

Luxury and Premium Fashion Brands Online Marketing, Case Study Kiosked Limited

Susanna Nuutinen

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<p>Author or authors Susanna Nuutinen</p>	<p>Group or year of entry 2008</p>
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<p>Teacher/s or supervisor/s Anne Korkeamäki</p>	
<p>The online marketing of luxury fashion brands has traditionally been a slow-paced business. Consumers are spending an increasing amount of time online and the electronic market provides enormous marketing and sales potential for companies that wish to increase brand awareness or conduct other marketing activities.</p> <p>The aim of this study is to conduct an understanding of the world of luxury fashion brands and how they perform their online marketing. The scope of the research is narrowed into luxury fashion from all sectors. The research was made as a case study for the Finnish IT company Kiosked Limited from January to March 2012.</p> <p>The subject is researched first from a theoretical perspective by reviewing existing academic literature related to the subject. The empirical data was gathered in case studies, mainly interviewing in face-to-face fashion persons related to the topic.</p> <p>The research findings confirm that a luxury brand experience is the key term, which leads to the purchase decision. The brands aura is purposefully kept distant and exclusive. Kiosked could provide technology for brands that would enable content integration, which would deepen customer relationships and increase brand awareness.</p> <p>The study concludes that online marketing is seen as an increasingly important medium for luxury brands. Many luxury brands have responded to the digitalization of marketing and have enabled interactive marketing material for the growing online audience.</p>	
<p>Keywords Luxury fashion; Luxury Brands; Online Marketing; E-commerce</p>	

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1 Introduction

This chapter presents the background and stimulus for the thesis, a short presentation of the case company, the definition of the research problem and its sub-questions, the objectives, the scope and the structure of the thesis.

The development of luxury fashion brands online marketing has been dreadfully slow. Luxury fashion brands online marketing activities have generally been poor in content. The Internet was long seen as a medium that was not worth investing resources into in hope of brand building. However people are spending an increasing amount of time online and online shopping traffic is expected to grow. This has led the marketers to move online as well. Many famous brands have woken up in this regard just recently and started to produce interactive content and communicate with the customers online.

The world of luxury fashion has traditionally been kept behind closed doors, a classical example of this are the invite-only prestige fashion shows. One needs to prepare by taking a mental step before entering a world of luxury, as the doors are open but purposely kept distant at appropriate level. Perhaps a uniting factor for consumers of fashion is a fat wallet, but true luxury fashion, in terms of haute couture, is reserved for only the most privileged consumers.

Online marketing is the fastest growing form of direct marketing. Companies have to follow the consumers in order to reach them and establish presence to be able to provide information for them and for the market. According to Kotler & Armstrong (2012, 532 - 533) more than 1,8 billion people have access to the Internet, which is now challenging television as the most important medium. In 2011 74 percent of the US population had access to the Internet with the average time 60 hours per month spent online.

Some terms are better to explore to avoid confusion: when talking about online marketing or online retail, it is referring to activities that take place in the Internet and not in an offline market, which can for example refer to physical brick-and-mortar stores. The Internet is a vast public web of computer networks that connects users regardless the time and place (Kotler & Armstrong 2012, 532). The World Wide Web, or the Web for short, is one of the Internet's most popular services and provides access to over 50 million webpages (Laudon & Traver 2008, 123).

The idea for this research came through the authors work as Sales and Marketing Assistant at Kiosked Limited. Some work tasks engaged the author in luxury fashion, when the company collaborated with French fashion website/blog People-looks.com. Later on she was inspired by the idea to do research with a combination of online marketing and luxury fashion. The topic is current as according to Forrester Research (2011), personal goods, such as apparel, footwear and accessories including high fashion, are predicted to dominate the US the online retail market in 2009-2014 with 40 percent of total online retail sales. In the study the currencies are presented mainly in the US\$ as the literature mainly provided financial informational in dollars. At the time of writing 4th March 2012 1€ = \$1,32 approximately.

1.1 Introducing the Case Company Kiosked Limited

Kiosked is a Finnish Information Technology (IT) company, which operates in the e-commerce business. Lars-Michael Paqvalén and Antti Pasila, both with a respectable amount of experience of e-commerce marketing and entrepreneurship, founded the company in 2010. Kiosked offers it users a free Image Bank with over 5 million pictures and daily updated hundreds of thousands of products. (Kiosked 2012.)

In 2011 Kiosked's turnover was €300 000 (\$396, 065) the share value has skyrocketed by a factor of ten in a time span of a year and a half. The following year is expected to bring a turnover of €2 million (\$2, 6 million). (Pasila, A. 20 Jan 2012.)

Kiosked offers a service for business-to-business and business-to-consumer customers as a **middleware distributor** that offers a free platform to the brands and publishers

usage. The conversions rise where the consumers are that is the main idea of Kiosked's in-content advertising service. Kiosked's technology enables to utilize the impulse when it is on its greatest and leads to sales. In three years Kiosked is expected to be a phenomenon and its technology and in-content advertising is expected to become a norm in the e-commerce business. (Paqvalén, M. 11 Jan 2012.)

In-content marketing and sales platform means a service that connects merchants and consumers through online content (Pasila, A. 20 Feb 2012). In other words, a Kiosk is a graphical overlay consisting of information and functions that enrich online content. This is a new way of advertisement in online marketing. An example is provided in Figure 1.



Figure 1. Kiosked online sales platform in Versace fashion photo (Maxppp 2012)

Figure 1 shows the online marketing example of a “kiosked” picture that could be in fashion blog. The “K” logo in the left down corner indicates that the picture includes

in-content advertising. The consumer is not automatically forced to see products in online content, like videos or pictures - but when hovered, in other words when the cursor is placed over the image the product info appears. The Image Kiosk reveals key information of the product: store, price, brand, location of the nearest store selling the product or a link to an online shop that leads the consumer straight to purchase it. The kiosks are able to share socially online in major social media applications, such as on Facebook and Twitter. (Kiosked 2012.)

The idea is that a consumer can get the impulse for buying an item straight from images or videos viewed online. Ads can be linked to highly relevant images on Kiosked's network of reliable publishers, which is ensured by partnership with Web Of Trust (WOT). WOT is a worldwide community of over 20 million web users that rates the reliability of websites. In addition to business-to-business deals, Kiosked's revenue share comes partly from commission payments from the affiliate network programs (Kiosked 2012.)

According to Frost & Strauss (2012, 58) an affiliate program is usually a link to someone's retail website from which customers can earn commissions. In Kiosked's case, the company has joined a few affiliate network programs, such as Commission Junction, LinkShare and TradeDoubler. Kiosked applies to selected programs according to the industry field and when the application is accepted, Kiosked can import product to its own database.

According to Pasila (20 Feb 2012), a blogger or other user-generated advertiser benefits from this kind of database because the products can be carefully selected and targeted. Normally a commission of 0 – 35 percent is paid to Kiosked when a consumer clicks or buys a product or a service through the Kiosked online sales and marketing platform.

As indicated in Figure 2 the revenue share of brands comes from the following process. Customer could hypothetically see an attractive Armani suit in a fashion blog and decides to make an online purchase.

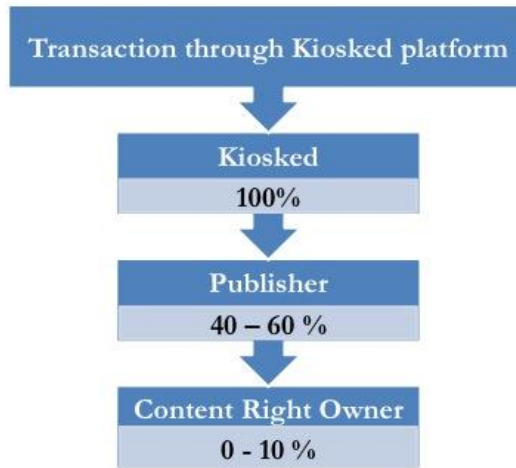


Figure 2. Kiosked's revenue share model (Pasila, A. 20 Feb 2012)

In this hypothetical case Armani brand or its online retailer pays a commission of 10 percent to Kiosked. An Armani suit of \$1000 would provide Kiosked \$100, which Kiosked will divide a 40 – 60 percent share to the publisher, in this case to the blogger who have displayed the advertisement in the blog. In addition, a 0 – 10 percent share will be paid for possible content right owner that could be an image bank or video owner. Therefore Kiosked’s revenue from transaction of Armani suit is 30 – 60 percent, from \$1000 suit \$30 – 60.

1.2 The Research Problem and the Scope of the Thesis

The research problem and the consequent research questions are as stated below:

“How could Kiosked enhance luxury and premium fashion brands online marketing?”

Sub questions/notifications:

- What is a luxury fashion brand?
- How is the concept of luxury brand created?
- What are the special features of online marketing?
- How do luxury fashion brands conduct their online marketing?
- How have Kiosked’s partners experienced the online sales and marketing platform?

The research problem was discussed together with the case company; Kiosked and both parties agreed that this would be an interesting and enough narrow topic for the thesis.

The primary **objectives** of this thesis are to obtain a theoretical understanding of the concept of luxury fashion business and online marketing. Secondly, the empirical data was collected to find in-depth data for the research problem and its sub-questions. Thirdly, the theoretical and empirical findings were combined with the objective to carry out a fruitful discussion and analysis of both information sources. Finally the idea is to find out whether the case company Kiosked's online sales and marketing platform would be a suitable tool for luxury fashions brands when operating with online marketing activities.

The research approach is qualitative and the data is divided into theoretical and empirical parts. The emphasis in the literature section is on luxury fashion branding and in online marketing. I aim to explain the concept of luxury fashion brands, make a definition of what could be counted as luxury fashion. Moreover I will explicate the features of online marketing and conclusively focus on the online marketing activities of luxury fashion brands. The scope includes luxury fashion of all kind, from premium fashion to luxury level brands.

The empirical part is conducted with five interviews, of which the findings will be analysed. The technology in online marketing is developing rapidly and Kiosked's service represents cutting-edge technology - something that is relatively new in the field of online marketing. I will try to provide a deeper understanding of the company and the service it provides through the interviews and to find out what Kiosked could offer luxury fashion brands. Commercial blog sites that have used this platform were also interviewed, to gain a view into practical user-experiences of the service.

The scope of the research is to conduct a research about luxury fashion brands online marketing. The major luxury sectors are divided into automobiles, fashion, decoration, wines and spirits, and travel and gastronomy (Chevalier & Mazzalovo 2008,

34). However, due to the limits of the thesis, the scope of this study is narrowed down into luxury fashion.

The reader should not confuse Kiosked with kiosk marketing, a form of direct marketing in which information or orders can be requested with digital and touch-screen technology (Kotler & Armstrong 2012, 528). The thesis is a research about luxury fashion brands and online marketing, not a study of Kiosked's marketing strategy. Clothing industry issues, such as child labour, will also not be discussed.

1.3 The Structure

Chapter 1 provides an introduction to the topic with motives and declaration of the research objectives and the scope of the research. The case company Kiosked is also presented briefly.

Chapter 2 features the theoretical part of the thesis. The basic concept of branding and definition of luxury brands, products and fashion are presented. We find out that traditional marketing activities do not apply in luxury goods and learn of luxury brands marketing and communication mix. We also learn about the modern luxury consumer and luxury industry.

Chapter 3 further explores the theme of online marketing. First, the differences between traditional and modern marketing are discussed. Secondly, the different electronic communication concepts are presented to provide an understanding of the possibilities of modern electronic marketing applications. Thirdly, different unique online marketing features are divided on the basis of Kotler & Armstrong's definition of companies' online presence. Finally, the chapter presents the online retail activities of luxury brands.

Chapter 4 consists of the methodology part and empirical findings that are conducted as case studies. Most of the data was gathered by face-to-face interviews. The findings are grouped into three categories according to the interviewees' profession and interest.

Chapter 5 concludes the discussion of the findings, as well as presents conclusions with future research propositions and an assessment of the author's own learning process.

2 Luxury Fashion Brands

The purpose of this chapter is to acquire perspective of the world of luxury industry through secondary data. First, the basic concept of branding and definition of the luxury brand is presented. Second, we learn about luxury market segment and the luxury industry. Thirdly, the marketing and communication mix of luxury fashion brands is discussed. Finally, the online retail of luxury fashion is shortly described.

2.1 What Is a Luxury Fashion Brand?

According to the American Marketing Association (2012) a **brand** is a name, design, symbol, or any other feature that identifies sellers' goods from competitors. The legal term for a brand is a trademark and it may identify one item or a group of items of the seller. Kotler & Armstrong (2008, 230-231) states that in powerful branding consumers will not only recognise brand images or logos but achieve referencing and loyalty, even through generations.

According to Okonkwo (2007, 110) the luxury good industry relies strongly in branding as a core competence and differentiation from competitors. The brand identity is developed through brand personality and brand image. According to Aaker & Joachimsthaler (2000, 53) brand personality can make the brand memorable, stimulate constructs of the brand, such as youthfulness and develop customer relationships. The brand image is the consumer's interpretation of the company's brand personality (Okonkwo 2007, 110).

According to Okonkwo (2007, 113 - 114) **brand awareness** is formed from knowledge and a consciousness of the brand in its market among consumers. This means recognition and existence in the subconscious whenever the consumers come across with the brand. The process of creating brand awareness is conducted through marketing and communication tools like advertising and sales promotions. Luxury brands, however, face an additional challenge achieving high level of visibility but remaining exclusive.

“Luxury” means an unnecessary yet desirable item carrying a high price tag or being difficult to obtain (Oxford Dictionaries 2012). The origin of the noun comes from Latin word “luxuria” (Danziger 2005, XVI). According to Heine (2011, 46) a **luxury brand** can be defined as images in the head of a consumer. These images interrelate to a high price level, good quality, aesthetics, uniqueness and other non-functional associations.

Danziger (2005, XVI) stresses the more emotional definition of luxury. According to the author the key factor to the luxuriousness is how well the brand performs in a fulfillment of the emotional fantasy, not the physical realism. Therefore the attributes differentiate luxury brands from non-luxury brands and by how well the brand delivers luxury feeling to the consumers. According to Heine (2011, 50) there are four different levels of luxury brands (Figure 3).



Figure 3. Luxury brand types by level (Heine 2011, 50)

Entry-level luxury brands, such as Hugo Boss and Mercedes are not widely recognized as true luxury items by the luxury segment. Whereas medium-level luxury brands like Dolce & Gabbana and Escada are widely recognized by the segment, but have still not achieved a status of true luxury. Top-level luxury brands are leading brands that are usually established decades ago. These brands include Armani, Cartier and Louis Vuitton. The highest of all luxury brands are elite-level brands that represent niche brands in the top segment and determine the quality and exclusivity, such as cutlery brand Pui-forcat.

Heine (2011, 41) defines a **luxury product** as a product that has more characteristics compared to the other products in the same category, including the six major characteristics defined by the consumers, which are high level of price, quality, aesthetics, uncommonness, extraordinariness and symbolic meaning. Chevalier & Mazzalovo (2008, xi) stress that a luxury good must fulfil three criteria:

1. Strong artistic content,
2. Result of craftsmanship and
3. International aspect

Chevalier & Mazzalovo (2008, xii-xiv) agree with Danziger that consumers want to buy aesthetic objects that an emotional relationship can be established with. The brands objects are mass-produced, for example, ready-to-wear luxury fashion clothes but are still marketed as craftsmanship aspect. Consumers prefer to think they buy objects designed by Giorgio Armani, not goods from automated factories. Local presence in the world's most fashionable cities is essential on creating a strong brand.

According to Okonkwo (2007, 241) luxury brands can be divided into three categories: luxury and prestige brands, premium brands and mass-fashion bands. Luxury and prestige brands present the highest form of craftsmanship and product quality. The products are not mass-marketed to become mass-market brands and customer loyalty goes beyond friends' recommendations. Examples of this kind of brands include Bvlgari and Hermès.

Premium brands are brands that have an aspiration to become a luxury brand but the marketing mix is more targeted to a mass market. This group is also known as high-end brands or designer brands. Premium brands can be sub-categorized into high premium brands like Calvin Klein and Longchamp, medium premium brands like Lacoste and to low premium brands like Zara, H&M and Gap. Mass-fashion brands are the mass marketed apparel that can generally be bought from supermarket chains, such as Walmart and Carrefour. (Okonkwo 2007, 241 - 242.)

Marketing of luxury goods differs from traditional marketing activities. Bernard Dubois states (in Chevalier & Mazzalovo 2008, 14) the characteristics of luxury goods marketing: high price and manufacturing costs with limited distribution, products are marketed through craftsmanship, promotional activity is selectively targeted and advertisement implemented without a clear copy strategy.

These factors can be realized in luxury goods if the process is created under niche marketing strategy: the product or brand must be well-known, expensive and a little bit out of reach. Luxury good marketing strategy also requires strong and recognizable aesthetic concept. The characteristics of traditional marketing are described in Chapter 3.1.

In Figure 4 we can see how a **luxury concept** is often created. First the luxury brand is introduced to the affluent. Products used by the elite create desires to the mass and strengthens the brand image. Luxury products become mainstream when ready-to-wear entry-products are presented to the masses with advertising campaigns.

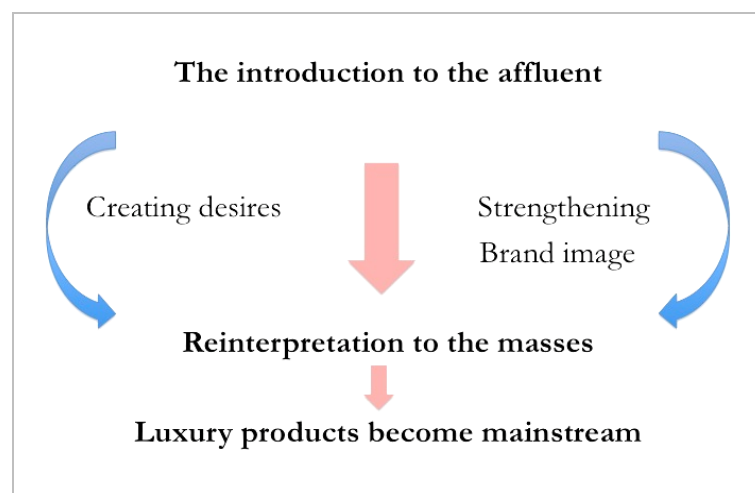


Figure 4. The natural evolution of a luxury concept (Danziger 2005, xII)

The natural evolution of a luxury concept is also supported by Simmel's (1904, in Chadha & Husband 2006, 251) theory of fashion where upper scale people consume products that will eventually be imitated by masses that wish to climb up the social

ladder. However, Danziger (2005, 19) points out that the most essential thing in luxury brands is the experience of getting a product, not the product or its features itself.

Kotler & Armstrong (2012, 298) define **fashion** as a popular or currently acceptable style in a given field. By style they refer to basic and distinctive mode of expression that can last for generations, being in and out of vogue. There are arguments regarding what can be defined as luxury fashion, as the line between haute couture and street fashion has started to blur.

A Swedish mass-fashion retailer Hennes & Mauriz (H&M) made well-noticed collaboration with Chanel's head designer and creative director, Karl Lagerfeld in November 2004. The collection presents the image of flirtation between haute couture and high street. The collection was sold out worldwide in a matter of days. Street fashion is a style that does not come from designer houses. (Tungate 2005, 39 - 40.) H&M has followed the strategy of cooperation with celebrities and well-known luxury fashion designers, most recently with the Italian designer house Versace in winter 2011 (Wilson 2011).

Although other luxury sectors, such as perfumes and cosmetics may have greater sales, the luxury fashion business gives a "face" for the luxury industry through fashion shows and press presence. The luxury fashion is divided into two groups: women's and men's **ready-to-wear lines** (RTW) and **haute couture**. Haute couture was developed by the French and is presented as prestige shows for the press with the objective of brand building. (Chevalier & Mazzalovo 2008, 35.)

Haute couture items originate from the runway, in other words fashion show collections. In order to purchase these workmanship pieces, one has to be inside of the world of the privileged, which consider this sort of fashion as a collectable form of art and an investment. Unique haute couture piece could cost anything between \$10 000 – 100 000. (BBC Four 2007.)

Haute couture works as an inspiration for ready-to-wear lines that consists of items that can be actually purchased from the shops, usually from the brand concept stores or multidepartment stores. RTW lines form the actual sales revenue for the brands. (Chevalier & Mazzalovo 2008, 35.) Therefore a **luxury fashion brand** delivers quality and exclusivity, is a slightly expensive and internationally well-known desirable object, in which emotional relationship can be created.

Luxury fashion goods are manufactured, delivered, presented and sold within the **fashion cycle** that lasts 18 months (Figure 5).

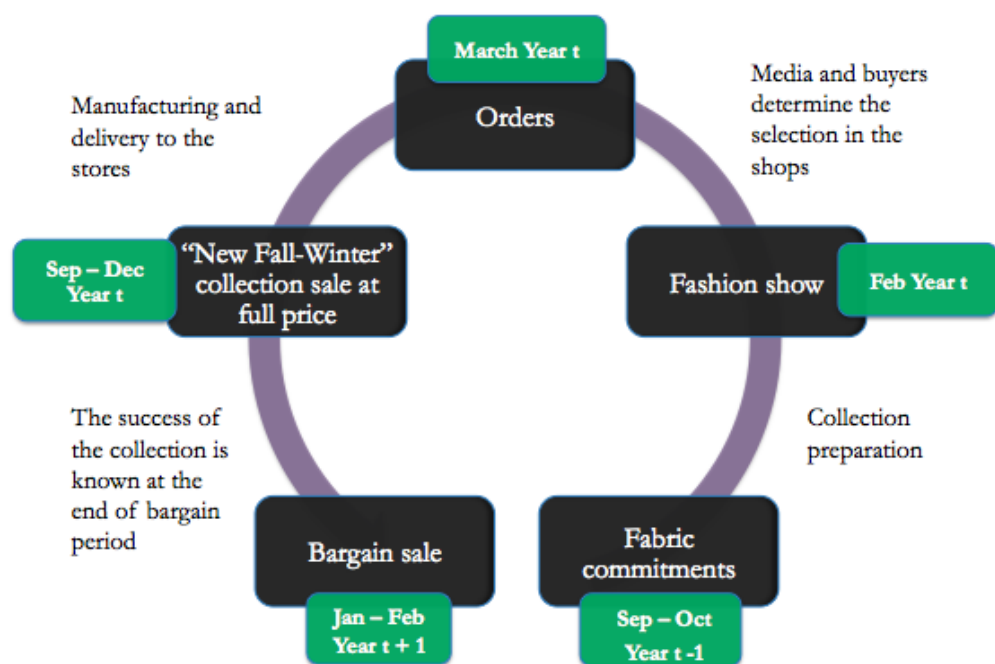


Figure 5. Fashion cycle of a fall-winter collection (Chevalier & Mazzalovo 2008, 10 - 11)

The fashion cycle starts in fall with the commitment to the fabric materials by designers when manufacturers present exclusively their offerings. The collections are prepared for the fashion shows for February - March. Then by July the items are manufactured and delivered to the sellers to be presented as part of the new Fall - Winter collection. The success of the collection is measured by the number of sales at full and bargain prices and also by the unsold amount. The success is now known until the end of the bargain period in February. (Chevalier & Mazzalovo 2008, 11.)

Danziger (2005, 39 - 40) classifies the **luxury market segment** according to the household's income in the US by thousands of dollars. The range is categorized in three categories: near-affluent, affluent and super-affluent (Table 1).

Table 1. Luxury market segment by income (Danziger 2005, 39 - 40)

US Households by income in US\$ thousands	2002	%
≤74, 999	80, 372	75
75, 000 – 99, 999 Near- Affluent	12, 230	11
100, 000 – 149, 999 Affluent	10, 073	9
150, 000 ≥ Super- Affluent	5 603	5
TOTAL	111, 278	100 %

As seen in Table 1, most of the US households, 75 percent do not belong to the luxury market when categorized according to the annual income level. 14 percent of the US households have an income level of \$100 000 thousand or more and therefore can be described as affluent that luxury products are mainly targeted. Only 5,6 million households count as super-affluent category with \$150 000 or a higher level of income.

However, Chevalier and Mazzolovo's (2008, 154 - 156) theory disagree with Danziger's definition of luxury segment. According to the authors a consumer does not have to be wealthy to consume on luxury goods, but they can be of any background. The new consumer is emotional and eclectic, meaning that the "total look" is not bought from a single brand, but a creative mix of mass-produced- and high-end fashion. Purchases are made to satisfy hedonistic pleasures. Okonkwo (2007, 65) agrees by stating that the modern luxury consumer is different from the wealthy stereotype of the past. Today's luxury consumer cannot be segmented as their choices are based on their own sophisticated style. Youth, assertion and adventure describe the attitudes of a modern luxury consumer, as well as the timeless themes of fashion.

2.2 Luxury Market Industry

Most of the luxury companies are small to medium sized companies, yet they have very strong brand equity among consumers. The process of manufacturing and distribution is often subcontracted. The creation of a luxury brand can be an unpredictable and hard process and can lose money for 5-10 years before becoming profitable. However, during this time a brand can acquire tremendous awareness and in the case of turning into a successful brand become so profitable that many years' losses will be covered. (Chevalier & Mazzalovo 2008, 2 - 6.)

Chevalier & Mazzalovo (2008, 38; 86) estimate sales of the Italian fashion brands like Gucci, Dolce & Gabbana and Armani to equal circa €12 billion (\$15, 8 billion). The French fashion businesses are the second most profitable with brands like Chanel, Dior and Louis Vuitton. Though many fashion brands are grouped under one umbrella, many brands like Chanel for instance is privately owned, or public but remain under strong family control. Also the French Hermès Group, which is specialized in leather goods, is family owned (Hermes 2012).

According to Chevalier & Mazzalovo (2008, 38; 86) 10 out of 14 listed top luxury brands come from Italy or France. Other countries for luxury products are the US with more "lifestyle" brands like Calvin Klein and UK with traditional brands like Burberry. Lifestyle is defined as a person's pattern of living and interacting with the world through activities, interests and opinions (Kotler & Armstrong 2012, 170). Table 2 indicates the values of the most valuable global luxury brands.

Table 2. The most valuable luxury brands (Interbrand 2011)

Brand	Value (\$ million)	Country
Louis Vuitton	23, 172	France
Gucci	8, 763	Italy
Hermès	5, 356	France

According to Interbrand (2011) Louis Vuitton is clearly the most powerful luxury brand and 18th most valuable global brand of all brands. The brand delivers attainable

luxury and highly desirable symbol of success. The brand is part of the biggest luxury brand group Moët Hennessy - Louis Vuitton (LVMH) run by Bernard Arnault, Chief Executive Officer and Chairman of LVMH. He took over the Christian Dior brand and thanks to the determined brand portfolio collection LVMH is a luxury brand empire with over 60 brands from fragrances to spirits. (LVMH 2012.)

The biggest revenue by business group comes from fashion and leather goods, which accounted for €8,712 million (\$11, 498 million) in 2011. The operations were heavily supported with 20 percent increase from the previous year with the success of brands like Louis Vuitton, Fendi and Donna Karan. (LVMH Financial Documents 2011, 8.)

According to Interbrand (2011) the second most valuable brand is Gucci, owned by PPR/Gucci Group. The brand has maintained its luxury status over 90 years with innovative Italian craftsmanship including successful ready-to-wear collections and children's apparel line. Gucci was reported to have a five percent increase in revenues from previous year. It is the second most valuable brand and 39th most valuable brand of all global brands.

According to Interbrand (2011) Hermès has maintained its luxury status with limited production with waiting lists and exclusive product delivery. The demand of leather and other goods, such as watches and fashion accessories have increased making Hermès 66th most valuable global brand. Hermès Group reported of strong increase in sales revenue of €2, 841. 2 million (\$3, 750. 1 million) in 2011 with an increase of 18 percent on the previous year. Ready-to-wear collections and extensive fashion accessories offerings accounted for 30 percent of the increase from the previous year. (Hermes 2012.)

According to Chadha & Husband (2006, 1 - 5) the luxury brand market is seen as highly valuable in Asia, as for most luxury brands sales up to 40 percent global sales comes from Japanese market. Up to 88 percent of a top-level luxury brand's like Louis Vuitton's sales comes from Japanese consumers. Together with the Asian rising economy over half of the \$80 billion luxury brand industry comes from Asia, where the brands designate your status and symbolises who one is in the social hierarchy.

Also Kotler & Armstrong (2012, 48) designate Japanese obsession with luxury items but remind the reader that more economical and domestic fashion brands have also gotten foothold in the country – and globally, such as youth brand UNIQLO.

2.3 The Marketing and Communication of Luxury Fashion Brands

In this chapter the focus is on the marketing and communication media used by luxury fashion brands. According to Kotler & Armstrong (2012, 432 - 433) **marketing and communication mix** is a bag of tools that a company can utilize and it includes various mediates to communicate successfully with the customers and build customer relationships. Advertising is any kind of paid non-personal promotion of ideas, goods, or services that have a recognized sponsor. Public relations build favourable publicity. According to Chevalier & Mazzalovo (2008, 275 - 284) favourable media for luxury brands include:

1. Media
2. Public relations
3. Events
4. Websites and direct marketing.

The marketing palette through **media** mainly consists of fashion magazines. They have traditionally been a positive venue for luxury brands because of their worldwide coverage and luxurious demographical image. Nevertheless, the trend has been towards more selective and cultural magazines. The daily newspapers are mainly used for advertisement of forthcoming sales. (Chevalier & Mazzalovo 2008, 275 - 276.)

According to Okonkwo (2007, 154) **public relations** involve the planned and sustained effort to influence and maintain goodwill between the company and audience, not only with the consumers but also with stakeholders. PR functions are a way to build an extensive network with influential people that can create a “buzz” around the brand or specific product. Chevalier & Mazzalovo 2008, 279 – 283) adds that advertising and PR agencies help the luxury brands to strengthen the brand identity with crea-

tive services, such as selection of photographers and models. Product placement can also occur in movies or television series for a considerable fee.

Events are also important side of building brand awareness. They can be divided into three categories: 1. Events organized by the brand itself: fashion shows and store openings, 2. Sponsored events usually in sports and 3. Ceremonies, such as Cannes Festival. (Chevalier & Mazzalovo 2008, 279 - 283.)

According to Berg, Geuens & Pelsmacker (2004, 365) **direct marketing** means contacting customers and prospects through direct media channels, such as mailings, catalogues and brochures. The intention is to achieve a measurable response or reaction without intermediates like a retailer. Direct marketing consists of carefully targeted groups of consumers, in hope to build lasting relationships and obtain instantaneous responses (Kotler & Armstrong 2012, 433).

This form of marketing requires a customer database. Luxury brands successfully take advantage of technology that enables them to track individual customers data (Chevalier & Mazzalovo 2008, 284.) A database is a comprehensive organized collection of consumers or prospects with geographic, demographic, psychographic and behavioural data (Kotler & Armstrong 2012, 523). Luxury brands have been hesitant in using Internet as a distribution channel; however, the trend is towards a more appreciative outlook. The brands' online behaviour is looked more in-depth in Chapters 3.3 and 3.4.

3 Online Marketing

First, this chapter presents the differentiation between traditional and modern marketing. Secondly, the different electronic communication technology concepts are presented to help the reader to distinguish online business expressions. Finally the online presence of luxury brands is discussed through online marketing activities and e-retail business.

3.1 Traditional and Modern Marketing

According to Kotler (2003, 6) marketing can be defined by both a social and a managerial description. The social description of marketing is a societal process where individuals or groups exchange products and goods freely with others. Kotler refers to the American Marketing Association when he defines managerial marketing: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (The American Marketing Association 2012).

Table 3. Traditional and modern marketing (Scott 2010, 8; 23; Kotler & Armstrong 2012, 433)

Subject	Traditional Marketing	Modern Marketing & PR
Communication	One-way	Interactive
Target group	Masses	Targeted audience
Departments	Advertising & PR separate functions	Merge of Marketing and PR on the Web
Media	Mass media communications	New digital media

Table 3 illustrates how marketing used to be a one-way communication from companies to consumers where advertising was targeted to the masses. Instead of mass-marketed messages, today companies aim at a niche target constituency. (Scott 2010,

24.) Kotler & Armstrong (2012, 433) agree as they state that marketers are moving from mass markets to micro markets that are designed to build stronger and lasting relationships. Consumers of today are more communications empowered as they can exchange user experiences with other consumers.

According to Scott (2010, 24) marketing and public relations were usually separate disciplines in an organization. The Web has changed the traditional marketing and companies must apply the rules of new marketing in order to answer to the customer wants and needs. However, as stated before in Chapter 2.1, the traditional marketing mix does not apply in luxury goods marketing that is characterized for example by craftsmanship and limited distribution.

In modern marketing the companies have to deliver interesting content that drive people into the purchasing process. Especially on the Web marketing and PR have gotten close and are often run by the same department, though in offline businesses they are run in separate departments. Consumers demand authenticity and content that is published in a timely manner. (Scott 2010, 24.)

Mass media channels, such as television and newspapers, are still important but companies are focusing into more narrowcasting new media channels, such as e-mail, blogs and online social networks (Kotler & Armstrong 2012, 433). Blyth (2011, 155) states that online marketing is most efficient when it is conducted with traditional offline marketing activities, as people tend to click links of brands they are already familiar with.

3.2 Different Electronic Communication Concepts

The purpose of this chapter is to create an overview of the electronic business aspects as many terms in literature and in academic publications are used as synonyms. Different online communication technology concepts are presented in Table 4.

Laudon & Traver (2008, 11) emphasize the importance of the working distinction of the concepts of e-business and e-commerce. According to them **e-business** is the use

of the Web for transactions and processes, encompassing the information systems within the company. Chaffey (2004, 10) disagrees with Laudon & Traver's definition of e-business including all external electronically mediated information exchanges.

Table 4. Categorization of electronic communication concepts

Publication	E-business	E-commerce	E-marketing
Kotler (2003, 26)	Business done on the Internet by electronic means and platforms.	More specific than e-business, includes companies webpage's sitemap, where a company can provide information of itself.	Company's communication, advertising, selling, informing, influencing and promotion via the Internet.
Chaffey (2004, 7 - 10; 318)	All electronically transmitted information exchanges within a company and its external parties that sustain the agreed business processes.	All electronically transmitted exchanges of information between a company and its exterior parties.	Achieving profitably different marketing objectives: identifying, anticipating and satisfying customer requirements via electronic communications technology.
Laudon & Traver (2008, 10 - 11; 355)	Digitally enabled transactions within the organizations business processes.	Digitally enabled commercial transactions of value across individuals and organizations.	Developing competitive advantage by creating a positive, long-term relationship using the Web.

Chaffey (2004, 7) defines **e-commerce** broadly as all transmitted exchanges of information between a company and its exterior parties via the Internet. Kalkota & Whiston (1997 in Chaffey 2004, 7) points out three different perspectives of e-commerce: communications, business process and service. Communications have changed due to the fact that the delivery of information and business is done online. The computerization has changed business transactions and workflow. The quality and speed of the service have increased, as well as cost savings.

According to Lauder & Traver (2008, 10) e-commerce is the use of the Internet to transact business across individuals and organizations. Kotler (2003, 26) describes e-commerce as more precise as e-business, with enabling the enlargement of online purchasing and e-marketing. The company website is an information provider with the opportunity to combine sales and services.

According to Chaffey (2004, 318) **e-marketing** is simply achieving marketing objectives through the use of the Web. Kotler (2003, 26) specifies these objectives: company's communication, advertising, selling, informing, influencing and promotion via the Internet. If a company can differentiate itself by providing superior value to the consumers, it is called competitive advantage (Armstrong & Kotler 2008, 204).

3.3 Luxury Fashion Brands E-marketing

As specified in previous Chapter 3.2, e-marketing can be defined as company's communication, advertising, selling, informing, influencing and promotion via the Internet and achieving competitive advantage. Kotler (2003, 2) emphasizes the economy of today as wholly being affected by the digital revolution. Some **advantages of online marketing** include: substantial increase in buying power, greater variety on goods and service, information flow and ease in interacting, placing and ordering products.

According to Kotler (2003, 2) the buying power online has increased, since the consumers are only a click away from ordering and comparing the products and services of competitors and their prices. Almost anything can be purchased online, one might say that there are even more options than products and services available offline. According to Laudon & Traver (2008, 13) one unique feature of online technology is its **ubiquity**, which means the extension of the traditional market place, as Internet technology is available anytime – and anywhere.

According to Laudon & Traver (2008, 346) perhaps surprisingly the price is not the primary factor that drives consumers to choose the Internet as their medium to conduct transactions. According to the research of online consumer behaviour, 88 percent

said that **convenience** is the crucial factor when shopping online as the ubiquity creates time saving. Other major reasons to prefer online shopping were multiple product search and greater variety in product offering.

One luxury of today is the saving of time, as the items can be purchased 24 hours in a day. According to an online luxury fashion store Net-A-Porter's founder Natalia Masenet (in Tungate 2005, 192 – 193), the bright side of e-commerce is the savings on advertising when shopping can be made worldwide anytime without large investments to concept flagship stores in prime locations. Ripley (in Clifford 2010) points out that one business increasing factor of electronic business in luxury fashion is its doors-open policy for the consumers without any excluding or selectivity.

According to Clifford (2010) online fashion stores can carry special products or colours sold exclusively online. E-marketing also enables tracking of consumer preferences – features that are lacking in traditional marketing channels, such as print media advertising and shopping in physical stores (Laudon & Traver 2008, 366).

According to Kotler & Armstrong (2012, 541) some **disadvantages of online marketing** include worries about online security. Internet frauds, such as identity theft and financial scams are common. Internet shoppers may also be concerned of obtaining harmful viruses or other spyware. Laudon & Traver (2008, 275) adds that many consumer fears to send personal or payment card information over the Internet. Theft of credit card data is one of the most feared occurrences on the Web.

According to Laudon & Traver (2008, 271) a popular fraud is e-mail scam letter. In “phishing” third party tries to collect private information to obtain financial gain. Also pop-up ads that are banners that appear on the screen without the user calling for them can frustrate navigators. Also spam, which refers to unwanted e-mail messages, can block e-mail accounts.

According to Tungate (2005, 192-193) one criticism for fashion purchase on the Web is **the loss of the brand experience** when the key selling points, such as high attitude

towards service and the shop create a coherent whole. Net-A-Porter Group Ltd., founded in 2000, retails high fashion designer goods online to over 50 countries. The founder Natalia Massenet counter argues that the fact that the products sold online is rather a service, than a loss of the brand experience. However, according to Laudon & Traver (2008, 354) inability to feel and touch the item, shipping costs and returns are also reasons why people do not shop online.

Luxury brand industry is dominated by a few e-commerce enabled fashion brands that receive the majority of the website visits paid to the sites of the industry. Figure 6 illustrates the division of the key fashion brands online market share.

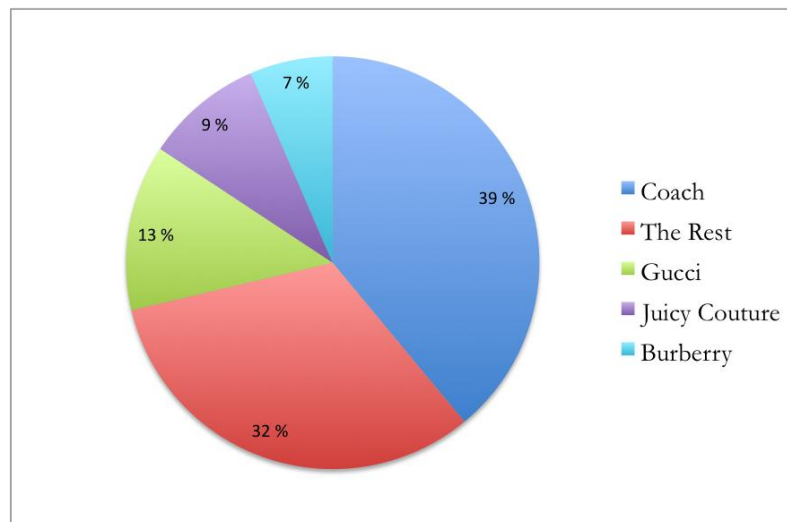


Figure 6. Online market share of luxury and design brands in 2010 (PM Digital 2010, 6)

According to PM Digital (2010, 6 - 8) the American clothing and accessories brand Coach has a significant share of the online visits. The rest includes such brands as Lacoste and Hugo Boss, to name a few. According to the studies 18–34-year-olds dominate the online activity when visiting luxury and fashion websites, covering on average 54 percent of all the visitors. 18–24-year-olds paid the most visits in 2009 – 2010 to the sites with 28 percent. According to Kotler & Armstrong (2012, 537) an online marketing presence requires approaches that many companies integrate:

1. Company website
2. Online social networks
3. Advertising or promotion online and
4. E-mail marketing.

A website functions as a door to a company and therefore it must be relevant, appealing and organized (Frost & Strauss 2012, 304). Kotler & Armstrong (2012, 537) present that usually the first step for a company to conduct online marketing is a website. The most basic type is a corporate or brand website that build closer customer relationships and serve customers. Okonkwo (2007, 204) specifies that many luxury consumers are multi-shoppers that visit both the website and offline store before the purchase decision. Therefore the website should be effective and include convenience elements, such as after-sale service.

Companies can create a marketing website that engages customers to interact with the company or brand, which in turn will move them closer to the purchase decision or other marketing outcome. A successful website is designed so that it is easy to navigate, attractive and adds value. (Kotler & Armstrong 2012, 537 - 538) However, according to Frost & Strauss (2012, 304), the most important figure is to build a site that differs from competitors and satisfies the needs of the company's target audience.

A New York branding consultancy agency Brand Keys states in its survey (2004 in Tungate 2005, 195) that most of the top fashion retailers failed to build an effective and interactive sales through fashion images over the Web. Also brands have had trouble with creating an online presence. However, according to Clifford (2010) there are positive examples as well: Marc Jacobs, a high fashion brand of LVMH, has created experiences and services with privileged fashion shows and photos for the users of their website.

The traditional brand Burberry has also conducted extensive presence on the Web after launching an effective website in 2010 in six languages and available in 45 countries worldwide. The site provides full product offer and tries to copy the brand experience

from the shop providing real time online personalized customer service in 14 different languages. The website is targeted to strengthen the brand awareness and build brand community as well. Like many other fashion brands, also Burberry has opened the usually closed doors of exclusive fashion shows and utilizes live-stream and 3D technology to broaden brand awareness. (Burberry 2012.)

Online social networks are social networking websites, blogs or virtual worlds for socializing, information exchange and like-minded conversation (Kotler & Armstrong 2012, 539). Social media is an effective method to engage people to company's activity and interact with the target group (Blyth 2011, 109). Social media can be described as conversation and interaction between people online where anyone can create, comment on and add to the social media content (Scott 2010, 38).

Social media marketing (SOM) is a promotional activity in which companies target customers or prospects through social media sites to achieve business goals (Wilson 2010, 17). According to Wyld (2011) SOM is a dialogue between customers and companies. Countless number of social media applications exists, but probably the most popular and frequently used include applications such as Facebook, Twitter and MySpace.

According to Frost & Strauss (2012, 27) marketers utilize these sites to create buzz around the brands. Wyld (2011) indicates that all of the above mentioned applications collect millions of users to share online content, for example videos, posts and pictures. Facebook alone has globally more than 800 million active users, which makes it the world's largest social network. In the US two-thirds of the population is on Facebook.

According to PM Digital (2010, 3; 24) luxury and designer brands utilizes online social networks for communication and marketing. Premium fashion brands seem to exhibit sales activities on their Facebook pages, where more sophisticated e-commerce enabled brands utilize Facebook to create more brand awareness and engagement. However, the brands popularity on social media pages does not correlate to market share when

measured by website visits. For example Gucci and Louis Vuitton have established significant presence on social media (Interbrand 2011).

Social media enables online community marketing, where companies can form niche communities to spread information about their products, services or raise brand awareness (Laudon & Traver 2008, 390). According to Okonkwo (2007, 207) many consumer societies are formed around luxury brands, where users with shared interests gather. However, Wilson (2010, 57) points out that social media is only a promotional tool and should not replace traditional marketing activities because the connections build in real life are stronger than in the virtual world. Social media requires resources, such as time and strategy planning and ongoing updating.

Blogs are a part of the online culture and usually produced by individuals. A blog refers to a personal website that includes chronological entries of posts made by an individual or a company. The act of creating and sharing content on blogs is called “blogging”. (Laudon & Traver 2008, 179.) Blog content can be text, video or audio, and it usually allows readers to interact with comments or ratings (Blyth 2011, 89).

Approximately 11 million people, which accounts for 7 percent of the US Internet users, have created a blog and over 55 million visited a blog in 2007 (Laudon & Traver 2008, 387 - 388). According to Finnish Communications Consult Company Manifesto (2011, 4) blogging has become more popular since 2003-2006 when the blogging platforms, such as the most popular Blogger and WordPress started operating.

According to Scott (2010, 63) blogs can be utilized to monitor public opinion and trends, participate in conversation, and work with bloggers to write about the company or influencing the conversation by creating an own blog. Blyth (2011, 90 - 92) continues by adding that blogs can give media coverage as journalists use blogs as a source of news stories. It also encourages people to debate issues in a two-way communication and when produced well can add competitive advantage for the company.

According to Laudon & Traver (2008, 390) brand blogging is also a popular way of social network marketing. Companies can participate in blogs, create them or hire bloggers to share information about them. According to Manifesto (2011, 8 - 12) many companies use blogs for marketing and PR purposes, for example in Finland nearly half, 49 percent of bloggers who participated in a survey, earn money from their blogging. Beauty and fashion bloggers form the most professional group of bloggers. The companies' interests have risen towards blog marketing, which is considered to be viral, in other words easily and most likely widely spread over the Web.

In 2011 83 percent of the bloggers told that companies had contacted them for marketing or PR purposes and 43 percent of a group of bloggers declared to earn on their blog by having free samples from companies, event invitations, marketing material or the blog is located on a commercial blog platform. The attitude towards company references has grown significantly as in 2010 33 percent considered contacting as a positive matter but the ratio had grown up to 79 percent in 2011. (Manifesto 2011, 8 - 11.)

However blog can be more harmful than good for a brand if a company does not manage to provide in-depth point of view or cannot commit a decent time or budget. In order to build an audience the posts must be frequent, which can require a lot of time. (Blyth 2011, 93.) Generally luxury fashion brands themselves do not keep blogs, at least not on their websites. Blogging is, however, seen as approachable way of delivering rich fashion content.

Advertising or promotion online simply refers to advertisement that appears in the Internet. Marketers spend \$26 billion on online advertising in US in 2010. (Frost & Strauss 2012, 27.) According to Kotler & Armstrong (2012, 538) most online advertising includes display ads and search-related ads.

According to Laudon & Traver (2008, 387) one feature of e-marketing is viral marketing, a certain kind of online "word-of-mouth" process of consumers passing a company's marketing message to their circle of friends, faster than in offline world. Kotler & Armstrong (2012, 539) continue that in viral marketing a website, video, e-mail adver-

tisement or other marketing activity catches attention so that people want to pass it along. Scott (2010, 94) adds that many viral phenomena start innocently as a creator invents something, for example a humorous video to pass it along to his/her friends and the idea spreads over the Web.

This form of online marketing can be very inexpensive and are more likely to be read because recommendation comes from someone familiar. However, on the other side marketers can little affect where the message ends up (Kotler & Armstrong 2012, 539.) According to Scott (2010, 94) many companies attempt to invent viral campaigns, but the vast majority fails. Viral campaigns started by individuals can also set a company either in a positive or negative light.

E-mail marketing is a rapidly growing online marketing tool and provides the greatest return on investment of all direct marketing media. 79 percent of all direct marketing campaigns employ e-mail, which can be seen in budgeting as companies in the US are spending \$600 million on e-mail marketing annually. The spending is expected to grow to \$2 billion by 2014. Although e-mail marketing is an important marketing tool for companies it also generates spam, which refers to unwanted commercial e-mail messages and accounts up to 90 percent of all e-mail sent. (Kotler & Armstrong 2012, 541-542.)

As mentioned in Chapter 2.3 luxury brands successfully take advantage of customer data collection that is used for direct marketing purposes. According to Okonkwo (2007, 207) many luxury and premium brands enable subscribing, which enables highly targeted e-mail marketing. By subscribing a customer gets a newsletter that can include promotions or other marketing material.

3.4 Luxury Fashion Brands E-retail

It is essential to take a look to luxury brands e-retail business and understand what kind of online strategies the companies might have. There has been a change of thoughts of e-commerce between luxury brands. According to Bain & Company (in Clifford 2010) although the worldwide luxury-goods industry sales fell eight percent to under \$230

billion, the luxury brands online sales were forecasted to grow 20 percent. This has led the luxury brands to move towards online market.

According to Jeffrey (in Clifford 2010) the recession has made the brands explore more alternatives to obtain revenues. Profits can be higher when the items are purchased straight from the website, rather than when the middleman takes a cut of the sales revenue. The control of pricing and styling is in the hands of the brand, as many luxury brands avoid online discount pricing. (Clifford 2010.)

According to PM Digital (2010, 5) online sales of the luxury brands can be divided into two groups: brands that have online stores and those that don't have. Those that do not have online stores, such as Chanel and Versace, have navigation to the nearest store or the brands have outsourced their online sales to online retailers. According to Okonkwo (2007, 201) the majority of global luxury brands use online strategy, in which sole corporate and product information is provided via the website. E-commerce consultant Meerson (2011) argues that even a beautiful cross-channel web experience is not enough, the modern consumer feel frustrated if he/she does not get the item straight but is just asked to find the nearest store.

According to Okonkwo (2007, 195) many brands collaborate with web-based retailers, such as Yoox.com and Net-A-Porter.com. For example high fashion brand Armani has its own web store on its website, and has as well outsourced some of its collections to different online fashion retailers, such as Yoox Group. Yoox is a global online retailing company for fashion & design brands, established in 2000. The group operates globally on three continents and delivers to more than 100 countries. (Yoox Group 2011.)

Formerly LVMH's Eluxury.com was one of the most recognized e-retail companies that sold online brands like Louis Vuitton, Marc Jacobs and Christian Dior. It was founded in 2000 but shut down in 2009. (Pinson 2009.) In 2011, some years after the closing of eluxury.com LVMH's Louis Vuitton has integrated web stores to its website in certain target countries in Europe, such as in UK, France, Spain, and Germany.

Otherwise the sales are conducted from the brand's physical stores. (LVMH 2012.) However, Dior, a brand of LVMH, remains without an online store (Dior 2012).

Hermès Group has also extensive online store presence, covering all the major Western European countries (Hermes 2012). According to Meerson (2011) Hermès acquires over 10 percent of its revenue from online sales. He assumes that PPR/Gucci Group derive even more revenue from online sales.

3.5 Theory Overview

In conclusion, a luxury fashion brand is a slightly expensive and internationally well-known desirable object that delivers quality and exclusivity and in which emotional relationship can be created. Although there can be many categorizing models for luxury brands, one characteristic remains the same: prestige brands present the highest form of craftsmanship and product quality. Premium fashion brands can also be categorized into more specific groups. Generally these high-end brands are more targeted to the mass market.

Today's luxury consumer cannot be clearly segmented as the new consumer is powerful and satisfies demands with high expectations. The customer background can vary between all income levels.

Most of the luxury companies are relatively small, but can have strong brand awareness among consumers. In addition, the most valuable luxury brands are also some of the most dominant global brands in the world. The most successful brands are mainly European but also the US brings competitive brands to the fashion business.

The definitions of e-business and e-commerce can vary, whereas the definition of e-marketing seems to be more homogeneous. Chaffey defines e-business and e-commerce in a more widely manner than Laudon & Travel who argue for the importance to separate these two distinct terms.

A luxury brand's communications and marketing mix consists of diverse mediates, where the target is to create brand awareness and build customer relationships. The traditional marketing and communication mix do not apply to luxury goods marketing. In addition, modern marketing and PR activities have to be taken into account. However, online marketing should be combined with traditional marketing to achieve the marketing objectives in most efficient way. Convenience is the most crucial advantage of online shopping when ubiquity generates saving of time. The major weakness of online shopping from luxury point of view is the loss of brand experience.

Online marketing presence requires many steps, among which the company or brand website is the most important. Convenience aspect should be fulfilled also on the website with functionality and usability. Brands have also actively established a presence on online social networks, where Facebook is the most utilized channel.

The world economy and promising forecasts of e-retail have made luxury brands move towards online business. A majority of the luxury fashion brands fail to respond to the needs of modern luxury consumers and maintain the online strategy for solely providing information. However, the trend is towards innovative and interactive e-commerce and increasing in e-retailing.

4 Findings

This chapter presents the qualitative research of the thesis, as well as methodology. The interviewees were selected due to their expertise and hypotheses of the ability to enrich the primary data of the thesis. In addition, other relevant data, such as company websites were used on data collection.

4.1 Methodology

According to Hollensen (2003, 735) two major sources of information apply: primary data and secondary data. Primary data is collected first-hand and is tailored for specific research questions. Secondary data is information that has been collected for other purposes and already exists. Both sources of information are used in this thesis.

Generally, data can be collected either qualitative or quantitative research. Qualitative business research is applied to discover in-depth and detailed description of a phenomenon, without depending on numerical measurements. (Babin, Carr, Griffin & Zikmund 2010, 133-134.) The purpose of qualitative research is to give a holistic view of the research problem (Hollensen 2003, 740).

According to Babin et al. (2010, 133-134) quantitative research method addresses research objectives through assessments that involve numerical measurement techniques and analysis. Qualitative method is more research-dependent where the researcher interprets the data to extract its meaning. On the contrary quantitative method usually involves larger-scale data reaching many people.

The selected research method for the thesis is qualitative. First relevant theory, which is a set of explanatory concepts, was researched from literature to obtain an understanding of the subject and to be able to answer to the research problem and its sub questions. (Collis & Hussey 2003, 55-56.)

Secondly, The empirical data was collected with a careful data collection process to ensure the reliability and validity of the research. According to Collis & Hussey (2003, 58-59) findings are reliable if someone repeated the research, the same results would be obtained. Findings are valid if they represent the phenomena what is claimed to be under research. To ensure these factors the interviews were recorded and transcribed, also instructed information was given about timing and data collection method.

A case study is an encompassing examination of a single instance of a phenomenon of interest (Collis & Hussey 2003, 58). According to Babin et al. (2010, 140) a case study simply refers to documented history or a particular person, organization, group or event. This thesis is a case study for a company with an interest of finding how it could enhance the level of certain narrow business industry's online marketing.

According to Collis & Hussey (2003, 167) an interview is a data collection method, in which selected participants are asked formed questions of their thoughts or feelings of certain area of expertise. Furthermore Blaxter, Hughes & Tight (2002, 172) adds that in a personal interview communication takes place through face-to-face interaction, in which the aim is to obtain information about a topic in question. In addition interview may take place at a distance by email or by phone. Hollensen (2003, 749) remarks that personal interview is a flexible way to collect data. Using a qualitative research method a large amount of data was collected, from which the most relevant and essential data was carefully selected.

All asked interviewees, except an online luxury fashion retailer, Yoox kindly participated to the thesis. Therefore retail point of view was left outside of the thesis. The primary data was collected mainly in the **semi-structured theme interviews**, which were grouped according to the research theme in question. Semi-structured interviews allow the researcher form the questions and to make additional questions to gain deeper knowledge of the topic. The questions were open-ended, which enables the interviewee give a personal response in his or hers own words. (Collis & Hussey 2003, 168; 179.)

The set of questions were formatted beforehand but were not necessarily conducted in the re-set order. The face-to-face interviews and a phone interview were tape recorded with the approval and knowledge of the interviewees. The main interview with Antti Vassinen took approximately an hour. The interviews with Kiosked's top management and Kati Toivainen took about 30 minutes each. The interviews were transcribed only after the interviews in order to enhance the data collection process. In addition, the working position of Sales and Marketing Assistant at Kiosked provided the author insight information and knowledge of the company and the sales and marketing platform.

Interviews were conducted in a following fashion. First, Antti Vassinen, marketing researcher at Aalto University of Economics was interviewed to attain scientific expertise of the luxury fashion business and online marketing (Attachment 1). Second, the top management of Kiosked, Lars-Michael Paqvalén (Attachment 2) and Antti Pasila (Attachment 3) were interviewed to learn about the company, online sales and marketing platform and how it could be utilized in companies' online marketing. Also the relationship with luxury fashion brands was one of the topics of the interview. The interviews were conducted in a face-to-face fashion.

Thirdly, Kiosked's existing partners, Lily.fi and Maxppp, were asked to give feedback about Kiosked's service and information about their relationship to luxury fashion industry as both companies representatives work relate by some means with fashion. Questionnaires were sent to both companies by e-mail. Christophe Mansier (Attachment 4) of Maxppp replied by e-mail. Kati Toivainen (Attachment 5) of Lily.fi preferred to conduct the interview later on by phone.

4.2 Privileged Luxury Fashion

A face-to-face interview was conducted with Antti Vassinen, Marketing Performance Researcher at Aalto University School of Economics. Vassinen's contribution gave very valuable material for the research; an insight glance to luxury fashion and brands online marketing practises. Through his expertise in fashion, design and marketing management, the following topics were discussed: the definition of luxury fashion

brands and their online marketing practises, geographical differences in marketing, the advantages and disadvantages of online marketing and the potentiality of Kiosked's online platform service.

According to Vassinen (16 Feb 2012) geographical differences within a brand depend on the chosen strategy and objectives. In Europe the style is characteristically classical, elegant with workmanship, whereas in the US brands more often provide fashion with more modern touch. Common factors for the luxury segment are reasonable wealthy and interest about fashion. Luxury fashion can be divided into two groups:

1. Ready-to-wear lines, including street fashion and high-end fashion
2. Haute couture

Vassinen (16 Feb 2012) points out that haute couture is not available for the public and sale is very limited. However, haute couture work as an essential work tool for the brands, from which they get the feeling for the ready-to-wear collection lines. Many fashion brands have their higher-end brands that form an interesting line. An example of this kind of a line is Ralph Lauren's Purple Label.

The second case study was conducted by face-to-face interviews with the top management: the Chief Executive Officer (CEO) Lars-Michael Paqvalén and Chief Operative Officer (COO) Antti Pasila of the case company, Kiosked. The objective was to acquire more in-depth information and data about the company and its online sales and marketing platform service. Also the company's interest to cooperate with luxury fashion was under research.

Paqvalén (11 Jan 2012) perceives a luxury brand something that one desires and gives an example of tailor luxury brand Hermès. The luxuriousness of the brand depends on whether the brand is targeted to high-end or low-end consumers. Pasila (20 Feb 2012) would define luxury brands to be characterised by high quality in every process and material used, which also reflects to marketing and communication.

Christophe Mansier (9 Feb 2012) Deputy Director of Maxppp that is a collaborative company of Kiosked, defines luxury brand: "A luxury brand defines a value, a universe, a way of living." The use of luxury fashion brands can communicate social signs of success and money as they present high quality, price and style.

According to Vassinen (16 Feb 2012) luxury fashion brands are typically:

- Physically and mentally distant
- Exclusive and high priced
- Desirable

Vassinen (16 Feb 2012) exposes the mystics of the luxury brands: "The fact that luxury fashion has a limited access, both mentally and physically, enhances the brand experience for those who have taken the step inside the luxury world". Therefore luxury fashion is not for everyone and one needs to know more than to buy something expensive from a department store. He gives a personal experience of the mystics as when he visited clothing and jewellery brand Marni's store in Milan, which was located in an alley and hard to find. This location difficultness is done on purpose to not attract masses that are not the desired target group of the brand.

The exclusivity of the brand can vary geographically and be exclusive in some part of the world and well known in other parts. Vassinen thinks that the harder the brand makes the purchase, the more rewarding the purchasing is and this adds value to the product, especially in high-end products. "This forms an interesting paradox but when a consumer purchases a Louis Vuitton wallet made 90 per cent out of plastic, she/he do not make the purchase decision based on the qualities of the product but to be a part of the brand experience". (Vassinen, A. 16 Feb 2012.)

The important factor is the sacrifice the customer has to make, not just monetary but physical and mental. For example, the luxury brand Hermès has physical stores that normally are located maximum of one per country. One needs to take a mental step

when accessing the stores, as their presence is often slightly difficult to approach. (Vassinen, A. 16 Feb 2012.)

According to Vassinen (16 Feb 2012) normal marketing strategy for luxury fashion brands is to attract wider masses from up-scale marketing to lower-scale marketing. Vassinen highlights the success story of high street fashion brand Diesel that has exceptionally built the brand from mass marketing to more high-end brand focus. More restricted brands may have problems keeping the exclusive aura whereas Diesel has created the brand through more experimental ways. This has lead also other brands to attain similar branding strategy; examples include Energie and MissSixty, which are both part of SIXTY group (SIXTY 2012).

Kiosked doesn't have direct collaboration with luxury brands, indirectly it has. The company has cooperation with Italian online retailer Yoox that sells luxury fashion brands but isn't itself a luxury fashion brand. "The luxury fashion brands usually have very desirable image as well, which strengthens Kiosked's image.". (Paqvalén, M. 11 Jan 2012) According to Pasila (20 Feb 2012) the ideal brands for collaboration would be premium and entry-level luxury fashion brands that produce volume products with good quality like Ralph Lauren's Polo Sport or Armani Exchange. The price range would be ideally around \$100.

According to Paqvalén (11 Jan 2012) it is important for Kiosked to focus on high-end brands such as OnePiece to have showcase brands to attract more high-end brands to collaborate with Kiosked. The company is concentrating on this by forming an effective sales team of experienced sales people. Collaboration with a clothing brand One-Piece is expected to attract many other fashion brands to try Kiosked's service. Luxury brands are seen as a good co-branding strategy as it is difficult to build own brand from scratch.

4.3 Online Luxury Fashion

Traditional European luxury fashion brands have moved slowly towards online business, Vassinen (16 Feb 2012) mentioned Dior, who just recently opened own websites,

as an example. Geographical differences are prominent in brand creation; for example, the Italian fashion brand Prada is given a different status in Italy than in Russia. The online presence can be fairly challenging: how to manage online presence internationally. Online presence can however be done by each country individually.

Many companies have limited online presence, as according to Pasila (20 Feb 2012) “The higher the level of luxury, the less the products are sold online.” He gives an example of Montblanc, which is a brand known for its sophisticated writing instruments. According to him Montblanc does not sell anything online to reject possible piracy.

More over luxury fashion brands have put an effort to individual marketing campaigns that are submitted through every kind of media channels. Not many brands have utilized multimedia attributes that could provide more rich online marketing content for the consumers. Again Vassinen mentions street fashion brand Diesel as a vivacious example that has provided all kinds of innovative material with interactive content since the 90’s, CD-ROMs for example. Diesel forms, however, more an exception than a rule. (Vassinen, A. 16 Feb 2012.)

Luxury fashion brands use various media in online marketing, where the brand’s website is fundamentally the most important. The second most important medium is blog marketing, which enables real-time follow-up of the latest trends and discussion with multimedia features. This marketing depends of the target group, whether it is those who follow runway fashion or for professional marketing for buyers. Blog marketing can be done efficiently and create hype around the brand. Even single spectacular shows can have enormous publicity through a blog post and raise interest among professionals or re-position the brand. (Vassinen, A. 16 Feb 2012.)

Kati Toivainen (10 Feb 2012) Managerial Editor of Finnish blog platform Lily.fi, commented on the online role of advertisers in social media, which today is utilizing social media for communication, attaining awareness on blogs or keeping a company blog. She states that because people are on the Web, companies wish to include advertising on the sites. Usually advertising happens via banner ads or blog posts, either

keeping a company blog or cooperation with an individual blogger or group of bloggers.

Luxury brands tend to collaborate with bloggers by inviting them to different kinds of events organized by the brands. Contacting usually is straight-forwarded to individual bloggers, not through Lily.fi. Toivainen gives an example where two Lily.fi bloggers were recently asked to participate in LG and Prada mobile phone launch in Stockholm. She believes that the main reason advertisers contact bloggers is to attain brand awareness. (Toivainen, K. 10 Feb 2012.) The launch was posted several times on the bloggers sites (Lily.fi 2012).

Other marketing medium is online stores. Vassinen mentions Net-A-Porter, which provides an outstanding newsletter twice a week. The content is well deliberated and visually representative. The online retail store uses planned collaborations with celebrities and brands. The more extended network the brand is able to form on the Web through individual elements that appeal to the public discussion over the Web, the better the coverage is and possibility to attract more customers and attain brand awareness. (Vassinen, A. 16 Feb 2012.)

Traditional publishers like magazines form more structured and editorial content than blogs do. Vassinen questions the future of fashion magazines as the ground for discussion has moved into more real-time blogs. The fashion magazines still, however, do the legitimating of trends professionally. A product or a brand has all the prerequisites to succeed if it is highlighted in the editorial discussion. (Vassinen, A. 16 Feb 2012.)

The main disadvantage of online retail side is the **lack of the brand experience**. The Internet technology of today cannot provide enough sophisticated ways of the brand experience delivery and some luxury fashion brands may even try to deliver that experience over the Web. Online presence enables the brand to make sales but not build the brand, as operative tools are limited into graphic design and pricing. Therefore the customer relationship is too light. (Vassinen, A. 16 Feb 2012.)

Clearly, one critic for luxury fashion purchase on the Web is the loss of the brand experience. Paqvalén (11 Jan 2012) counter argues the critic by stressing about the growing time consumption over the Internet. If the advertisers' content does not provide the consumer what she/he is looking for, the consumers will quickly pick up the competitor's product or service. He predicts that the online stores are a dying industry as that kind of sales platform will not be sufficient in the future.

Pasila (20 Feb 2012) continues by saying that in the Web, service can also be dividing factor between brands. Much can be done to build an effectual brand experience with customer service, graphical design, for example in newsletters and notices, delivery times, return fees and technical functionality. However, online service still lacks experiences of human senses and personal customer service.

The Advantages of online marketing Vassinen (16 Feb 2012) cites **convenience** for the customer point of view. Comparison between brands is easy in one's own time. In practise, however, fitting is impossible before the delivery and availability is limited even in online stores. Therefore the comparison level is vague.

4.4 In-Content Advertising as the New Phenomenon

According to Paqvalén (11 Jan 2012) Kiosked offers a service for business-to-business (B2B) and business-to-consumers (B2C) customers. The online sales and marketing platform is designed to help the brands and publishers to find the consumers that are online. Through partners and collaboration with the partner company Web Of Trust (WOT), Kiosked spreads its network and builds its own brand. Today Kiosked's focus lay on B2B partnerships but the future focus will be in B2C, after the ecosystem is build through B2B network.

According to Paqvalén (11 Jan 2012) Kiosked's products and services are primarily marketed to:

- Advertisers and brands
- Online stores and platforms

- Publishers

Paqvalén (11 Jan 2012) defines the advertisers usually as a local group of actors and brands as global agents. For every main market group the idea is to provide a free platform to use, which enables more visibility to their products and services, adds to the sales surface and generates impulses and lead to the sales. For service providers Kiosk offers enrichment of content. In addition Pasila (20 Feb 2012) specifies that the target groups are large and middle-sized publishers, advertisers, e-tailers and brands.

According to Paqvalén, (11 Jan 2012) “The target market segment is brands –more precisely fashion brands, because the sales revenues and the impulses are the highest when talking about on desire- marketing.” Pasila (20 Jan 2012) considers luxury brands an important target group for Kiosk as from them a lot of content is produced and conversions are high.

According to Pasila (20 Feb 2012) For brands Kiosk offers **user-generated content monetizing**, which means people taking pictures of themselves with luxury brands products. When people tell what they have bought, that can be turned into a sales channel. This form of advertising generates income also for the provider of the micro content, for example a blogger. However, luxury brands could hesitate that the users that take their products would not meet their ideal profile and therefore would be associated with wrong kind of publicity. The solution would be the control of the brands that can filter and delete unwished photos of the database.

Kiosk’s service is targeted to bloggers or blog marketing. The size of the market is large as over 200 million blogs have been created, which most of them are small- size lifestyle and fashion blogs. The market is ideal for Kiosk as it provides the tools and the blogger does the job him/herself. Kiosk enables the users to share content on social media. For example “wish-list” is an upcoming application for Facebook, in which monetizing will be possible according to how many people will buy through one’s content. Facebook is an ideal channel for Kiosk as the platform is easy for applications. (Pasila, A. 20 Feb 2012.)

Pasila (20 Feb 2012) tells that the impulse chain today is almost always via search engine program. The brand itself loses online traffic because also other brands are advertised, piracy thrives and price criticality rises every moment from the impulse. With Kiosked's service the brands are able to get into the impulse moment, and protect against other brands as well, when the journey of the impulse moment is shortened. Also offline stores can benefit from Kiosked's service, because the store information can be implemented into the in-content advertisement.

According to Pasila (20 Feb 2012) today the monetizing of blog sites is based on signing up for a banner ad network without any control of the content of the ads. Therefore if, for example Burberry's product is mentioned on the blog but Burberry does not have a campaign at the moment, the advertising does not meet the demand and impulse of that moment.

4.4.1 Kiosked's Sales and Marketing Platform in Practise

The aim of the thesis was to answer the research problem and its sub-question: "How have Kiosked's partners experienced the online sales and marketing platform?" Kiosked's service is targeted for blog marketing; therefore the objectives of the case study were to collect empirical data of blog marketing and the functionality of the platform in practise.

Two case companies from Kiosked's partners were selected to represent their experience of the online sales and marketing platform. Both companies are related to luxury fashion by the content they provide online. Interview with Cristophe Mansier, Deputy Director of Maxppp, was conducted by e-mail. The interview questions were sent beforehand to Kati Toivainen, Managing Editor of Lily.fi, but the interview itself was done by phone.

Lily.fi was established in 2011 and is published by A-lehdet, which is one of the largest magazine publishers in Finland. Lily.fi is a Finnish online magazine based on social media concept that unites blogging, sharing and editing journalistic content. (Exove

2012.) Users are free to establish their own column and start blogging or Lily.fi can be consumed as a magazine without participating on online content creation. Lily.fi has a little less than 3000 registered columns. The company also has 16 “regular bloggers” that are paid for their blogging. (Toivainen, K. 10 Feb 2012.)

Maxppp is a French press agency founded in 1991. The company has 30 employees and produces mainly news photos but also digital images of art photography, collections and illustrations. (Maxppp 2012.) Maxppp owns a news website called People-looks.com, on which the content is dedicated to famous people and fashion in a blog form (Mansier, C. 9 Feb 2012). Both companies have contextual connection with luxury fashion as the brands are frequently brought up by bloggers in Lily.fi and by the editors in People-looks. Of these two companies Maxppp has contently more straight relationship with luxury brands.

When the idea behind Kiosked’s online sales and marketing platform was introduced to Vassinen, he admitted the potentiality of the service. He was interested in concept of content integration. He opined that from luxury brand point of view it would be more interesting to the brands to get the consumers to connect with the brand and deepen the brand image. The question would be how and what kind of service Kiosked could offer to the brands. “The essential necessity would be more in creation of the brand awareness that channel the future purchases and return the control of the people’s interpretations of the brand”. (Vassinen, A. 16 Feb 2012.)

Mansier (9 Feb 2012) sees Kiosked’s online sales and marketing platform as an innovative part of people-looks website that suits Maxppp’s market in its interactive and visual form. Through collaboration people-looks can offer a new user experience and vice versa offer qualitative visibility for Kiosked. Toivainen (10 Feb 2012) believes that the service of Kiosked is a medium that Lily.fi can offer value for those users that are interested in the service and to their readers. However, the user activity with Kiosked’s online sales and marketing platform has been low. She says that the user functionality might be too complex in practise that might have caused bloggers uninvolved themselves with the service.

Paqvalén refers to Roger McNamee (in TED 2011) when he considers future trends of e-commerce. According to McNamee e-commerce will include in-content advertising, where the consumer does not have to find the retailer or the brand but they have to find the consumer in order to survive. Paqvalén (11 Jan 2012) predicts that search engine marketing and the search engine company Google's market share is falling slowly and people can leave out the "googling" and use, for example, Kiosked's service for comparing product information.

4.5 Empirical Data Overview

Overall the empirical data consists of five interviews, most of which were conducted in a face-to-face fashion. In conclusion, luxury fashion is seen as something desirable, purposefully a little bit hard to reach and expensive. During the interviews it was essentially important to define the luxury fashion and the resulting definitions were somewhat similar.

Traditionally the luxury fashion brands have moved slowly towards online activity. A few companies, Diesel as a vicious example, has been innovative for over a decade and provided interactive marketing material. However, people are online and the companies are following the crowd. The most important online marketing media for luxury fashion brands are websites, blogs and online retail shops. Of these the company or brand website is the most essential one, where at least company information is provided to the viewers. Blog marketing is the second most important medium that enables real-time discussion and hype creation. The third most important medium is online stores, which can also be part of an extended network to create brand awareness.

The main advantage of online shopping is convenience from the customer's point of view. However, this benefit can be left vague mainly because fitting of the items is impossible before the delivery. The main disadvantage of online shopping is the loss of brand experience. These findings agree with the existing theory as described in Chapter 3.3. An online presence enables achieving marketing objectives, such as sales, but is not suited for brand building, as operative tools are limited. The consumption over the

Web is constantly increasing; many luxury brands still make the strategic choice to solely provide information over the Web. However, companies can differentiate also in the Internet by the service quality factors, such as graphical design and e-mail marketing.

Kiosked offers a user-generated content monetizing service that is targeted to blog marketers. The size of the blog market is large; most of the blogs are small fashion and lifestyle blogs kept by individual bloggers. However, for luxury brands this kind of service where users advertise the products can be difficult to control and easily lead to unwanted publicity.

In practise the service has been received as innovative and new user experience providing service. However, the user activity has been low although Kiosked has formed B2B blog marketing visibility with commercial blog platforms. Overall the service is seen more as a potential brand awareness value increase than a direct sales activity, from the luxury brand point of view. The participants provided rich data and the results are discussed in detail in Chapter 5.

5 Conclusions and Discussion

The purpose of this chapter is to conduct an analysis of the results of the empirical studies and combine the findings with a theoretical perspective. The results are analysed in light of both reliability and validity. Possible weaknesses and limitations of the thesis are also discussed. The chapter ends with conclusions including future research propositions and an assessment of what the author have learnt thorough the thesis writing process.

The aim of the thesis was to provide information for the case company Kiosked Ltd and how it could enhance the online marketing of luxury fashion brands. To answer this question and the sub-questions it raised, primary and secondary data were gathered from reliable and relevant sources. Relevant sources included for example academic books of the field of the study and interviews with persons related to the research question.

The chosen research method was qualitative. The empirical data was gathered through case studies. The case studies were grouped into three sections according to the interviewees' profession and speciality. The results were conducted by using different interview methods, mostly done in a face-to-face fashion.

5.1 Reliability and Validity

As stated in Chapter 4.1 the quality of academic research, especially when using a qualitative approach, is often evaluated in terms of reliability and validity. The reliability refers to the degree of reproducibility of the research. In this research an overall practise of a systematic data collection process has been applied. In practice, the interviews have been recorded and transcribed or if e-mail was used, the correspondence has been stored.

The interview questions of each interview are also attached to the research to ensure the reliability. However, the set-interviews do not present the interview structure whol-

ly, as many additional questions were formed during the interview. The empirical data was collected in Finnish, except the Maxppp's questions, which were conducted and received in English. The author translated the interviews. In addition it is worth to note that no professional translators were used.

The validity of the research refers to how accurately the researcher presents the findings. However, the validity in qualitative research is problematic due to researchers own interpretation to the data and its analysis. In this research the author has tried her best to present the findings in an objective manner. However in the analysis and conclusions sections the author also presents her own views regarding the researched topics.

This study would primarily be useful for the case company Kiosked Ltd, for who this study has been conducted. Another group for whom the study could be useful are students and other academic researchers, as well as for those who are generally interested in topics of luxury fashion brands and online marketing. The author found sufficient material for the research from literature, although luxury industry is not unambiguously researched in theory.

One of the possible weaknesses of the research is the division between the primary data. The empirical data could have been grouped differently, according to topic for instance. However the author decided to divide the data according to the speciality of the interviewees for clarity, as they present different focus groups. The first case study with the interview with Vassinen presents a rather one-way data presentation as no other fashion or design specialist was interviewed. This would have supported grouping the interviews according to the topic.

Another weakness of the thesis is the questions that varied depending on the interviewees' field of expertise. The interviewees also represent variable focus groups but all the interviewees are related strongly to online marketing and somehow to luxury fashion. This supports the intention of the research, namely that of combining luxury fashion brands and e-commerce activity.

5.2 Analysis of Empirical Results

First the research problem: “How could Kiosked enhance luxury and premium fashion brands online marketing?” is discussed. To answer this rather complex question, it is essential to emphasise that Kiosked is not a luxury brand. It is an information technology company that provides a sales and marketing platform that enables in-content advertising. The question is how could luxury and premium fashion brands utilize this kind of a service in their online marketing.

According to the findings luxury fashion brands are a desired target group for Kiosked in the sense that much content is produced of the brands, conversions and their brand image is essentially high, which would strength Kiosked’s brand as well. However, the luxury brands itself are not the best possible target group as their margins are relatively small and the items are bought by a narrow target group, as stated in Chapter 4.2. Kiosked’s targeted brands produce more volume products. Luxury brands are marketed as a work piece of craftsmanship and exclusivity; therefore the ideal brands are premium brands, which are so-called high-end brands.

The online sales and marketing platform may not be a suitable for luxury brands that guard its image cautiously. Especially from user-generated marketing point of view where the brands resources would simply not be necessarily enough to audit for what kind of Web pages the in-content advertisement would end up. However brands that advertise more experimentally could be interested in this kind of service.

Luxury and premium brands could, however, implement Kiosked’s service on their websites or in targeted sites, such as representative fashion and lifestyle blogs. Not necessarily in form of simply sales but also in terms of marketing. Kiosked could offer “kiosks” that provide information for the users which would increase the luxury and premium fashion brands brand awareness. This could be a tool for building customer relationships, which in turn can lead to the purchase decision later on.

As it was critical for the study to define what a luxury fashion brand is an emphasis in the interview was on carefully analysing the subject in question. The interviewees were asked openly to define a luxury brand. Almost all interviewees referred to luxury brand Hermès, which confirms that it would be an elite or top-level luxury brand. This confirms that some brands can achieve something that can be defined as a luxury brand.

The brand experience is the most essential factor for the consumer. The purchase decision is not based on the qualities of the product; moreover the consumer actually wants to be a part of the process where hedonistic pleasures and desires are satisfied with beautiful objects. It is, however essential to define what is considered a luxury.

Luxury fashion goods can be divided into many levels by the target market segment. Consumption of luxury goods is more like a lifestyle, which is usually characterized by wealth and communicating of one's social status. Not only monetary sacrifice must be made to purchase the items but also a mental step to the world of luxury must be taken. The world of luxury items is mentally and physically distant on purpose to create a strong and desirable brand with adequate sophisticated distance. The findings of the definition of luxury are in line with this definition.

As mentioned in Chapter 4.2 many luxury brands have a marketing strategy that creates desires to the elite, which are carefully marketed through haute couture shows. Then the brands are marketed to the masses with ready-to-wear lines. The concept creation can vary between geographical locations and the perceptions of the brand, however mysteriousness is a strong part creation of an elite image for a luxury brand. The brand experience is especially strong for the consumers of luxury products. Through this strong brand image the brands licences or sub-contracts the sale many items, such as apparel and fragrances that can be cheaper but from which the consumer still get his/her luxury experience.

The findings revealed that traditional publishers in luxury fashion business still legitimise the trends. Magazines form a more professional and structured content ground for discussion than online media such as blogs. Traditionally magazines are considered

as an extensive network of demographical coverage with style. However the question still remains whether Kiosked can bring the marketing into electronic magazines or other online content in the future.

From the consumers point of view convenience is the key term when discussing the possible advantages of online shopping. This can however leave the customer relationship vague when no physical non-personal service is been provided. Generally the consumer is left without an ultimate brand experience. However some brands try to emulate the customer physical experience as much as possible, for example Burberry who provides individual customer service online.

As discussed in Chapter 4.3 the most essential step in the Web presence of luxury brands is the corporate or brand website, as for every company. Other important medium that the brands use for broadcasting interactive content, such as videos and fashion pictures, are blogs. These two groups form the most important media when discussing online marketing. Web stores are also an important medium for the brands, especially in terms of sales.

According to the findings, the higher the level of luxuriousness, the less it is sold online (Chapter 4.3). There is a conflict with the interviewees' definition of luxury, as they perceive Hermès as high-level luxury brand although it has an online store of its own. The interviewees were not necessarily aware that Hermès has a quite extensive network of its own online stores all over Europe, as explained in Chapter 3.4. Also the existence of the brand's offline stores is more widely spread than what was discussed.

The idea of researching how Kiosked's partners experienced the online sales and marketing platform was to gain understanding about how the service is perceived in practice. The research of this field would have been more relevant if the questions would have been sent to luxury or premium fashion brands. Unfortunately at the time of writing, Kiosked did not have direct partnerships with brand on that level. Collaboration with premium brand OnePiece was about to start, but had not yet begun.

However, the findings of the empirical field revealed in Chapter 4.4.1, that both Lily.fi and Maxppp have perceived the service as innovative and motivate. The platform is seen, as something that enhances the business operations and suits the visual form of the sites. In blogs the platform is seen as a service that enables the readers to purchase the products in question by a click. The advantages of these findings are further validated by the fact that the study included electronic magazines in Finland and in France, which gave the research an international aspect as well as a national one.

The user activity of the platform among Lily.fi's bloggers has been relatively low. The concept of Kiosked is easy to understand abstractly but in practise the service should be more user-friendly and simple. Kiosked has not succeeded in creating hype among the bloggers, although the company has collaborated with some of the Finnish front-line bloggers. However, as found out in Chapter 4.3 companies and brands contact bloggers often and the perceptions are often positive. In addition, fashion brands provide bloggers often free samples, event invitations and other marketing material, this states that the fashion brands are interested in blog marketing at some level.

5.3 Conclusions

In conclusion, possibly premium fashion brands such as experimental Diesel or MissSixty would be interested in this kind of service in a sense of whole sales and marketing attributes. Luxury fashion brands could instead be interested in conducting a service for which distribution is limited and carefully selected, for example in selected fashion blogs that are representing the themes appropriate for the brands image. This would reduce the brands fear of user-generated advertising that would not correspond to its image.

For more luxurious brands the service could be implemented in more information-providing manner that could increase the brand awareness and build the customer relationship deeper. This increase in brand awareness could later on be exploited when the purchase decision actualizes.

Luxury brands have also awakened to meet the demands of modern consumers who do not necessarily have time to shop in their beautiful boutiques. Convenience and ubiquity are adjectives that describe the advantages of online shopping. Today many of the main luxury fashion brands provide appealing, easy-to-navigate and content rich online marketing material, especially on their online business card: their website.

As classified in Chapter 3.3, Burberry forms an example of a brand that responds to the need of online customers with a creative and interactive website. The Burberry brand's digitalization confirms that traditional fashion brands have followed consumers to the online world.

This proves that even traditional luxury brands have to re-invent their marketing strategies and provide cutting-edge marketing material to increase the brand awareness and differentiate from competitors. Clearly today the Web is seen as an important medium for promotion and marketing activities but also as an approach of staying innovative to keep up the youthful image that drives almost every fashion brand. Since some luxury brands utilize cutting-edge technology, Kiosked's platform would not be far away from "the next step" of monetizing the online marketing material of the brands.

One suggestion from the author would be that Kiosked would consult luxury fashion brands and invent a service to monetize the prestige fashion shows. In practise this would mean that clips of fashions shows would be "kiosked" and the runway shows would be linked to the web stores of the brand in question or its online retailers. To prevent unwanted consumer-generated advertising, in other words publicity in websites or blogs that do not meet the requisites of the brand, the videos could be published only on the brand's online marketing communications channels. Also the videos could be protected so that they cannot be spread virally as Kiosked has done with Maxppp's People-looks blog.

Although luxury brands may have limited target audience and the brands prefer to limit the access to the brand by selectivity and invite-only events, the trend is to more open communication. The conversions in luxury items are high and much editorial discus-

sion and other online content is produced of the brands. Kiosked should pay attention to entry-level luxury and premium fashion brands to build more show cases for other luxury brands as it has currently at the time of writing started with fashion brand One-Piece.

Future research propositions would include investigating the brand's e-retail development over the Web from luxury brands point of view. It will be interesting to follow the movement towards interactive communication. No complementary literature was found about luxury fashion brands blog marketing. The brands are, however, strongly present in blog marketing. The relationship between bloggers and luxury brands or luxury fashion brands blog marketing would also form an interesting case for future research.

For Kiosked future propositions would be to collect more "show-case" business-to-business collaborations. The company should also observe carefully which premium and luxury brands tend to try strong online commitment.

The author has been truly motivated thorough the whole research process. The subject has been exceptional and not much has been researched of luxury fashion brands e-commerce business. Moreover the technology of Kiosked is so cutting-edge and innovative, that only time will tell how successful the whole concept of this kind of service will prove.

I am grateful to Kiosked for providing me the opportunity to make this thesis and was glad that fashion was seen as a suitable topic, which enabled me to have a clear focus and proper scope for the research. I hope the reading of this thesis has as proved beneficial for the reader and even introduced some new concepts, as it has for the author. Whatever the future brings for me, I feel that this study will prove useful for my future career.

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Attachments

Attachment 1. Interview Questions Vassinen

Interviewee: Antti Vassinen, Marketing Performance Researcher at Aalto University

School of Economics

Form of interview: Face-to-face

Time and Place: 16th Feb 2012, Helsinki, Finland

Questions and responses translated from Finnish to English

1. How would you define luxury fashion?
2. How luxury fashion brands conduct their online marketing?
3. What are the advantages and disadvantages of online marketing?
4. What kinds of medias are used in luxury fashion brands online marketing?
5. How much luxury fashion brands spread marketing material over the Web?
6. In what level does online marketing material increase brand awareness?
7. How would you comment on the geographical luxury fashion brand differences between Europe, the US and Asia?
8. How are in luxury segment?
9. How would you describe the costs of offline stores compared to online presence?
10. How luxury brands limit the access to the brand?
11. How pricing affects on brand creation?
12. What would you comment on the line between street fashion and high-end fashion?
13. Do luxury fashion brands provide marketing material for retailers?

Attachment 2. Interview Questions Kiosked a

Interviewee: Lars-Michael Paqvalén, Chief Executive Officer of Kiosked

Form of interview: Face-to-face

Time and Place: 11th Jan 2012, Helsinki, Finland

Questions and responses translated from Finnish to English

1. What is Kiosked's target market segment? (Industry)
2. To whom Kiosked's products/services are primarily marketed?
3. How would you define Kiosked's products/services?
4. Who are Kiosked's customers? B2B, B2C?
5. What would you consider as a luxury brand?
6. Could you give an example of a luxury brand?
7. In your opinion, how does a luxury brand differ from non-luxury brand?
8. Does Kiosked have collaboration with (luxury) fashion brands and if yes, with which brands?
9. What are the forms of collaboration with fashion brands?
10. According to PM Digital (Digital marketing agency) most of the luxury brands, 81 percent support e-commerce, how could Kiosked enhance luxury brands e-marketing?
11. One critic for luxury fashion purchase on the Web is the loss of the brand experience. How would you counter argue this argument?
12. Does Kiosked want to indentify with luxury fashion brands? Why?

Attachment 3. Interview Questions Kiosked b

Interviewee: Antti Pasila, Chief Operative Officer of Kiosked

Form of interview: Face-to-face

Time and Place: 20th Feb 2012, Helsinki, Finland

Questions and responses translated from Finnish to English

1. What was Kiosked's turnover in the past year and what is the expected figure?
2. How would you define a luxury brand?
3. How would you define Kiosked's service?
4. To whom Kiosked's products/services are primarily marketed? (Why and target group)
5. Are luxury fashion brands an important target group? Why?
6. What could Kiosked offer for luxury fashion brands?
7. Possible flaws in Kiosked's platform for luxury brands point of view?
8. What advantages would in-content advertising provide for luxury fashion brands?
9. What would you say about blog marketing market? (Size and profitability)
10. Does an online marketing savvy company be somehow present in blogs?
11. How social media is contributed on Kiosked's service?
12. How much of these Kiosked contents, in other words images or videos, actually lead for sales?
13. One critic for luxury fashion purchase on the Web is the loss of the brand experience. How would you counter argue this argument?
14. Does Kiosked have collaboration with (luxury) fashion brands and if yes, with which brands?
15. Could you explain the revenue share model of Kiosked?

Attachment 4. Interview Questions Maxppp

Interviewee: Christophe Mansier, Deputy Director of Maxppp

Form of interview: E-mail

Time and Place: Questions sent on 30th Jan. Answers received on 9th Feb 2012

Questions sent and responses received in English

Maxppp - Bachelor's Thesis Questions

These questions are for the purpose of academic thesis work. The topic of my bachelor's thesis is "**High Luxury Fashion Brands E-commerce Marketing**". I'm graduating from Finnish HAAGA-HELIA University of Applied Sciences and I also work as Sales and Marketing Assistant for a Finnish IT-company Kiosked. The thesis is a case study for the company with the agenda:

"How could Kiosked improve luxury brands e-commerce marketing".

Maxppp has done business with Kiosked since fall 2011. I wish to research about the partnership experience and service's usability for Maxppp.

I appreciate a lot of your input to my thesis; Maxppp's response will make much value for the research. Thank you in advance! If you wish to answer anonymously, please leave your name from the response. The interview includes **10** questions and the lengths of the answers are not limited.

Name:

Position in the company:

Working years in the company:

General: online marketing/luxury brands

1. What is your business's relationship with luxury fashion brands?
2. How would you define a luxury brand?
3. Does Maxppp want to be identified with luxury fashion brands, if yes, why?
4. What kind of (online) marketing does Maxppp have?
5. If Maxppp does have online marketing, are blog marketing and social media are utilized and how?

Kiosked:

6. The collaboration between Maxppp and Kiosked started in October 2011. What are the advantages and disadvantages of the collaboration (what has worked, what has not etc.)?
7. Is Kiosked's online sales platform enhancing to your business?
8. Does Kiosked bring Maxppp enough technical support for the process?
9. Has Maxppp got feedback about kiosks from its users, if yes, what kind of?
10. Free feedback (improvement ideas):

Attachment 5. Interview Questions Lily.fi

Interviewee: Kati Toivainen, Managing Editor of Lily.fi

Form of interview: Questions send by e-mail, interview conducted by phone

Time and Place: Questions sent 1st of Feb 2012 by e-mail. Phone interview was conducted 10th Feb 2012, Helsinki, Finland.

Questions and responses translated from Finnish to English

Lily.fi / A-lehdet
Bachelor's Thesis Questions

These questions are for the purpose of academic thesis work. The topic of my bachelor's thesis is "**High Luxury Fashion Brands E-commerce Marketing**". I'm graduating from Finnish HAAGA-HELIA University of Applied Sciences and I also work as Sales and Marketing Assistant for a Finnish IT-company Kiosked. The thesis is a case study for the company with the agenda:

"How could Kiosked improve luxury brands e-commerce marketing".

Lily.fi has done business with Kiosked since fall 2011. I wish to research about the partnership experience and Kiosked's service's usability for Lily.fi from blog portal point of view. I appreciate a lot of your input to my thesis; Lily.fi's responses will make much value for the research. The answers might also be utilized in Kiosked's internal development. Thank you in advance! If you wish to answer anonymously, please leave your name from the response. The interview includes **9** questions and the lengths of the answers are not limited. Kind regards, Susanna Nuutinen

Name:

Position in the company:

Working years in the company:

1. How many paid bloggers Lily.fi has and how large part they form of all registered bloggers?
2. How Lily.fi markets its blog portal?
3. How blog marketing and social media is seen in marketing activities?
4. What kind of relationship exists between Lily.fi and luxury fashion brands?
5. Do luxury fashion brands contact bloggers, for example in case of providing marketing material or event invitation activity?
6. What kind of advantages / disadvantages Kiosked's sales and marketing platform has brought?
7. Does Kiosked bring Lily.fi enough technical support for the process?
8. Has Lily.fi conducted any survey or asked feedback from users that have tried the service? If yes, what kind of?
9. Free feedback: