretical analysis. Respondents, representing the sample of luxury fashion consumers and people engaging with luxury fashion brands, considering the sampling methods utilised. The suitability of research methods was achieved through theoretical and statistical analyses. More responses in the survey could be collected to receive wider data, 30 or more respondents is a suitable size of the sample in a student project, and to conduct statistical analysis (see 3.2). The process and results of the empirical study are transparent for the respondents. Data collection methods and analyses provide consistent results.

## **5.4 Further Research**

In new research and development projects, the results from this thesis can be evaluated and certain topics can be researched. For example, results can be analysed with advanced statistical software to find correlations between variables. Topics for further research can be about other specific trends in buying behaviour of luxury fashion consumers, positioning luxury brands on multi-brand sites, promotion of brand sustainability, perception of virtual technologies by consumers, leveraging personalised, localised brand experience and clienteling in certain brands, implementation of digital and in-store brand experience, communicating brand values and elements in brand equity of a brand, customer-based brand equity, developing luxury strategy in specific brands. Certain topics will allow specialising in those subjects, implement, or expanding strategies outlined in this thesis.

### **5.5 Reflection on Learning**

Certain insights regarding concepts, theories and models about luxury fashion consumer buying behaviour, importance of brand experience, and the role of brand equity are discovered. The author of this thesis learned a lot of new information and developed skills in academic research and analysis. Outlining strategies to establish strong relationships with the modern consumer of luxury fashion allowed understanding the implementation of those concepts. This work promotes development and expertise in marketing major specialisation, luxury fashion brand marketing, and career in these spheres.

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# Appendices

## Appendix 1. Survey

### Buying behaviour of the modern luxury fashion consumer & the importance of brand experience in a luxury fashion brand

Hello and welcome to this survey!

My name is Daria Prusova, I am an International Business student from Haaga-Helia University of Applied Sciences.

Currently, I am writing my Bachelor's thesis and researching luxury brand marketing strategies to establish strong relationships with the modern consumer of luxury fashion. The purpose of this survey is to explore the buying behavior of the luxury fashion consumer/user and measure the importance of brand experience in a luxury fashion brand from the perspective of the target audience. This survey is relevant both to users of accessible and more premium categories of luxury fashion brands.

The survey will take only 5-10 minutes, but the contribution is valuable. The answers to the questions within this survey are anonymous and the results will be analysed within the research.

I appreciate your effort and thank you in advance for your time!

If there are any questions, please do not hesitate to contact me by email:

daria.prusova@myy.haaga-helia.fi

#### 1. Are you a luxury fashion consumer or/and you have an experience purchasing and using products from luxury fashion brands? \*

- Yes  
 No

Question rules

**Are you a luxury fashion consumer or/and you have an experience purchasing and using products from luxury fashion brands?**

**Yes**

No option rules

**No**

Rule: End survey

If option is selected End survey and redirect respondent to thank you page.

#### 2. From which product category(-ies) do you purchase luxury fashion items? (Please choose one or multiple options) \*

- Apparel/Clothing  
 Shoes  
 Bags

- Accessories
- Jewellery
- Watches
- Eyewear

**3. From which price category(-ies) do you purchase luxury fashion items? (Please choose one or multiple options) \***

- Affordable luxury (100-300 USD)
- Accessible core (300-1500 USD)
- Premium core (1500-5000 USD)
- Superpremium (5000-50,000 USD)
- Ultra High End (more than 50,000 USD)

**4. How often do you buy luxury fashion products? \***

	Very rarely	Seldom	Sometimes	Very often/frequently	Always/All the time
Please choose an option	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**5. Please enter here any luxury fashion brand name(s) that you consider more loyal to and explain why in a couple of words**

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**6. Do you prefer buying luxury fashion goods in-store or online? \***

- In-store
- Online
- Both

**7. Do you tend to visit a website or mobile app of a luxury fashion brand BEFORE going to the store for a purchase? \***

- Yes  
 No

**8. When buying luxury fashion items online, how important are smooth experience and user-friendly interface of the website to you? Please rate on the following scale from 1 to 5 \***

	1	2	3	4	5	
Not at all important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely important

**9. Do you follow any luxury fashion brand(s) on social media? \***

- Yes  
 No

**10. Does content from luxury fashion brands and influencers on social media strongly affect your consideration of purchase? Please rate on the following scale**

Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**11. Where do you buy luxury fashion goods from? (Please choose one or multiple options)? \***

- Flagship stores of the brand  
 Department stores  
 Multibrand stores (inc. online ecommerce retail platforms like Farfetch)

**12. How could you honestly describe your behaviour when buying luxury fashion products? \***

- I carefully choose a product, research a lot and make rational purchases  
 I considerably choose a product, but tend to make emotional purchases  
 I often tend to make impulsive, emotional purchases

**13. What expectations and emotions do luxury fashion products stir in you? (Please choose one or multiple options) \***

- Surprise, delight, pleasure
- Personalisation, relevance, desirability
- Emotional, memorable, experience

**14. When you see certain luxury fashion items available online, does it decrease the level of uniqueness for those products (compared to seeing them in a boutique/store)? \***

- Yes
- Maybe
- No

**15. How often do you pay attention to the sustainability aspect when purchasing products from luxury fashion brands? \***

	Never	Rarely	Sometimes	Often	Always
Please choose an option	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**16. Would you prefer one luxury fashion brand over another if one of them was more sustainable and ethical in its design, production, and other practices? \***

- Definitely
- Maybe
- Not sure

**17. In your opinion, how important is brand experience with a certain luxury fashion brand? \***

Not at all important	Somewhat important	Important	Very important	Extremely important
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**18. For you, how important is it to have a more personalised customer experience when buying products from luxury fashion brands? \***

Not at all important	Somewhat important	Important	Very important	Extremely important
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Not at all important	Somewhat important	Important	Very important	Extremely important
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**19. When shopping for a luxury fashion brand which type do you prefer more? \***

- Foreign (e.g., Prada, Louis Vuitton, Burberry, Longchamp, Michael Kors, etc.)
- Local (luxury brands in your own region)
- Both
- Does not matter

**20. Which way(s) of purchase would be preferable for you when buying each of the following categories of luxury fashion products?**

	Digitally: brand websites/apps/messengers	In-store: face-to-face customer service/personal appointments with a sales advisor	Both
Apparel/clothing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shoes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bags	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessories	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jewellery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Watches	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Eyewear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**21. What form(s) of brand experience in luxury fashion brands do you consider engaging? (Please choose one or multiple options) \***

- Physical and online retail environment (boutiques/stores and online channels like websites)
- Brand pop-ups
- Brand events
- Brand exhibitions and installations
- Brand restaurants/cafés
- Brand collaborations

**22. Would you be interested in experiencing luxury fashion brands in Virtual Reality (VR), Augmented Reality (AR), Metaverse, and NFT (non-fungible tokens)? \***

- 
- Yes
  - Maybe
  - No

**23. Do you feel more attached to the luxury fashion brand with which you have a positive brand experience? \***

- Yes
- Maybe
- No

You almost completed this survey! Just a few background questions.

**24. What is your occupation? \***

- Full-time employed
- Part-time employed
- Student
- Student/employed
- Retired
- Other: \_\_\_\_\_

**25. What is your age? \***

- 17 or younger
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+

**26. What is your gender? \***

- Female
  - Male
  -
-

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Other: \_\_\_\_\_

Prefer not to specify

**27. Which region are you from? (Please choose one or multiple options) \***

Europe

Americas

Asia

Oceania

Middle East

Africa