



Department of Management

Chair of Digital Marketing

**From E-commerce to Social commerce,
a study about digital customer engagement:
the Burberry case**

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ABSTRACT

When few years ago in London Natalie Massenet started the online business of luxury and fashion products on Net-a-Porter, in few thought that she has had a great idea. The great contradiction, that many people saw, was to use the online commerce to sell exclusive goods, like luxury and fashion products. This happened in 2000, the same year in Italy Federico Marchetti has had an idea alike the Natalie Massenet's one, that is to manage the unsold collections of the luxury brands online on Yoox.com. Now, the two companies, joined in 2015, last year achieved a balance of 1.87 billion euros, largely on smartphones.

In the last few years, luxury and fashion online shopping, that until recently seemed to be a pure avant-garde, now has become a daily practice for millions of consumers and those people who proclaimed that luxury live only in the physical stores, now had to change their ideas.

Indeed, the whole fashion system has been adapted to the new times and to the new needs of consumers, who have changed their behaviors and their purchase experience.

On one side the e-commerce has completely changed the fashion world, started from Burberry who inaugurated the new See Now-Buy Now model; on the other side the social media, with their characteristics and the diffusion of social commerce that can be defined as "*A form of e-commerce that uses social networks to assist in the purchase of products completely*", have changed the purchasing experience, that from physical store passed through digital and social channels and first of all have completely changed the relationship between brands and their customers and the engagement process, that now is fully digital.

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Introduction

“Here is my definition of a genial idea: something that looks ridiculous, crazy, totally absurd for the first time you hear it, but then you wonder how the world could have done it. Natalie Massenet (just named Farfetch co-chairman) had that kind of idea. When London started the luxury online fashion business on Net-A-Porter, only very few (and now wealthy) supporters thought her idea had a sense. Online Luxury? Using such an ordinary means of marketing exclusive goods seemed a contradiction in terms. The boxes to be used for expedition lay stacked in his bathtub. All this happened in 2000, and in that same year - for the same month's accuracy - 800 kilometers away, in Italy, entrepreneur Federico Marchetti had a similar intuition: managing the invasion of collections of large Luxury brands. Even here: few believed in him. Nearly 20 years after the two companies merged and in 2016 they recorded sales of 1.87 billion euros (for half made on smartphones). Online shopping, which initially seemed futuristic, has become a daily practice for millions of consumers. The owner of the fashion brand that just a few years ago told me he would never sell it online - "luxury lives in stores!" He proclaimed slamming his fist on his private plane's walnut table - today he has a turnover of several million euros a year on its company site.

The skeptics were wrong. Now I realize it. So much so that today the whole fashion system is leaking to meet the new demands of the "See Now-Buy Now" model created by online commerce. But trying to recover lost time is not enough - what matters is looking ahead. Our way of buying and selling is changing at an ever-faster pace. Within the space of five years, the existing digital shopping model - which has been so much parodied by Steven Meisel's service in this issue of "Vogue Italia" - is destined to be completely overwhelmed.” (...) While we sip a Starbucks coffee next to a monumental Moore bronze, surrounded by 78 handmade caps with which Bailey closed the parade, he adds, "I think we are going through a period - I'm just trying to use the consumer term - in Which the consumer is just sitting in the control room, not the fashion houses. Consumers point to the direction they need to take. At one time the brands were launching the message "This is my point of view and you have to believe us". Now it works exactly the opposite. The consumer is saying, "Demonstrate how much you are" ... So, I think that curating it, or if you prefer managing and supervising the presentation, is the main element on which we all should concentrate. People today want things to be filtered. He wants a point of view. " The view is also shared by Simon Beckerman, an Italian-English entrepreneur who, with his East London based start-up, is striving to understand the trends in defining the evolution of online commerce. In the business bar, surrounded by about sixty co-workers, he says that the engine of his shopping network - Depop - is the people, not the brands. They add "like" and comment on posts just like on Instagram, but they sell and buy products like eBay. By doing so completely erase the equation marks, selling goods in the form of communication and business - peer-to-peer

commerce. (...) Those who thought luxury would never be sold on line should think twice before insinuating that they cannot sell on Instagram. But if the integration between social media and e-commerce - which Depop is pioneering - will be the next big revolution, how will the big brands react? Let's go back to Bailey: "We are trying to highlight the creative process so that people can relate to what we propose not as product but as part of a story. Social media have emerged as an immediate expression without superstructures, but today they respond to a well-planned script. People are still seeing how many followers you have, but the important thing is how many of these followers are participating. People do not ask for a transactional relationship with a designer or company. They want something deeper." So here are the conclusions of this amateur survey: social media shopping is the future and the real protagonists will be individuals with a powerful point of view and a special "eye"; And trademarks that will prove to be so elastic to produce exclusive custom productions to be presented with brilliant communication. Fantastic opportunities will emerge for emerging and dynamic designers. It could be a fun thing. After all, fashion is just that: change. Not something to fear, but an idea to welcome. "

Luke Leitch, Vogue Italia, March 2017, n.799, page 116

This article has been the starting point of my thesis.

The aim of this thesis is to analyze the evolution of e-commerce in the new form of social commerce (integration between social media and e-commerce), and to deepen the consequences that this evolution has brought. I want to focus my attention to: the importance of the digital customer engagement in the fashion world, the importance of the social customer experience and the social CRM, taking as a starting point of my analysis a firm leader in this sector, Burberry.

E-commerce and social commerce in recent years have been a new and varied business management area and have emerged because of new purchasing behavior and new consumer styles and have contributed significantly to the development of more focused marketing activities, more on new social media rather than on traditional media. This has led to several benefits on the side of demand, i.e. for consumers who, conveniently in front of their computer or their smartphone, can select, choose and buy what they want not only when they are surfing the Internet but also when they are in their social networks; but also, a redefinition of the offer that has been adapted to the changes and innovations imposed on the Web: products must meet customer desires while at the same time promoting a virtual relationship with the brand.

The social media world has completely revolutionized the way with which fashion industries communicate, giving them the ability to get unprecedented data and insight into their audience. Particularly, Instagram, the social that allows to tell stories related to the places and interests of the moment, has radically changed the landscape of the fashion world.

In the first chapter I will look at the meeting between luxury-fashion shopping and online business. Meeting that until a few years ago seemed a real contradiction, now luxury-fashion online shopping has become a daily practice for millions of consumers, so that the entire fashion system had to adapt to the needs of the "See now- Buy now "created by online trading. This chapter represent a general introduction on the concept of e-commerce and its evolution over the years. Additionally, giving a look at the key markets and key players in Europe and worldwide, I will look at how fashion brands are optimizing their marketing strategies using social media, focusing attention on fashion brands best practices on social. After I analyze the important role of social commerce that has taken a new and important dimension. Particularly after analyzing the main stages of this development (from e-commerce to social commerce), I will focus on fashion in Italy, both in terms of the major e-commerce sites, such as the Yoox-Net-A-Porter Group and the development of the See Now-Buy Now.

In the second chapter, the thesis will focus on the role of the consumer, now becoming a more active and participative social customer and his new customer experience, no longer based on a "physical dimension" but on a "digital dimension". I will analyze the client's engagement on social commerce and what types of content create customer engagement.

The greater involvement of customers in social commerce is due to the possibility to get product and brand information, be updated on offers and novelties, buy in real time, be engaged through content shared by the brand on social networks, can share with your friends not only simple information but a real experience. With social media, buying behavior has changed completely: the new customers are looking for an "emotional customer experience," a place where they can navigate and connect with people with whom they share the same interests and tastes. In this process, activities that improve customer relationship, or those interactions that are new ways to communicate, collaborate, share content, and co-create content and products with companies through social media, are of great importance in this process. Led to the implementation of the traditional CRM in Social CRM.

I will analyze the main steps of customer journey and the importance of customer experience. Today, in fact, the consumer is the real leader, he is the one who puts the brand to the test, which wants demonstrations, not only on a qualitative level, but also on an experiential level. The new communicative strategy that businesses need to develop is storytelling around content that is shared through social. In fact, consumers want to be part of a story, and thanks to the use of social media it is possible to establish this one-to-one relationship and keep it alive, and above all in real time.

In the third and final chapter, I will analyze a British company leader in the fashion industry, Burberry. I will analyze how the company has been able to exploit the era of digital by transforming

communication from the focus on the product to the importance of the consumers, by involving clients, it-girl and bloggers first, thereby reducing the distance between business and consumers. Burberry through social media and their advertising campaigns tells not only their products but their British identity. Burberry was the first company who is “*fully digital*”, as Angela Ahrendts and Christopher Bailey state. The English brand opens the fashion brand ranking that in 2015 has achieved better results than digital commerce and marketing strategies. Burberry's "vocation", however, is far older. In 2009, the digital team of the brand launched "Art of the Trench", this was the first important content-curation experiment in fashion, and since then dozens of brands have tried to imitate it. More generally, however, the English brand today has a solid digital strategy, made up of constant presence in all major social networks, original content and "tailored" content for each of the platforms on which they are distributed. What has Burberry's digital strategy served? To improve the image, first. Burberry upgraded its mobile platform at the end of 2014, tripling the percentage of mobile shoppers contributing to digital sales. On both search engines and e-tailor sites, the brand achieves superior brand visibility across a wide assortment of category keywords. Burberry continues to be a first-mover on emerging platforms from Snapchat to Apple Music, as well as traditional social media. As noted by the New York Times, *"until a few years ago Burberry was synonymous with 'English' and 'plaid', today one cannot associate the brand with an idea of innovation."* *

* <https://www.nytimes.com/2015/12/02/fashion/luxury-brands-and-the-social-campaign.html>

“I grew up in a physical world, and I speak English. The next generation is growing up in a digital world, and they speak social.”
(Angela Ahrendts, CEO of Burberry from 2006 to 2014, now Senior Vice President, Retail, Apple)

CHAPTER 1

From E-commerce to social commerce: a focus in the fashion industry

1.1 What is e-commerce

There are several definitions of e-commerce, a good starting point can be a simple definition of e-commerce, that is:

“the purchasing, selling and exchanging of goods and services over computer networks through which transactions or terms of sales are performed electronically”.

Some other definitions of e-commerce are the following:

*“E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet.”*¹

*“Electronic commerce (ecommerce) is a type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet.”*²

*“E-commerce refers to the purchase and sale of goods and/or services via electronic channels such as the Internet.”*³

When people think to e-commerce, immediately consider consumer retail purchases from companies such as Amazon, simply referring to buying and selling using the Internet.

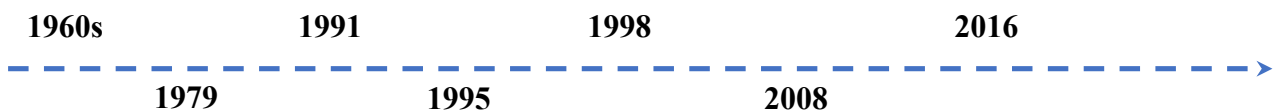
But “Kalakota and Whinston (1997)⁴ referred to a range of different perspectives for e-commerce which are still valid today:

1. *A communications perspective – the delivery of information, products or services or payment by electronic means.*
2. *A business process perspective – the application of technology towards the automation of business transactions and workflows.*
3. *A service perspective – enabling cost cutting at the same time as increasing the speed and quality of service delivery.*
4. *An online perspective – the buying and selling of products and information online.”*⁵

¹ Source: <http://searchcio.techtarget.com/definition/e-commerce>

As it is possible to perceive there is no an established definition that is universally approved, but the numerous explanations reflect the different perspective of people in different business sector and organizations. Particularly, there are some elements that are recurring in all these definitions: an activity of exchange of goods and/or services, the presence of electronic channels such as the Internet and the pre-sale and post-sale activities across the supply chain.

1.1.1 Brief evolution of e-commerce over the years



The beginnings of e-commerce can be traced to the 1960s, when business started using Electronic Data Interchange (EDI), the first electronic service to share business documents and bills with other companies through private telecommunication networks. 1979, was the year when the American National Standard Institute developed a universal standard to share documents for businesses, ASC X12. With the advent of Internet in 1991, when the World Wide Web was created, the use of e-commerce has increased rapidly and has started to include all steps involved in trade, collaboration between companies and provision of service. CompuServe was the first company to sell products on Internet in 1992 but this system was not freely accessible, so after two years Netscape launches Navigator, a browser service with the possibility to easily navigate on Internet and at the same time the warranty of security standards for online transactions. In the same year, Pizza hut officially became the first major business to offer online ordering on their website. The start of the e-commerce as we know today is when in 1995 eBay and Amazon were founded. This period, starting from 1994 and going to 1999, was called the Golden Era of Internet. Thanks to Amazon and eBay the world of e-commerce was completely revolutionized. In 1996 over 40 million people have Internet access and online sales surpass 1\$ billion for the year. In 1998 PayPal is founded and changes the way people make payments online. From 2000 to 2008 most the companies had the possibility to conduct their business through Internet and everything can be purchased online from food, clothes to entertainment, and in 2008 online purchases are made on mobile phones for the first time.

² Source: <http://www.investopedia.com/terms/e/ecommerce.asp>

³ Source: <http://www.businessnewsdaily.com/4872-what-is-e-commerce.html>

⁴ Source: Electronic Commerce: A Manager's Guide, Addison-Wesley Professional, 1997, by Ravi Kalakota and Andrew B. Whinston

⁵ Source: Digital business and e-commerce management strategy, implementation and practice, Dave Chaffey, Pearson, Sixth Edition 2015

E-commerce sales have continued to grow steadily, with the total sales increasing 135% from 2009 to 2015 and statistics say growth will continue. The statistic ⁶ (Fig. 1.1) gives information on retail e-commerce sales worldwide from 2014 to 2021. In 2016, retail e-commerce sales worldwide amounted to 1.86 trillion US dollars and e-retail revenues are projected to grow to 4.48 trillion US dollars in 2021. Desktop PCs are still the most popular device for placing online shopping orders but mobile devices, especially smartphones, are catching up.

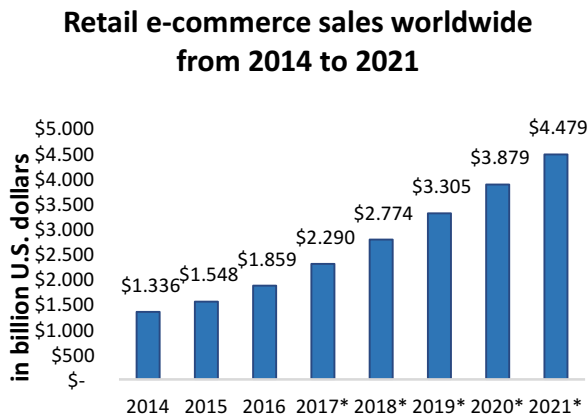


Fig.1.1: Retail e-commerce sales worldwide from 2014-2021, Source from: www.statista.com⁶

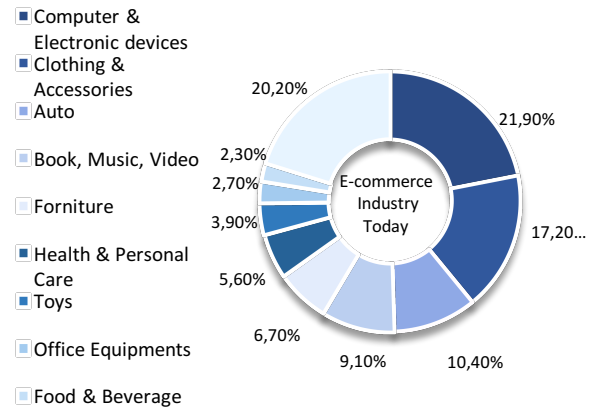


Fig. 1.2: E-commerce Industry Today, Source from: www.statista.com⁶

Today, there are more than 800,000 stores online. 78% of adults have made a purchase online, and 69% of adults with Internet access shop online at least once a month. Of these online sales, the most commonly purchased items are electronics (22%) and clothing (17%), as shown in Fig. 1.2. Auto parts (10.4%), books, music & video (9.1%), and furniture (6.7%) also make up has a significant portion of online sales. ⁷

1.1.2 E-commerce features

The e-commerce has several features, some of them are shown in the table below:

E-Commerce Technology Dimension	Business Significance
Ubiquity – Internet/web technology is available everywhere: at work, at home, and elsewhere via mobile devices, anytime.	The marketplace is extended beyond traditional boundaries and is removed from a temporal and geographic location. “Marketspace” is created; shopping can take place anywhere. Customer convenience is enhanced, and shopping cost are reduced.
Global Reach – The technology reaches across national boundaries, around the heart.	Commerce is enabled across cultural and national boundaries seamlessly and without modification. “Marketspace” includes potentially billions of consumers and millions of businesses worldwide.

⁶ Data from www.statista.com

⁷ Data from www.ecommerce-nation.com

Universal Standard – There is one set of technology standards, namely Internet standards.	There is one set of technical media standards across the globe.
Richness – Video, audio and text messages are possible.	Video, audio and text marketing messages are integrated into a single marketing message and consuming experience.
Interactivity – The technology works through interaction with the user.	Consumers are engaged in a dialog that dynamically adjust the experience to the individual and makes the consumer a co-participant in the process of delivering goods to the market.
Information density – The technology reduces information costs and raises quality.	Information processing, storage and communication costs drop dramatically, while currency, accuracy and timeliness improve greatly. Information becomes plentiful, cheap and accurate.
Personalization/Customization – The technology allows personalized messages to be delivered to individuals as well as groups.	Personalization of marketing messages and customization of products and services are based on individual characteristics.

Fig. 1.3: E-commerce Features, Source from: Introduction to E-commerce⁸

The features mentioned in table above can be explained more in detail, trying to underline also the difference between e-commerce and traditional commerce.

1. E-commerce is characterized by the ubiquity, that means the capacity of being available everywhere, at the same time and always; this breaks down the physical barriers of the traditional commerce and gives the possibility to the development of a marketplace extended beyond any boundaries. The customers can go shopping everywhere and at every time, consumers conveniently in front of their computer or their smartphone, can select, choose and buy what they want thanks to e-commerce.
2. E-commerce is characterized by global reach, that means the capacity of reaching customers across national boundaries; differently the traditional commerce is local or regional, thanks to e-commerce the number of customers is represented by the world's online population.
3. E-commerce is characterized by universal standards, that means it uses standards shared by all nation around the world and everyone use the same technology; on the contrary, the standards used by traditional commerce differ from one nation to another.
4. E-commerce is characterized by richness, that means the capacity of shares content like messages, text, audio, video that are rich in terms of complexity and that have a powerful impact in the marketing audience.

⁸ Source: Introduction to E-commerce, E. Turban, D. King, J. Lang, Pearson-Prentice Hall, 2010

5. E-commerce is characterized by interactivity, that means two way of communication between the customers and the sellers, like a face-to-face experience with a higher level of engagement;
6. E-commerce is characterized by information density, that means the capacity of having a huge amount of information available; the information about prices, costs, markets, quality, become more transparent and thanks to this consumers and merchants have several advantages, like the possibility to segment the market for the merchant or the possibility to have all info show in a single page for the customer.
7. E-commerce is characterized by personalization/customization, that means the capacity of delivering a message/service/product that perfectly fit with the customer's preferences and interests. This thanks to the interactivity between merchants and consumers, but also thanks to the large amount of information available, for example the merchants can know info about customer's preferences for their past purchases, this implies a high level of personalization and customization.

Finally, the resulting benefits for the development of e-commerce are many, both form merchant and customer. E-commerce technology reduces information asymmetry among all market participants, reduces the transaction costs and market entry costs for the merchants, reduces search costs needed to find suitable products for consumers. Thank to transparency and interactivity consumers have all the available info about prices, products and different sellers on the market and on the other hand merchants know more deeply customer's attitude and preferences.

1.1.3 Types of e-commerce

E-commerce can be classified into categories ⁹:

1. The first category is business based on types of goods sold. In relation to the terms of sale and types of products we can distinguish between:

Indirect E-commerce

Indirect E-commerce (offline), it refers to tangible goods viewable on an online catalogue with prices, characteristics, payment and delivery conditions. After the purchase, the product is delivered to customers through traditional channel, like postage or carrier and the payment can be done or electronically or at the delivery.

Direct E-commerce

Direct E-commerce (online), it refers to intangible goods exchanged online or through electronic means. The transaction in this case occurs only with the dematerialization of the commercial transaction, so the customers see the products/services on online catalogue, order it and after the electronic

payment, the purchase is completed, receiving the services or downloading the products.

2. The second category is based on the nature of the participant. There are four principal categories of e-commerce based on the nature of the participant:

B2B

Business-to-business e-commerce is defined as e-commerce where companies sell products/services to other companies over the Internet. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce belongs to this type, and most experts predict that B2B e-commerce will continue to grow faster than the B2C segment. An example of B2B e-commerce is manufacturers selling to distributors or whole sales selling to retailers.

B2C

Business-to-consumer e-commerce is defined as e-commerce in which companies sells products/services directly to consumers over the Internet. An example of B2C e-commerce would be a purchase of a bag through Burberry's web site, or simply Amazon.

C2B

Consumer-to-business e-commerce is defined as e-commerce which involves consumers selling products/services to businesses. In this type of e-commerce consumers post a project online with a set budget and companies bid on the project, the consumers review the bids and select the company.

C2C

Consumer-to-consumer e-commerce is defined as e-commerce between private individuals or consumers. This type of e-commerce is characterized by the growth of electronic marketplaces where individuals can buy and sell their goods. An example of C2C is EBay and Etsy.

3. The third category covers the governments level, and it refers to the exchange of products/services and information between governments agencies and business organization or individual consumers or international governments. They use the internet to exchange financial data to facilitate domestic and international business (for example they exchange info and advice for business, laws, regulations, support, facilities, application, etc.) and this brings several advantages, like reduction of the costs, improvement of accuracy and increase of speed.
4. The fourth category is aside from the traditional e-commerce and includes m-Commerce and t-Commerce.

M-commerce

The Mobile commerce is defined as e-commerce in which the buying and selling of products/services takes place through wireless technology (i.e. handheld devices such as cellular telephones and personal digital assistants, PDAs).

T-commerce

“is a term describing trade via a (smart) digital TV-set which - besides its main functionality - acts as a marketing channel enabling bidirectional communication enabling interactive advertising and addressable advertising.”¹⁰

1.1.4 Key markets and key players in Europe and Worldwide

E-commerce industry is continuously growing worldwide, it is a global phenomenon and in almost every country this industry has a positive growth. With each passing years, new e-commerce markets are emerging and established markets are reaching new milestones.

In 2016, the value of e-commerce at a global level has increased, the total retail sales across the globe reached \$22.049 trillion, up 6.0% from the previous year. Worldwide retail sales are expected to reach \$23.4452 trillion in 2017, according to eMarketer’s latest worldwide retail forecast. EMarketer estimates that sales will top \$27 trillion in 2020 (as explored in eMarketer report, Fig. 1.4).¹¹

Retail e-commerce sales, which include products and services ordered via the internet over any device, reached \$1.915 trillion in 2016, accounting for 8.7% of total retail spending worldwide.

While the pace of growth for overall retail sales is subdued, the digital portion of sales continues to expand rapidly, with a 23.7% growth rate in 2016. eMarketer expects retail e-commerce sales will increase to \$4.058 trillion in 2020, making up 14.6% of total retail spending that year. (Fig. 1.5)

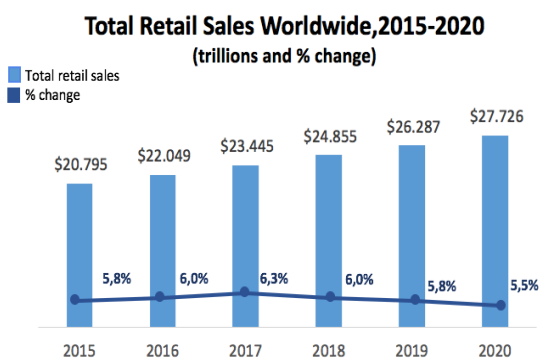


Fig. 1.4: Total Retail Sales Worldwide, 2015-2020, Source from: www.statista.com

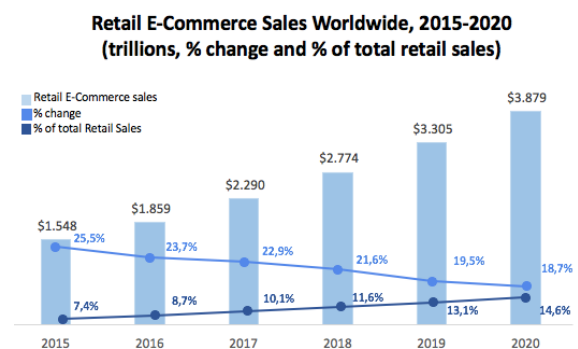


Fig. 1.5: Retail E-commerce Sales Worldwide, 2015-2020 Source from: www.statista.com

As shown in Fig. 1.6 and in Fig. 1.7, China e-commerce and US’s online business each takes large part of the world’s digital sales share, 54% and 19% respectively. Coming 3rd is UK with a 6% share and then Japan with 5%.

⁹ Source: <https://en.wikipedia.org/wiki/E-commerce#Forms>

¹⁰ Source: <https://en.wikipedia.org/wiki/T-commerce>

¹¹ Data from emarketer.com

Western European countries, like Germany, France, Italy and Spain persist among the top 14 e-commerce markets, still producing some of the world's best e-commerce sites.

Total e-commerce retail sales between 2016 and 2017 in Italy will rise from \$14,74 to \$15,98 billion.

Russia will increase sales for an impressive \$4 billion and this would mean an advance from 11th to 10th place, overtaking Australia.

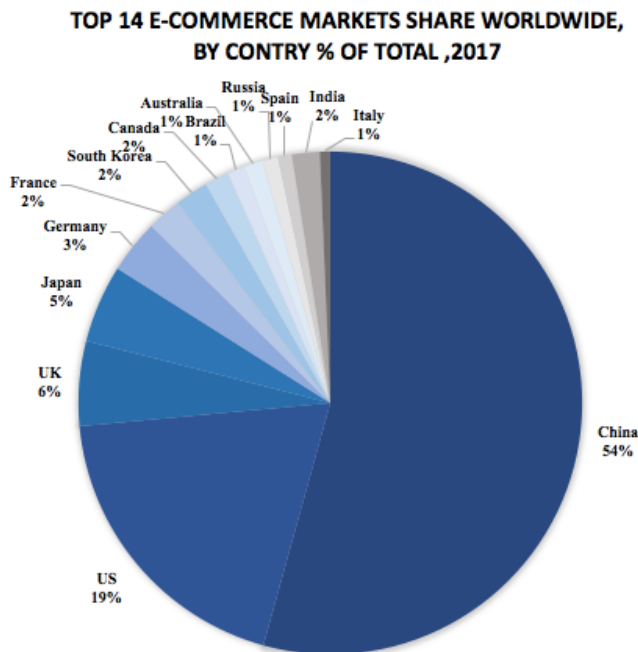


Fig. 1.6: Top 14 E-commerce markets share worldwide, by country, % of total, 2017, Source from: EMarketer¹¹

Country	2016	2017
China	\$ 911,25	\$ 1.208,31
US	\$ 384,89	€ 431,84
UK	\$ 110,32	\$ 121,36
Japan	\$ 100,30	\$ 111,33
Germany	\$ 68,95	\$ 76,47
France	\$ 46,10	\$ 49,68
South Korea	\$ 42,75	\$ 46,59
Canada	\$ 30,82	\$ 35,08
Brazil	\$ 22,12	\$ 24,66
Australia	\$ 20,66	\$ 22,31
Russia	\$ 22,51	\$ 26,42
Spain	\$ 17,93	\$ 19,96
India	\$ 24,61	\$ 39,45
Italy	\$ 14,74	\$ 15,98

Fig. 1.7: Retail e-commerce retail sales 2016-2017 in billions, by country, Source from: EMarketer¹¹

Asia-Pacific remains the world's largest retail e-commerce market throughout the forecast period, EMarketer said that China's e-commerce market, that represent almost half (54%) of all such sales worldwide, is set for continued growth thanks to the proliferation of mobile buying and the dominance of marketplaces such as Alibaba and JD.com. According to the study "The Online Purchase Experience China 2016"¹² by Contactlab and Exane BNP Paribas, Chinese consumers are among the most popular buyers of luxury products, especially among those who drive the digital revolution in luxury and fashion. The main factor is greater penetration in digital and the almost total disappearance of department stores and hypermarkets that have led to the rise of digital payment systems such as Alipay, WeChat Pay, which are accepted much more easily than in other countries. United States is currently the second largest e-commerce country in the world, led by the e-commerce giants Amazons and EBay, the country observes a healthy e-commerce growth in all sectors and it has been the innovation house for new e-commerce trends.

¹² Source: "The Online Purchase Experience China 2016" <https://contactlab.com/en/more/reports/purchase-experience-china-2016/>

Regarding the e-commerce top players in terms of revenues in 2016 ¹³, we can find these companies:






Company	Revenues 2016 (in billions):	Country
1. Amazon.com	\$ 135,99	
2. JD.com	\$ 37,50	
3. Alibaba	\$ 15,69	
4. Ebay	\$ 8,98	
5. Rakuten	\$ 7,06	
6. Uber	\$ 6,50	
7. Zalando	\$ 4,23	
8. Groupon	\$ 3,14	
9. Flipkart	\$ 2,30	
10. ASOS	\$ 1,40	

Fig. 1.8: Top 10 E-Commerce Companies Worldwide, Source from: Wikipedia ¹³

A brief description of the top 10 e-commerce companies in the world:

1. Amazon.com, Inc, founded in July 1994 by Jeff Bezos, is an American electronic commerce and cloud computing company. Amazon.com is the largest e-commerce company in the world and it also produces consumer electronics like Amazon Kindle, e-book readers, Fire tablets, Fire TV and Fire Phone and it is the world's largest provider of cloud infrastructure services. Its headquarters is in Seattle, Washington, USA and its CEO is Jeff Bezos.
2. JD.com, founded in July 1998 by Liu Qiangdong, is a Chinese electronic commerce company. It is one of the biggest B2C online retailers in China by exchange volume. Its headquarters is in Beijing, China and its CEO is Liu Qiangdong.
3. Alibaba Group Holding Limited is a Chinese e-commerce company that provides consumer-to-consumer, business-to-consumer and business-to-business sales services via web portals. It was founded by Jack Ma in April 1999. It provides electronic payment services, shopping search engine and data-centric cloud computing services. Alibaba.com, the principal business of Alibaba Group, is the main stage for worldwide wholesale exchange, serving a huge number of purchasers and suppliers around the globe. Alibaba's consumer-to-consumer portal Taobao, like eBay.com, features nearly a billion products and it is one of the 20 most-visited websites globally. Its headquarters is in Hangzhou, China and its CEO is Daniel Zhang.
4. eBay Inc is an American multinational corporation and e-commerce company, providing consumer-to-consumer and business-to-consumer sales services via the internet. The company was founded in September 1995 by Pierre Omidyar and it manages eBay.com, an online auction and shopping website in which people and businesses buy and sell a broad variety of goods and services

¹³ Source: https://en.wikipedia.org/wiki/List_of_largest_Internet_companies

worldwide. The website is free to use for buyers, but sellers are charged fees for listing items and again when those items are sold. Its headquarters is in California, US and its CEO is Devin Wenig

5. Rakuten, Inc is a Japanese electronic commerce and Internet company based in Japan and founded by Hiroshi Mikitani in February 1997. Its B2B and B2C e-commerce platform Rakuten Ichiba is the largest e-commerce site in Japan and among the world's largest by sales. In a time where everybody appeared to be telling that individuals will never purchase things on the Internet, "Rakuten Ichiba" dispatched with just 6 workers and 13 shippers. Its Headquarter is in Tokyo, Japan and its CEO is Hiroshi Mikitani.

6. Uber Technologies Inc. is an American technology company headquartered in San Francisco, California, United States, founded in March 2009 by Travis Kalanick and Garrett Camp. It is operating in 633 cities worldwide. It develops, markets and operates the Uber car transportation and food delivery mobile apps.

7. Zalando SE is a European electronic commerce company seated in Berlin. The company maintains a cross-platform online store that sells shoes, clothing and other fashion items. The company was founded in Berlin, Germany in 2008 by Rocket Internet, Robert Gentz and David Schneider, and it has begun operating in 14 European countries and worldwide with spin-offs and subsidiary companies.

8. Groupon is a global e-commerce marketplace connecting millions of subscribers with local merchant by offering activities, travel, goods and services in more than 28 countries. The name Groupon is a blend of "group" and "coupon". It was founded in November 2008, its Headquarter is in Chicago, US and its CEO is Rich Williams.

9. Flipkart is an e-commerce company founded in 2007 by Sachin Bansal and Binny Bansal. Flipkart has launched its own product range under the name "DigiFlip" with products including tablets, USBs, and laptop bags. The first product they sold was the book Leaving Microsoft To Change the World to a customer from Hyderabad. Its Headquarter is in Bengaluru, Karnataka, India and its CEO is Binny Bansal.

10. ASOS.com is a British online fashion and beauty store, founded in June 2000 by Nick Robertson, Quentin Griffiths. Primarily aimed at young adults, ASOS sells over 850 brands as well as its own range of clothing and accessories. ASOS.com now is a global online fashion and beauty retailer, offering womenswear, menswear, footwear, accessories, jewelry and beauty products. ASOS has websites targeting the UK, Australia, USA, France, Germany, Spain, Russia, Italy and China. It also ships to over 140 countries from fulfilment centers in the UK, US, Europe and China. Its headquarter is in London, United Kingdom and its CEO is Nick Robertson

1.1.4.1 A focus in the fashion industry: e-commerce in Italy, Yoox-Net-a-Porter

Driving e-commerce, especially in Italy, is the fashion, an area full of opportunities, and an area that in 2016, according to the report made by the e-commerce B2C Observatory and presented in Milan at the conference “L’online nel fashion: un canale che fa tendenza”, has enabled to purchase online fashion products that exceeded 1.8 billion of euros (+ 25% compared to 2015). While in the last five years, the growth rate of the e-commerce market has halted to +15%, clothing has an average of +30%, which is double that of the Italian ecommerce. *“Clothing is one of the most dynamic product categories in the Italian B2C e-commerce industry, for at least three reasons: first, the growth rate is higher than the average in e-commerce, the offer is diverse and in constant turmoil, and finally, there is a strong propensity for innovation”*, said Alessandro Perego, scientific director of the Observatory Digital Innovation. As shown in the same research conducted by the B2C E-commerce Observatory of Politecnico di Milano, the total sales of clothing from Italian e-commerce websites to Italian and foreign consumers reached almost 3 billion of euros (increase of +35% compared to 2015). *“Fashion is one of the most important industries in Italy and worldwide for e-commerce sales and this result is the result of a sector that has been able to capture the potential generated by the evolution of consumer behaviors and technologies, bringing innovations to the customer Experience, offer system and, more generally, the whole business model, fashion buyers' behavioral, behavior is characterized by an Omni channel approach, in which both physical and digital touch points play a key role. This new customer journey has been well-understood by fashion companies, which over the years have made numerous innovations to customer experience: from social use as a communication channel and customer care, to virtual totems at physical stores to book unavailable items now.”* said Roberto Liscia, President of Netcomm. The main reason behind the exploitation of fashion e-commerce is to save money. The 52% of the demand is made up of low-priced products, that is discounted (from 10% to 30%) or very discounted (30% to 70% discounts), especially at Black Friday and Cyber Monday; some operators manage to achieve in just two days more than 5% of total online sales. The price is not the only variable that promotes online shopping, fashion e-commerce works because online customers can choose a wide range of products, not always available in the physical stores, and sites also often suggest related products to buy, favoring a better shopping experience. In 2016, purchases through smartphone in clothing grew by 26% and exceeded 350 million euros, confirming it as one of the highest penetration (19%) of smartphone purchases on the total e-commerce demand. If we add tablet purchases, the penetration reaches 33% of total online demand. When asked what you buy online Valentina Pontiggia, Senior Advisor to the Observatory replied:

"If we consider the type of products purchased online, clothing (shirts, clothing, jackets, jeans, pants) affects about 55%, Accessories for 45%, with a strong preference for shoes - both elegant and sporty - and leather handbags or accessories. As far as gender is concerned, clothing and women's accessories weigh about 50% of online fashion market, men's clothing for about 40% (and growing), and children's 10%."

Regards the purchase channels, Italians buy mass market products (46%) on the sites of Italian and international major retailers and general marketplaces, while for luxury purchases (36%) opt for Big Dot Com, private sales, Made in Italy high fashion makers and multi-brand boutiques.

Clothing sales from Italian sites to Italian and foreign consumers reached nearly 3 billion euros in 2016 (+35% compared to 2015). Clothing was confirmed in 2016 as the first product line for online sales with an incidence of 17%. Exports of clothing amounted to +30% in 2016, for a value of sales exceeding 1.3 billion euros, driven by the 'luxury' component (high fashion clothing and accessories). The strongest buyers are British, French, German, American and Russian: they cover 45% of Fashion sales directly across national boundaries. They are, to a lesser extent, China, Japan and Latin America. To make a difference are above all the Dot com, which accounts for 69% of sales abroad. Traditional businesses weigh just 31%.¹⁴

A key role in the development of fashion e-commerce in Italy has been played by Yoox-Net-a-Porter, born from the intuition of Federico Marchetti, its founder, to accomplish the e-commerce.

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Fig. 1.9: Web site Yoox Net-A-Porter Group, Source from: www.ynap.com

Yoox-Net-a-Porter¹⁵ is the world's leading online luxury fashion retailer. The Group is the result of a game-changing merger, which in October 2015 brought together YOOX GROUP and THE NET-A-PORTER GROUP, two companies that have revolutionized the luxury and fashion industry since their birth in 2000. With more than 2.9 million high-spending customers, over 29 million monthly unique visitors worldwide and combined 2016 net revenues of €1.9 billion, Yoox-Net-a-Porter Group is uniquely positioned in the high-growth online luxury sector. It has offices and operations in the United States, Europe, Japan, China and Hong Kong and delivers to more than 180 countries around the world and it is listed on the Milan Stock Exchange as YNAP.

¹⁴ Source: www.osservatori.net/it_it/osservatori/executive-briefing/la-online-nel-fashion-un-canale-che-fa-tendenza/

¹⁵ Source: www.ynap.com

Consolidated Net Revenues by Business Line

€ million	2Q 2017	%	2Q 2016	%
Multi-brand In-Season	286.3	55.1%	252.4	56.0%
Multi-brand Off-Season	189.5	36.5%	156.1	34.6%
Online Flagship Stores	43.5	8.4%	42.3	9.4%
Total YOOX NET-A-PORTER-GROUP	519.3	100.0%	450.8	100.0%

Consolidated Net Revenues by Geography

€ million	2Q 2017	%	2Q 2016	%
Italy	33.1	6.4%	29.2	6.5%
UK	71.8	13.8%	70.2	15.6%
Europe (excl. Italy and the UK)	132.4	25.5%	117.5	26.0%
North America	161.2	31.1%	135.1	30.0%
APAC	87.4	16.8%	68.2	15.1%
Rest of the World + Not country related	33.4	6.4%	30.7	6.8%
Total YOOX NET-A-PORTER-GROUP	519.3	100.0%	450.8	100.0%

In the second quarter of 2017, YOOX NET-A-PORTER GROUP recorded consolidated net revenues, net of returns and customer discounts, of Euro 519.3 million, up 20.2% on an organic basis (+15.2% reported) from net revenues of Euro 450.8 million in the second quarter of 2016. YOOX NET-A-PORTER GROUP recorded positive growth across all of its key markets over the period.

Fig.1.10: Consolidated Net Revenues YNAP, Source from: www.ynap.com¹⁵

It is a unique business with an unrivalled offering covering all luxury fashion customer segments, through its multi-brand in-season online stores NET-A-PORTER, MR PORTER; its multi-brand off-season online stores YOOX and THE OUTNET; and its numerous ONLINE FLAGSHIP STORES “Powered by YNAP”. With over 17 years of experience in global luxury e-commerce, the Group offers brand partners a wide range of services, including creating and developing the creative concept, innovative interface design, state-of-the-art technology and R&D, high-precision global customer logistics, unrivaled customer care, international web marketing and e-commerce strategy development. Doubtless the web has changed the fashion industry, moving from the mass to the niche, and Yoox was able to take advantage of this and it has become a world leader in online sales. The Group is undisputed leader in mobile commerce, thanks also to the creation of an iPhone app as well as of an iPad shopping app, it is possible to shop wherever the customers are. In fact, the company registered 8.4 million of orders in 2016, one order every 4 seconds with 28.8 million of MUV (Monthly Unique Visitors) and €1.9 billion of combined net revenues in 2016. Marchetti is determined that people should be able to shop wherever they are, and this is exactly what is happening today. In an interview with Beniamino Pagliaro, La Stampa, on March 28, 2017 in Milan, Federico Marchetti says that they are developing a new and more modern platform that will allow customers to locate much more easily, give more tools to people, focus on data and above all to ensure delivery on the same day of order in Milan and Dubai. *“All to give the customer the most exclusive online luxury experience that's on the net.”*¹⁶ The Group confirms its commitment to anticipate and satisfy new fashion lovers’ needs, for example through the partnership with WeChat29, thanks to which the customers will have a 360-degree integrated experience including shopping, social and mobile.

Yoox-Net-a-Porter is an example of the radical change taking place in the relationship between customers and company. The customers are now global, as Internet, and even luxury and fashion brands must grasp its potential not only as a distribution channel but also as a direct contact channel with customers.

1.1.5 The consequences of the development of the e-commerce: benefits and limitations

E-commerce is changing the way we do business. There are several consequences of the development of e-commerce. Here are some of the benefits and limitations.

Benefits of e-commerce are:

1. Economical and Lower Cost: E-commerce is an effective means of doing business.
 - a. From the point of view of the merchant: an e-commerce merchant does not need a prominent physical location and does not need to set up a business premise, in the e-commerce, there is no need to set-up premises; the advertising and marketing expenses (Organic search engine traffic, pay-per-click, and social media traffic) are some of the advertising channels that can be cost-effective; the cost of personnel is lower because the automation of checkout, billing, payments, inventory management, and other operational processes lowers the number of employees required to run an e-commerce setup.
 - b. From the customers' point of view: e-commerce offers wide range of products available at different prices on different sites and in some cases also at discounted prices.
2. Better customer service: E-commerce ensures better and quicker customer service, online customer service allows quicker satisfaction of customer's needs and making the customer happier. The customers can locate the product quicker and they can do a better comparative analysis of different products, because today, almost every product is available online.

On an e-commerce website, customers can click through intuitive navigation or use a search box to immediately narrow down their product search. The customers have also the possibility to have available abundant information. Thanks to e-commerce there is the possibility to create a targeted communication. An e-commerce merchant can access a lot of information about its customers by using the information that a customer provides in the registration form, and by placing cookies on the customer's computer, this, in turn, can be used to communicate relevant messages and to offer related products. All practices that enhance a better customer

¹⁶ Source: <http://www.lastampa.it/2017/03/28/economia/yooxnetaporter-porta-il-lusso-a-casa-in-poche-ore-la-strategia-di-una-fustartup-intervista-a-federico-marchetti-F1RQF5nrTCRv85r95sDBZM/pagina.html>

experience. E-commerce websites can give additional information easily available to customers and most of this info is provided by vendors and does not cost anything. Differently from a physical store where the amount of info that can be displayed is lower, in fact it is difficult to equip employees to respond to customers who require information across product lines. Some websites remember customer preferences and shopping lists to facilitate repeat purchase. In addition, e-commerce provides comparison shopping. There are several online services that allow customers to browse multiple e-commerce merchants and find the best prices. Moreover, it enables deals and coupons that make online shopping much more convenient. And finally, the e-commerce websites can run all the time. E-commerce allows 24×7 availability of products and services. A person can purchase at any point of time. The unavoidable restriction of time of the physical stores has thus eliminated. Store timings are now 24/7/365. From the merchant's point of view, this increases the number of orders they receive. From the customer's point of view, an "always open" store is more convenient. Quick shopping means also fast delivery. There is in fact an improvement in the delivery process that provides immediate delivery for electronic and digital goods and the online tracking for packages delivered by courier.

3. Overcome geographical limitations:
 - a. for the merchants: if you have a physical store, you are limited by the geographical area that you can service. With an e-commerce website, the whole world is your playground, and additionally, with the advent of m-commerce, every remaining limitation of geography has dissolved.
 - b. for the customers: e-commerce allows them to visit the same store of their preferred physical store virtually, with just a few mouse clicks, this eliminates travel time and cost.
4. Gain new customers: online retail is driven by traffic from search engines. It is a common practice for customers to follow a link in search engine results, and land up on an e-commerce website that they have never heard of. The search engine visibility can be a good tipping point for some e-commerce businesses.
5. Create markets for niche products: buyers and sellers of niche products can find difficult to locate each other in the physical world, but online, it is possible.

Unfortunately, to the benefits correspond also limitations related to:

1. Lack of security: when you make an online purchase, you must provide your credit card information and mailing address and in many cases, e-commerce websites are able to harvest other information about your online behavior and preferences and in some cases this could lead to credit card fraud. Also, today anyone can set up an e-commerce website. How am I

sure that the online store is reliable? For the buyer, the reliability can be an issue and this could lead customers to restrict their online purchases to famous e-commerce websites.

2. Lack of personal touch: not that all physical retailers have a personal approach and a human relationship, so the shopping experience can be reassuring and emotional. The demise of the personal touch in online transactions can be a big disadvantage of e-commerce: clicking on "Buy Now," and piling up products in virtual shopping carts, is not the same experience.
3. Some goods cannot be purchased online: there are goods in the categories of "perishable" that you cannot buy online. You could order them online, but consider the inconvenience. Unless the seller was willing to make a huge loss, the cost of shipping that products would far exceed the cost of the products itself; some players, as Amazon, are trying to solve this limitation.
4. Lack of pre-purchase experience: you cannot touch the fabric of the garment you want to buy, or check how the shoe feels on your feet or smell the perfume that you want to buy. Customers in many cases want to experience the product before purchase and e-commerce does not allow that.
5. Cost of internet access: Internet has not touched the life of all people and technological limitations of e-commerce have restricted many of them from using e-commerce.

1.1.6 A focus in the fashion industry: the development of the See Now-Buy Now

Thanks to the development of e-commerce and the consequent rising of digitalization, also the fashion system is in a state of rapid transformation, adjusting the offer to the different timing and demand of the market. Fashion brands are evolving towards a See Now-Buy Now business model. This consists on runway styles being available for purchase immediately after fashion shows, instead of the customary six-month wait. The See Now-Buy Now development implies changes in the fashion industries for design, marketing and supply chains. It presents additional challenges and it increases logistical complexity, as realigning orders and delivery schedules with suppliers is required.

This model can be considered a positive development for consumers because the fashion industries become more democratic, inclusive and accessible, eroding the boundaries between traditional fashion buyers and everyday retail buyers.

The current fashion industry model follows a traditional seasonal fashion retail calendar that consists of designer brands and luxury houses presenting two seasonal collections at two fashion weeks per year, the Spring/Summer presented in September and the Fall/Winter in February, in the cities of Paris, London, Milan and New York. The collection is presented to a selected group of fashion journalists, department-store buyers, celebrities and industry insiders at the runway shows, and these items do not appear for sale in stores until the following season, six months later.

Department-store buyers see collections on the runway and then order desired styles for their store network, this allow brands to test demand for their designs with retailers before committing to big production volumes.



Fig. 1.11: Example of See Now-Buy Now Model, Burberry, Source From: Burberry.com

Unfortunately, the traditional fashion cycles no longer reflect consumers' demands for immediate gratification, because the consumers desire to purchase collection pieces straight from the runway instead of waiting for six months, otherwise they lose interest the more time passes between product viewing and delivery. In fact, nowadays, consumers can order and receive food, movies, and many other various services with the click on a button, and they are increasingly expecting instant consumption also from fashion industries.

Manufacturing efficiencies and digitization technologies have allowed companies to supply customers with product more rapidly, also thanks to the digitization, the e-commerce and the social media (Facebook, Instagram, Snapchat and Twitter, as well as various apps), the consumers can make instant purchase decisions, having all products available globally.

This new model encountered also several criticisms.

Instant fashion necessitates tighter production schedules, this is easier for fast-fashion retailers that do not have to deal with the wholesale channel and buyers, for luxury and designers brands, that produce smaller batches of products, it is more difficult. See Now-Buy Now is also risky for designer brands: they are unsure of collection product demand, there is the risk of under- or over-producing pieces; they also not have the opportunity and time to ascertain wholesale and retail buyer demand for their products, as products must be ready for sale immediately, after the fashion show that introduces their new collections. So, the fashion houses have to plan the right inventory mix and volumes to avoid unsold goods ending up in discount stores.

Also creative brands, focused on craftsmanship and detail, need adequate time for design and production and it requires financial means to manufacture seasonal collections without any certain demand. For these reasons, someone think that the See Now-Buy Now movement may lead to designer and the result could be a reduction in creativity and brand dilution; and many emerging brands do not have this means. Finally, at a recent WWD Summit, fashion designer Diane von Furstenberg expressed her dislike of the See Now-Buy Now trend, proclaiming it “*vulgar.*”

To date, most See Now-Buy Now fashion shows took place during New York Fashion Week and included US designers and accessible-luxury price-point brands and furthermore, most of the See Now-Buy Now product was confined to capsule collections and not complete collections.

Some instant-fashion shows were also staged during London Fashion Week in September 2016, and it seems the instant-fashion trend is currently more prevalent in the US and UK than in Italy or France at least for now. Major brands and designers that have introduced capsule collections and turned their runway shows into See Now-Buy Now formats include Burberry, Tommy Hilfiger, Ralph Lauren, Coach and Michael Kors, amongst others.

Burberry and Lauren presented immediately shoppable runway shows, inviting attendees straight into the store after his spring 2017 show. The Spring/Summer 2017 fashion show season, which took place in September 2016, was the first season to embrace the See Now-Buy Now movement.

Burberry was the first major brand to announce a See Now-Buy Now runway fashion show with products sold directly to consumers after the catwalk show. Also, Hilfiger made his Tommy x Gigi collaboration available to buy off the runway, and Moschino’s Jeremy Scott has been offering capsules of his most poppy and instantly recognizable pieces. Every item shown on the runway was immediately available online. The day after the show, these runway items had appeared in 280 Tommy Hilfiger stores in over 70 countries. “*We’re delivering on the desire for instant gratification and blending the worlds of fashion and pop culture together,*” the designer Tommy Hilfiger said. Avery Baker, CBO of Tommy Hilfiger, said traffic to Tommy.com increased by 90 % in the first 48 hours after the Tommy Now unveiling. Multiple styles sold out in 24 hours after the September 2016 show and sales grew by double digits across the women’s category, with the highest gains in the United States, Japan and China. And the brand’s third-quarter sales for the period ending Oct. 30 rose by 4%, to \$927 million, compared with the same period a year earlier, driven largely by international growth.

Mulberry too announced the shift, the CEO Thierry Andretta said that See Now – Buy Now "enables us to continue to drive engagement and increase our relevance to our customers. Our strong Omnichannel, retail-led business ensures we are well placed to align our collection launches globally and support growing consumer demand for immediacy." ¹⁷

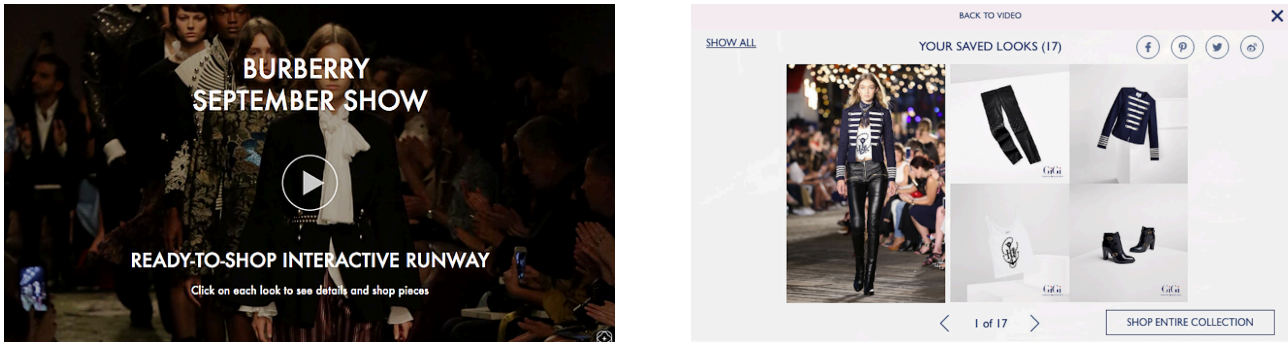


Fig. 1.12: Example of See Now-Buy Now Model, Source From: Burberry.com and TommyHilfiger.com

To date, most designers that have adopted the See Now-Buy Now Model focus on premium and aspirational price points rather than high-end luxury product.

What will be in the future? Fashion houses have no choice but to adapt to the consumer demand for instant gratification, the fashion industry will generally continue to evolve toward a more straight-to-retail model. And it is very likely that even some higher-end luxury brands, will become more open to selling some collection items to consumers directly following fashion shows.

Improvements in shipping, transportation and package-handling will help brands deliver instant fashion and the retailers will increasingly make use of technological innovations such as 3-D virtual fitting rooms to facilitate size fitting, as well as leverage social media tools such as Facebook Messenger's chat to service customers.

¹⁷ Source: www.nytimes.com/2017/02/07/fashion/see-now-buy-now-business-fashion-week.html

1.2 What are social media

The Social Media, even centuries ago, has always been there. People have always communicated and exchanged information with each other through different media channels such as letters or postcards. To relay information, it used to take weeks or even months, but at the end, despite several problems that could happen, it happened.

The advent of Internet and the evolution of technology changed completely the possibility of exchange information and communicating.

The literature¹⁸ identified four commonalities of social media services:

- “1. *Social media are Web 2.0 Internet-based applications,*⁽¹⁸⁻¹⁹⁾
2. *User-generated content (UGC) is the lifeblood of the social media organism,*⁽¹⁸⁻¹⁹⁾
3. *Users create service-specific profiles for the site or app that are designed and maintained by the social media organization,*⁽¹⁸⁻²⁰⁾
4. *Social media facilitate the development of online social networks by connecting a user's profile with those of other individuals or groups.*^{(18-20)», (22)}

The new form of Social Media, that can be defined as “*forms of electronic communication through which users create online communities to share information, ideas, personal messages, and other content such as videos*”²¹, gives consumers the possibility to start a real-time conversation and to never stop the communication day and night, 24/7.

Social media gave consumers the chance to express themselves, share what they think, feel, give their opinion, debate, social media have given voice to people and have the power to influence people as citizens and consumers. Also, the way brands communicate with the consumers changed, from a one-way message into a real-time dialogue with millions of people.

1.2.1 Differences between Social Media and Social Network

There is a difference between social media and social networking. This two terms are being used and abused continuously, despite media and network have completely different meanings.

Social media, from “*medium*”, which in Latin means “*medium, tool*”, is a way to share content with a vast audience, as explained before by the definition of Kaplan and Haenlein.

¹⁸ Source: Obar, Jonathan A.; Wildman, Steve (2015). "Social media definition and the governance challenge: An introduction to the special issue".

¹⁹ Source: Kaplan Andreas M., Haenlein Michael (2010). "Users of the world, unite! The challenges and opportunities of social media".

²⁰ Source: Ellison, Nicole B. (2007). "Social Network Sites: Definition, History, and Scholarship".

²¹ Source: www.merriam-webster.com.

²² Source: https://en.wikipedia.org/wiki/Social_media#cite_note-14

The "social network" is born between social sciences as a theoretical concept used to describe relationships between individuals, groups and organizations; social networks represent a network of people joined together by interests of various kinds, who decide to build a community around the interests they share. While the first are software, the second is a real social structure.

The social media is therefore a vehicle to share information and makes interaction with others.

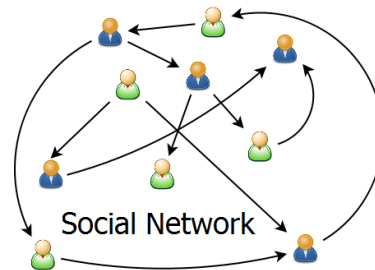
There are six types of social media, according to Kaplan and Haenlein:

1. Blogs and microblogs (i.e. Twitter)
2. Social networking sites (i.e. Facebook)
3. Virtual Gaming Worlds (i.e. World of Warcraft)
4. Social virtual worlds (i.e. SecondLife)
5. Collaborative projects (i.e. Wikipedia)
6. Content communities that share media (i.e. Youtube)

The social network, as a network, can be expressed through a graph, in which nodes represent individuals and strings the ties that unite them; it is based on conversations with a bidirectional way of communicating.



Fig. 1.13: Social Media and Social Network
Source From: web



1.2.2 Types of social media and their features



Fig. 1.14: Global and Italian Snapshot,

Source from: Maximo Ibarra, Teaching materials of Digital Marketing, Luiss Guido Carli, 2016

Percentage of Italian population that use the main social networks

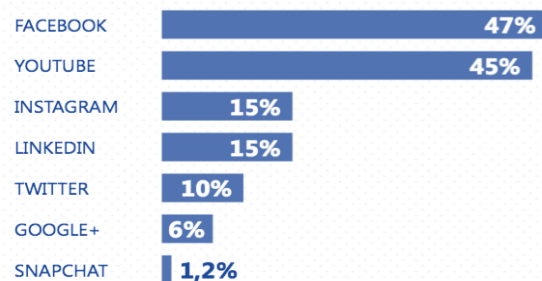


Fig. 1.15: Percentage of Italian population,

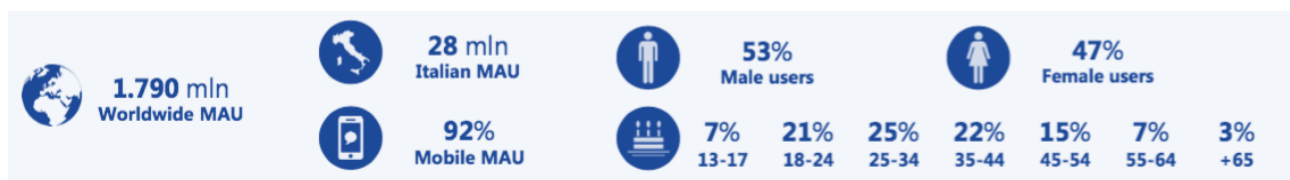
Out of 7.395 billion of inhabitants, 3.419 billion of people that are using Internet out of which 2.307 billion are social media active users (Fig. 1.14 - Fig. 1.15). Combining these data, we have that 1.968 billion are active users on social media on smartphones. In Italy 29 million people are active users on

social media and 24 million people are using social media on a smartphone. Italy is aligned with the global average statistics on registration and use of social channels: the average of user maintains profiles on over 6 social platforms. Following and staying in touch with friends from the real life remains one of the main reasons for the presence and the use of social media.

Looking to different social media in Italy, we have: Facebook 47%, YouTube 45%, Instagram 15% (it is really growing, used to be 6% few months ago), LinkedIn 15%, Twitter 10%, Google Plus 6% (is almost the most disappointing social media) and Snapchat 1.2%.

Here, the types of social media and their features:

1. Facebook



What is interesting about Facebook is that we have 28 million users in Italy that are MAU (Month Active Users) and 92% of them are MAU on smartphones. If we look at social demographics, it is approximately 47% female, 53% male. The % of users on age basis you have 22-27-44-47 it means that Facebook is for people that are aging, so it means that is not necessarily for teens, but we still have 21% 18 and 24. What can do Facebook for business? It is the king of engagement, that means that if a company wants to be noticed on a social media, it cannot be outside of Facebook.

What business do on a social media is not well known, somebody says that you should be on social to display your products in a different way, but you need to be on a social because customers on a social have a different mood and attitude: they want to know some different from the brand; they want to have a more compelling knowledge about the brand. It is not enough to put an advertising campaign on a social network. You need to get into your positioning, but not only bearing in mind of your product/service, you need to go further. There's another theory that states that you need to entertain your customer, showing something different from your product, you need to speak about the real soul that is embedded in your brand, maybe it is for example about CSR, so what can be the contribution to the real audience. It depends on how deep is your brand knowledge and engagement. That's why companies are using, memes, pictures, that are also called native advertising, or utilizing some blogs that can be interesting for some people. Managing contents on a social media in a right way means that you must be updated on what is happening in the world. They can leverage the interest of your customers. But they, obviously, should be consistent with your brand. It is like your brand has different languages and you must speak all these languages (DNA language, CSR language...). Your brand will become your partner and you must be attached to your brand. To understand what is

your audience doing you can target it with the right campaigns, having these big data available on Facebook.

2. YouTube



It is more a search engine, but it is becoming a social media. There are more male users, 62% and the MUA is 50%, quite high. Most of the people are between 25 and 54 years old. Which opportunities do a business firm have on YouTube? It is a massive channel, you can post your videos and expect that there is the right kind of audience. It is difficult to understand how to make a viral video, it can only become viral if you pay a display performance campaign and, the same video audience depends also on the country, because of the culture, but there are also some viral videos that are extended all over the world. On You Tube nobody is inventing new things, but you should think what customers are really expecting to see. The other important thing about people is that they want to share what they are. We are all social creatures, we want to share & show. It is simple to share something, but at the same time it is difficult, because a business firm must make it relevant for people, and for relevance means that a business must share interesting topics, discussion always consistent with the brand, also interesting videos, jocks, whatever, but something interesting to make people interested in it.

3. Instagram (explained in 1.2.3.2)

4. LinkedIn



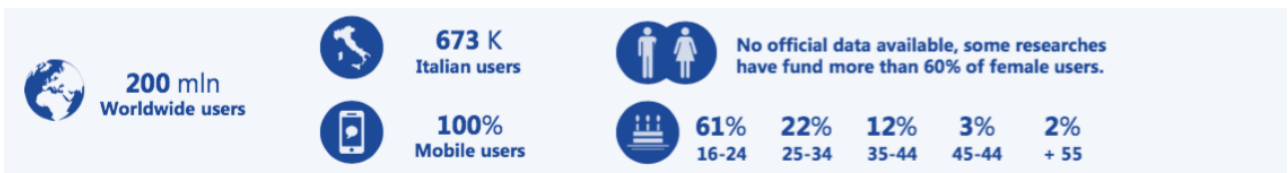
LinkedIn is a social network designed specifically for the business community. You can register to establish networks of people you know and trust. On LinkedIn, you have a member's profile page, which emphasizes skills, employment history and education, has professional network news feeds and a limited number of customizable modules. The approach on this social media channel is more serious because users want serious, professional and informative contents. You can share content related to your career but also other experiences, give answers, post jobs, make business contacts: LinkedIn is the right place to create a Human Resources new strategy, based on a company storytelling and direct contacts.

5. Twitter



It is a free social networking microblogging service that allows registered members to broadcast short posts called “*tweets*”, also including videos and images. Twitter members can broadcast tweets and follow other users' tweets: by default, settings messages on Twitter are public. To weave tweets into a thread or connect them to a topic members can add hashtags. It is not about the people you know, but it is about the possibility to say something. Most messages are about complaining about services, products, companies, experiences. While the other social media are more intimate, Twitter is more public, it is the channel to manage conversations 1:1 with followers, provide customer service, interacting proactively with stakeholders, influencers, media and spread on a large-scale message. Twitter is full of people with things to say, and you can listen, it is meant not so much for friends and family but for people you want to communicate with and the hashtag feature allows to keep up and be part of the latest trends and news worthy events.

6. SnapChat



Snapchat is a mobile app that allows users to send and receive "self-destructing" photos and videos, that are called “*snaps*”. The app allows the sender to draw or insert text and other effects on the snap. “Stories” and “Memories” make Snapchat a new kind of social. You can say whatever you want and it will stay only for 1 day. Mostly users are between 16-24 years old. Snapchat is a quite new platform: brands have still to find the best way to use it. It is perfect for real-time video social media marketing because it can give the audience direct access to live events and it is easy to provide behind-the-scenes content to the community, which helps create and engage a strong following and offer also promo codes or discounts to the fans who watch an entire Snapchat story, asking them to take a snap while holding your product. Some brands use Snapchat to provide special content to their audience that they might not receive on other digital platforms, for example Michael Kors have used it to debut his collections before the runway and a brand could also create sponsored filters or other effects.

1.2.3 A focus in the fashion industry: advantages by using social media

Fashion and social media are now two indivisible concepts: it's unthinkable for a brand to be unknown on social and to not sponsor products and events on the web, and it is also unthinkable to not find the pages and profiles of fashion brands on social media. With 1.79 billion Facebook users and Instagram's 500,000, there are many advantages that social media offer to those who sponsor their business on the web. Especially the fashion industry focus on Facebook, Twitter, Instagram and Pinterest, as these platforms have millions of daily active users.

The advantages of being on social networks basically consist of:

1. Variety of deliverable contents, social media work as a catalogue or showcase, brands can obtain constant information about what their target audience want and in this way, brands can also create new products in line with followers' needs and flavors;
2. Stay always connected with consumers, it allows two-way real time communication between brand and consumers;
3. Low-cost, it's cheaper than print media;
4. Target audience, brands can get free inputs form customers, it allows a targeted and attentive approach to the details, influences and needs of the "follower" and it also seems more subjective and realistic to the audience; the customers feel involved by having a sneak peek of the exclusive and private world of luxury and fashion brands;
5. Engagement, it improves storytelling and it develops engaging contents;
6. Visibility, it allows up-to-date real-time news updates on products, events, promotions, sales;
7. Sell goods on company behalf, social became a new way to make purchase (Social commerce).

Social media have become a powerful channel for companies in the retail sector and more specifically to fashion brands, as encourage interaction with their users through advertising campaigns, where brands can also generate conversations with their audience and know their opinions and because social media allow brands to show their messages in a close and personal way. Social had a big impact on fashion and will continue to do throughout the coming years. In addition to the site, fashion brands manage daily the profiles present on the major social media sites and these actions allow them to directly and indirectly communicate users with storytelling by personalizing up-to-date, interesting, dynamic and engaging content. The contents shared are became more tangible, accessible and reachable for people who have an interest in them. Before you could only discover the latest style looks and trends inside weekly magazines, on the fashion shows or direct in the store. Now you can watch photos and videos posted daily on Instagram and really see what brands and celebrities are doing at the moment and you can really uncover the trend in vogue. You can watch and share

extremely different mobile content: articles with news, photo reportage, direct and "stories" about fashion shows or presentations of items, accessories, or products on your smartphone.

Here (Fig. 1.16) a list of the most followed worldwide High-End fashion brands on social media ranked by number of followers in million on Instagram²³, August 2017, and then also the number of followers on the Official page of Facebook and Twitter.

N°	Brand	Instagram	Facebook	Twitter
1	Nike	74	28,8	7,1
2	Victoria's Secret	56,8	28,4	11,04
3	Chanel	23,7	19,8	13,2
4	H&M	22,4	31,7	8,5
5	Adidas	21,9	27,9	3,7
6	Zara	21,7	25,7	1,2
7	Louis Vuitton	18,6	20,2	6,6
8	Gucci	16,9	16,2	4,7
9	Dior	16,6	16	7,8
10	Dolce & Gabbana	14,3	11,1	4,9
11	Forever 21	13,7	14,4	2,2
12	Prada	13,2	6,2	0,89
13	Michael Kors	10,4	17,1	3,5
14	Louboutin	10,1	3,3	2,8
15	Burberry	9,9	17,2	8,2
16	Versace	9,8	4,8	3,9
17	Valentino	9,2	2,6	1,9
18	Givenchy	8,9	2,6	0,86
19	Armani	8,9	8,2	3,2
20	Fendi	7,7	2,4	0,47
21	Balmain	7,2	0,75	0,46
22	Moschino	5,2	0,93	0,4
23	Miu Miu	4,4	1,2	0,16
24	Roberto Cavalli	4,1	2,3	1,5

As of the surveyed period, Nike is ranked first with 74 million followers, followed by Victoria's Secret with 56,8 and Chanel 23,7. The most popular Instagram fashion brands include a mixture of luxury and fashion brands and high street retailers, like Zara, H&M and Forever 21.

Fig. 1.16: Most Followed High-End Fashion Brands on Social Media, ranked by number of followers on Instagram, on August 2017, in MLN, Source from: ²³ Data found on the official page on Instagram, Facebook and Twitter

1.2.3.1 New marketing strategy: best practice of fashion brands on social media

It's easy enough to create a social media account, but brands need to think beyond their name, developing a long-term social media strategy, knowing audience, tailoring content, these are all essential elements to turn these online tools into a powerful part of your overall strategy, increasing interaction and gain new customers. The principal steps (Fig. 1.17) for launching a campaign for brands and especially for fashion brands are:

1. Create idea or define objectives (awareness, engagement, increase in sales, in store traffic increase);
2. Develop assets and messages, which means define the target, timing, budget, positioning, channels, frequency, types of content (video, photos, animated photos) to share;
3. Launch the campaign;
4. Measure the effectiveness;
5. Optimize the results.

Now this process is much faster than in the past. The brand has an idea or defines the objectives it wants to reach, then develops the content, publishes it, immediately measures the results and then optimizes. This process, thanks to social media, takes only some hours and in this way, there is a continues dialogue with customers in terms of information. The most important thing in the end is the information and the data that the brand collects and better them are better the brand can understand more about the individual preferences. At the same time the brand needs to have in the organization someone able to play with algorithms because data are nothing without the elaboration. Data about individual preferences and their environment determine what are the rules and algorithms to process this data and it is important to establish what to show and in this way the brand can really understand how customers behave and measure the level of engagement.



Fig. 1.17:
The Social Media Plan

In the fashion system, we are in a (r)evolution in the communication strategy, because the fashion houses are passing from a communication focused on product to a lifestyle/brand personality communication, from the content marketing to the content strategy. The first is any marketing format that creates and shares content focused on new customers acquisition and engagement; the second one involves the entirely processes that govern the conception, the realization, the acceptance/endorsement, distribution and optimization of the contents. The content strategy is about: brand conversation (core values, brand positioning, product news), non-business issues, which are key for

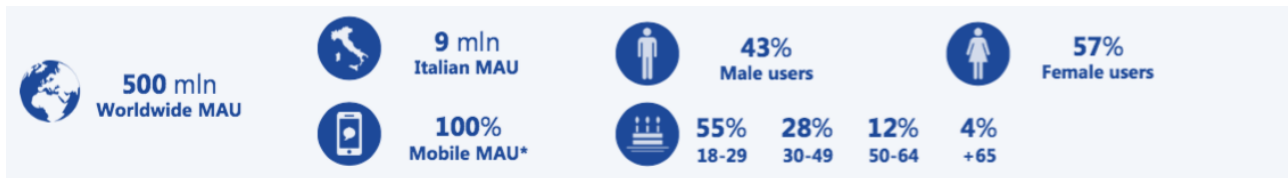
the brand (CSR, Sustainability, etc...), modalities adopted by the media on conversation related to the brand, how the community talks about the brand (comments on social media, blog post, tweets, etc..) and other topics the community is focused on, contents performance and how consumer look for the brand (which websites, etc..). What the brand needs for the best planning approach is to define story and storytelling, to build content channel strategy, to define the role of converged media in the marketing strategy and to set an experienced team to build and drive the process.

Here are a few effective marketing strategies for fashion brands on social media:

1. Storytelling, when you are talking about your brand it is essential that you tell a story, it is the most simple and instinctive way; you need to explain how your brand is different from the others. It means develop an effective, timely content marketing strategy, it is important to have a flexible and timely content marketing strategy, which means providing relevant, engaging content to community, and keeping the conversation going.
2. Launch engaging social media campaigns: - leverage Facebook, as I said before, Facebook can be used for likes, shares, and status updates but it is also a business tool. It is essential design a proper online strategy, takes planning, decide the content you want to share and post. This helps in interacting with audience and developing online voice; - benefit from Twitter, it is relevant especially for fashion brand, it is about how often tweet, what tweet, and how should be utilizing relevant tastemakers on the platform to promote the brand, which will come with experience; - exploit Instagram (explained in 1.2.3.2);
3. Collaborate with bloggers and influencers, create a blog or building relationships with bloggers or influencers around the world could be a great link to future customers. It is important to identify bloggers with which you can have a mutually beneficial conversation, and to approach them for a potential collaboration; this will help to get more awareness and strengthen your brand in your target.
4. Post rich imagery, let the products/clothes do the talking. It is important to manage what, where and when you post. You must learn to balance third-party content with original content, this is the key to attract and interact with target audience.
5. Provide real-time customer service, it means provide an excellent customer service in real-time, in a warm, casual and fun tone, is a consistent extension of brand image, it is essential know and understand the need of your community, it is essential find community managers that work behind-the-scenes with the right skills.
6. Provide a top of the line interactive experience, it means live up to image by bringing community a top of the line social media/interactive experience, for example live streaming the show on social channels or unveiling the collection to online community right before it hit the catwalk.

It is also important to measure the budget and the return on investment (ROI), it is essential learn how design and launch an advertising campaign for any social media strategy. Learning what to do with money is the first step, even a small budget can be enough to get the customers you need. Time and money are both hard earned, and it is hard to part ways with either of them. So, it is essential to have a way to measure the return on investment (ROI) and to learn how improve strategy and use online tools to calculate just how effective efforts are.

1.2.3.2 Instagram: the social for fashion



Instagram is a social media where you can share online photo and video with their network and it can be used to create rich and amazing storytelling. It is about visual feelings and it is about pictures and different storytelling, that means different way with which people explain whom they are and tell story. About demographics, it is mainly female users on Instagram, 57% and it is mainly for luxury and fashion products. That's obvious because something beautiful does not need much to say, it is visible also on a picture. Regarding the business opportunities depends of the nature of the brand, it can be used in continuity or can be activated on specific occasions, but the key of success is to have a strong storytelling. If a brand is on Instagram it must change its language, less discussion, more facts in pictures or photos. There is a theory in psychology explaining how a brand works in making engaged someone: you see from the pupils, if they are dilated, if people are interested or not in just 7 seconds. And the same happens for pictures, you understand in 7 seconds if you are interested or not. Companies must understand how capture the attention. On Instagram, it is possible tag people, insert links and boomerang feature. All these tools allow Instagram Stories to become more powerful and this means more effectiveness for the Brand's investment in storytelling. Instagram is the social media engagement winner. Across the panel, B2C brands see high engagement on Instagram making it is the most successful channel for fashion brands, with an average engagement ratio of 13.71. *"Engagement with brands on Instagram is 10 times higher than Facebook, 54 times higher than Pinterest, and 84 times higher than Twitter."*

Over the last two years, platforms such as Facebook, Twitter and Pinterest started developing some variation of the "buy button", a tool that's designed to encourage people to make in-the-moment purchases on social media. On the 1st November 2016, Instagram announced: *"Today we're excited to announce an easier experience to shop the products you love on Instagram"*. The platform is testing a feature that will make it easier for brands to direct shoppers to products they see and like in an

Instagram photo. These "shoppable" photos will have a shopping tag next to items to identify the product as available for purchase. *"Each post will have a tap to view icon at the bottom left of a photo. When tapped, a tag will appear on various products in the post—showcasing up to five products and their prices. Once a tag is selected a new detailed view of the product will open. This functionality will bring important product information to the consumer earlier in the journey, all without having to leave the Instagram app to search. Then, if the consumer taps the Shop Now link from the product details view, they'll go directly to that product on the business' website, making it easier for them to buy the product they want."* Said the Instagram team. Initially, the shopping tag feature is available only to a group of people on iOS devices within the US. An example of shopping on Instagram for testing the new experience, has been done with 20 US-based retail brands including Kate Spade, Jack Threads and Warby Parker. They have shared posts that have more depth, making it easier for Instagrammers to review, learn about and consider the items that interest them. *"We expect to learn a lot from the businesses we're working with in this early test. During this initial phase, the new features will be available to a group of people on iOS devices within the US. As we roll out further, we'll explore product recommendations, ways products are showcased to shoppers, global expansion and the ability to save content so Instagrammers can take an action later. We want to understand how to deliver the most seamless shopping experience for consumers and businesses on Instagram, and ultimately mobile."* Instagram's entrance into e-commerce is inevitable, the "Buy buttons" are closing the gap between social media and online retail, which has led merchants, tech providers, and social media companies to experiment with how use the technology to increase digital sales. Instagram already is a great place for discovery on mobile. Despite the technology is still new and the long-term impact it could have on ecommerce is unclear. It will be interesting to see how buy buttons play out across the social media landscape and change consumer shopping habits.

"Instagram is where we reflect the interesting life of the Kate Spade New York girl through relatable social moments which highlight the products that are characters in her story. This post features our favorite new bag and elements from our new personalization program that, together, make the bag uniquely hers. With this seamless shopping experience launching on Instagram, the possibilities for selling our products are endless." (Fig. 1.18)

Said Mary Beech, Executive Vice President and Chief Marketing Officer, Kate Spade & Company.

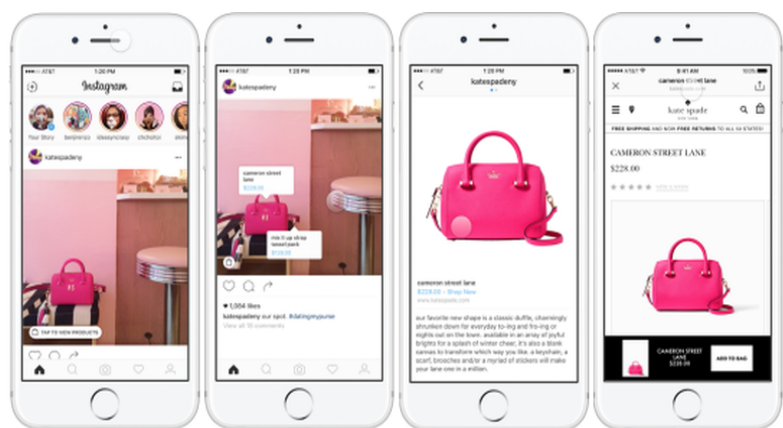


Fig. 1.18: Instagram Shop Now Function, Source From: Kate Spade & Company

1.3 What is social commerce

The rise of online shopping and social media leads to the birth of a new type of purchasing behavior that offers consumers a better digital shopping experience, the Social Commerce. This is a digital initiative that uses social media to assist in the buying and selling of products and services. It is about building a relationship with customers and not about pushing a product or service like traditional commercial tactics.

E-commerce has completely changed the way people do shopping. You can browse products while waiting for dinner, or make purchases while you are at home, and compare prices online when you're in a store to see what's the better deal. From an e-commerce perspective, a new form of commerce referred as Social Commerce was enabled. Even if the term "Social Commerce" is recent, this type of purchase practice was already spread by Amazon.com, that allows customers to publish comments, ratings and reviews of purchased products.

In addition to this, the diffusion of social media supports the development of new business opportunities for companies, as well as of social commerce tools.

We can define the Social Commerce in many ways, some of these definitions are:

"Social commerce is an Internet-based commercial application, leveraging social media and Web 2.0 technologies which support social interaction and user-generated content in order to assist consumers in their decision making and acquisition of products and services within online marketplaces and communities" ²⁴

"in an integrated definition, social commerce is an online medium which combines Web 2.0 technologies and the psychology of social shopping within a virtual community" ²⁵ and includes elements of marketing, computer science, sociology and psychology, which all add to the diversity of definitions" ²⁶

"Social commerce is a subset of electronic commerce that involves social media, online media that supports social interaction, and user contributions to assist online buying and selling of products and services." ²⁷

"A form of electronic commerce which uses social networks to assist in the buying of selling of products. This type of commerce utilizes user ratings, referrals, online communities and social advertising to facilitate online shopping." ²⁸

²⁴ Source: Huang & Benyoucef, 2013 From e-commerce to social commerce: A close look at design features. Electronic Commerce Research and Applications

The result is that Social Commerce can be defined as an instrument for monetizing social media with e-commerce. Two are the core activities of Social Commerce:

1. Add social media tools to e-commerce sites, allowing people to connect each other wherever they buy;
2. Allow people to buy where they connect, integrating social network platforms with social media stores.

Social Commerce differs from traditional commerce in the terms explained in the table below²⁹.

Aspects	e-commerce	social commerce
Business Models	<ul style="list-style-type: none"> ▪ Traditional ▪ R&D ▪ Products/Services/Business Process-oriented 	<ul style="list-style-type: none"> ▪ Need new business models or build on the existing ones more technology-enabled (Web 2.0, Cloud computing and SOA) ▪ Co-design ▪ Social and customer-oriented
Value creation	The design of business processes, products or services is limited to the enterprise (or its partners)	<ul style="list-style-type: none"> ▪ Participatory and collaborative ▪ Create revenue by using scarcity of attention ▪ Seeking new business values
Value chain	Limited actors	Large actor, where motivation of participating is rewarded
Customer connection/Communication/Conversation	<ul style="list-style-type: none"> ▪ Customers interact individually with e-commerce web sites and independently from other customers ▪ No communication from customer to business or from customer to customer 	<ul style="list-style-type: none"> ▪ involves on-line communities that support social connection to enhance conversation between customers ▪ Collaboration and participation
System-interaction	<ul style="list-style-type: none"> ▪ One-way browsing, where information from customers is rarely (if ever) sent back to businesses or other customers ▪ One-way creation of content (from business to consumer) ▪ Push information to relatively passive audience 	<ul style="list-style-type: none"> ▪ Develops more social and interactive approaches that let customers express themselves and share their information with other customers as well as with business ▪ Community creation of content
Design	<ul style="list-style-type: none"> ▪ Presentation (views of the product/service characteristics) ▪ Discovery mechanisms (e.g., search) ▪ Navigation 	Web 2.0 is based on user-centered design, through interactive interface that enables identity, interactions and communities, i.e.,: <ul style="list-style-type: none"> ▪ Recognizable actors ▪ Conversation among actors ▪ Participation of actors ▪ Tag/ Rank/Rate/Review/Comment, etc.
Platform	Web 1.0 (B2C), EDI or Web services (for B2B)	<ul style="list-style-type: none"> ▪ Web 2.0, Cloud Computing, SOA ▪ Collaboration + Participation + Openness
Legal issues	Emphasized within agreed upon policies	Need to be emphasized

Fig. 1.19: Differences between social commerce and e-commerce, Source from: From E-commerce to Social Commerce: A Framework to Guide Enabling Cloud Computing, Youcef Baghdadi²⁹

The differences are in terms of business model, value creation, value chain, customer connection/communication/conversation, design, platform and legal issues.

Regarding the value chain and customer connection while E-commerce rely on limited actors and one way communication (“*interact individually*”), the Social Commerce allows collaboration and participation, so a value chain characterized by large actor with “*social connection to enhance conversation between customers*”. A key role is played by social media that enables the creation of relationship between companies and customers, a high level of communication, collaboration and

²⁵ Source: Kim & Srivastava, 2007 Impact of social influence in e-commerce decision making; Marsden, 2009 Simple Definition of Social Commerce (with Word Cloud & Definitive Definition List)

²⁶ Source: Constantinides E., Fountain S., 2008, Web 2.0: Conceptual foundations and marketing issues, Journal of Direct, Data and Digital Marketing Practice

²⁷ Source: https://en.wikipedia.org/wiki/Social_commerce

²⁸ Source: <http://www.businessdictionary.com/definition/social-commerce.html>

²⁹ Source: From E-commerce to Social Commerce: A Framework to Guide Enabling Cloud Computing, Youcef Baghdadi

participation among users and develops “*more social and interactive approach*” allowing customers to express themselves, their needs and behaviors.

1.3.1 Dimensions, types and actions

The main goals of Social Commerce are to: increase online traffic; create or strengthen customer engagement; manage brand reputation and built brand authority; building stronger customer relationships, community, and trust.

According to Statista in the first quarter of 2017, the online shopping orders worldwide referred through social media had an average value of 85.21 U.S. dollars. The most used Social Commerce pages are Facebook, Pinterest and Instagram, when Facebook is the dominant one.

In these social media have been included the "Buy Now " button, so it is possible to purchase directly from the social account but this is possible only in few countries.

There are 8 types of buying and selling behaviors in the Social Commerce:

1. Peer-to-Peer Sales Platforms: these are community-based sales platforms. People can communicate, shop, buy and sell directly to one another. Examples are eBay, Esty and Facebook groups. According to a survey the consumer reviews are 157% more effective than traditional advertisements;
2. Social Network-Driven Sales: these are simply social networks that drive the buying, or selling of a product from the physical or online retail store or from the platform itself thanks to the “Buy Now” or “Shop Now” button. Examples: Instagram, Pinterest, Facebook;
3. Coupon Platforms: the main example is Groupon, where groups of people buy a product in bulk purchase for a discounted price;
4. Peer Recommendations: these are websites that reward customers for recommending products and services to their peers and recommend also other products based on past purchase history. Amazon is the symbol, it recommends relevant products based on the past purchase and products that were frequently bought together;
5. Participatory Commerce: these are Social Commerce where consumers are directly involved in the financing of a product/service, voting or collaborating in design products. An example is Kickstarter;
6. User-Curated Shopping: Lyst is an example. Users create lists of recommended products and services for others to shop from;
7. Social Shopping: in these consumers can shop online with their friends, thanks to the possibility of chatting or find features exchanging opinions and advices. An example is Rent

the Runway, that lets customers post pictures of the dresses they rent with reviews on the piece rented;

8. On site: is an example of website that encourages customers to share their purchases immediately after the transaction, as Zulily.

The seven basic social commerce actions are divided in pre-purchase and post-purchase, regarding the first type we have, as shown in Fig. 1.20:

- 1 Wish List: making a wish list of what you desire;
- 2 Gift: buying something for someone else;
- 3 Group Buy: buying something together;
- 4 Advise: asking friends for advices or opinions on a future purchase;
- 5 Recommend: suggesting a specific item to someone else;

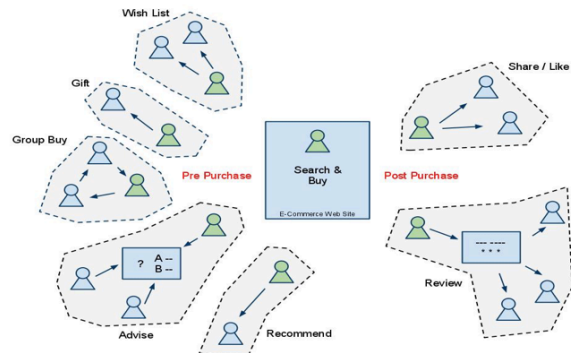


Fig. 1.20: Seven basic social commerce actions, Source from: Toby Beresford's Seven Basic Social Commerce Actions

For the second type, there are:

- 6 Share: share with friends what you just bought;
- 7 Review: rating products and commenting on a purchase.

When we talk about Social Commerce, it's important to think about social context, because it is not enough just replicate the search and buy process of catalogue shopping.

The use of social media is becoming essential for customers but first for merchants, because the use of social media is exponentially growing in the Social Commerce context.

When we are on social we feel safe, there are friends with which we share our thoughts, music, voyages and experiences, the social media make feel like we are in a familiar and comfortable place.

The Social Commerce users share their purchasing intention and preferences on social network, they do not find only ratings on products/services but they are looking for a purchase advice and post-purchase, they talk about what they buy and tell their story with the product purchased.

1.3.1.1 Facebook: F-Commerce

The term Facebook commerce, or F-commerce, refers to the action of directly selling products/service to customers through Facebook. A simple definition is:

“F-Commerce, derived from e-commerce, is the use of Facebook as a platform for facilitating and executing sales transactions - either on Facebook itself or externally via the Facebook Open Graph. F-commerce is a form of social commerce, the use use of social media, online media that supports

*social interaction and user contributions, to assist in the online buying and selling of products and services”.*³⁰

Facebook commerce improves each step of the purchasing experience, from discovery to the real purchase. It has positive sides both for customers and for brands.

Thanks to f-commerce a brand can:

1. Increase awareness: it can increase brand and products' awareness and it can create expectations for new launches, reaching over 2 billion people that using Facebook every month;
2. Acquire new client and preserve old one: it can find more contacts, acquire new customers and buyers and it can increase the development of more durable relationships with customers, enduring customer loyalty;
3. Increase purchases: it can increase the purchases and the subscriptions unifying the entire shopping experience from the physical stores to the online space, enhancing the customer experience.

From a consumer perspective, f-commerce allows to:

1. Try a relevant and tailored shopping experience;
2. Make smarter shopping decisions using their social intelligence for example learning from other experiences.

Many brands use f-commerce for example: Asos, Banana Republic, L'occitane, Apple, Bulgari, Coca-Cola, Diesel, Disney, Dove (Unilever), Gap, Heinz, Levi's, Macy's, Max Factor, Nike, P&G, Pampers, Pantene, Starbucks, Volkswagen, Walmart, Warner Bros. Dean Murr, Senior Programmatic Manager of ASOS said : *“ASOS is an ambitious brand that moves fast and Facebook is a great place to find and connect with mobile-savvy 20-somethings. The Solutions Engineering team was an excellent partner in building our already successful dynamic ad campaigns to deliver a seamless cross-device customer experience. We've had real success by tapping into our app browsing audience and deep-linking them back into their preferred shopping environment with products they like.”* Facebook commerce to date is available only in USA, UK, Australia and New Zealand.

³⁰ Source: https://digitalintelligencetoday.com/downloads/f-commerce_FAQ.pdf

1.3.1.1.1 Two success stories: Shopping the runway show on mobile

Tommy Hilfiger and Michael Kors

TOMMY HILFIGER

Shopping the runway show on mobile thanks to Facebook official page.

Tommy Hilfiger, the iconic American fashion brand launched in 1985, to help its “See Now-Buy Now autumn 2016”, has used the collection ad format launch to enable European consumers to instantly buy items featured in the runway show video. The brand, as one of the world’s leading designer lifestyle brands, is revolutionizing the runway, enhancing the consumer experience through digital innovations. Their goal is the instant gratification of their consumers. Indeed, Tommy Hilfiger has used the collection ad format to transform its runway show into a mobile shopping experience. The September/October 2016 campaign has positive result: shopping the runway show on mobile has brought European women to immediately make a purchase online and resulted in a 2.2X higher return on ad spend, it has lowering cost of 37% per visit to Tommy Hilfiger's e-commerce site and it has increased of 2X the engagement rate. *“Our mission was to democratize the runway and make every look immediately available to all consumers worldwide. We took our video assets to the next level, through integrating shopping functionality. Collection creates a consumer experience that reflects how current generations of digital natives interact with their favorite brands. The results exceed expectations, generating an ROI increase of over 200%”* said Avery Baker, Chief Brand Officer of Tommy Hilfiger.

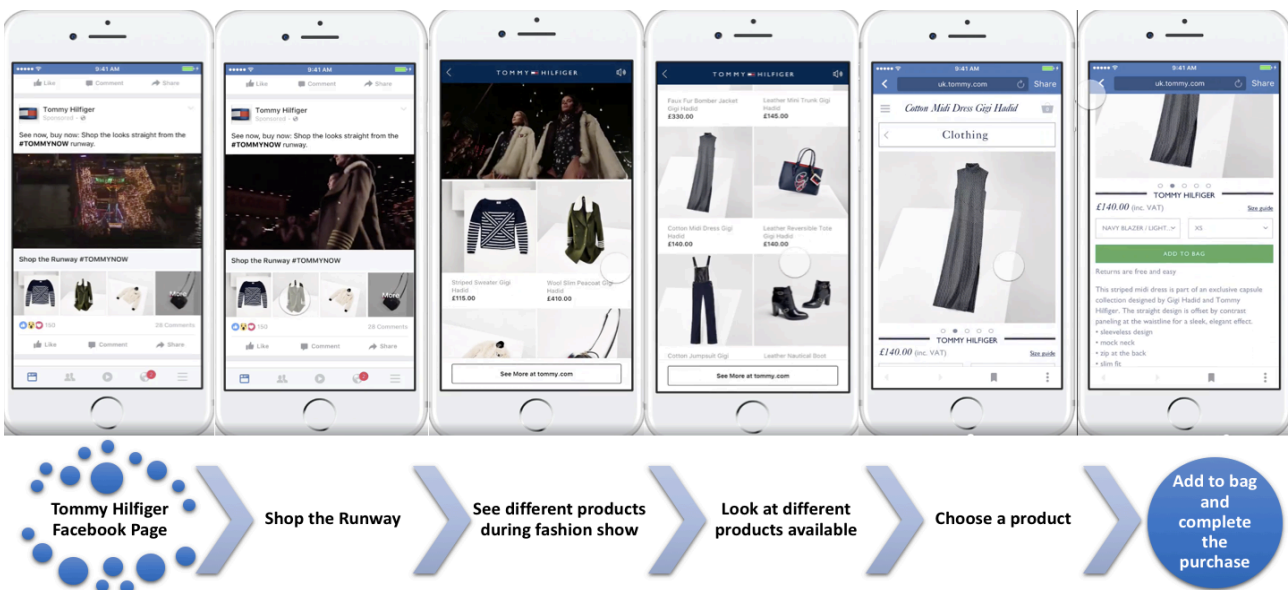
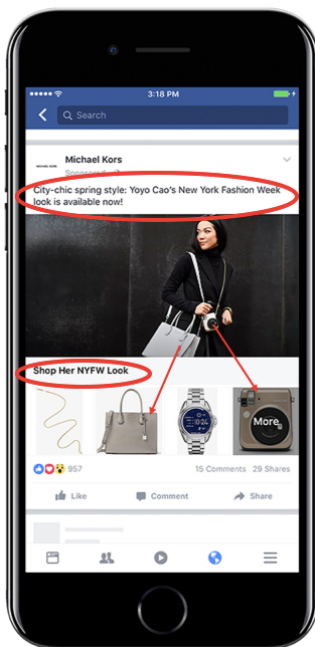


Fig. 1.21: Tommy Hilfiger, shopping the runway show on Facebook Page, Source From: Tommy Hilfiger Facebook page

How does it work? The collection ad format shows an engaging video or image with a row of 4 related product images below it (Fig. 1.21), the ad appears in people’s mobile News Feed and people can expand the ad into an immersive shopping experience. It can showcase up to 50 products that link to

the brand's mobile site or app, giving the possibility of an immersive shopping experience with even more products, because all the products shown below the video are automatically pulled from the product catalog. The products shown are the key pieces from the fashion collection. People, getting inspired by the models and by the show, could click on a product, view the product details on the Tommy Hilfiger Facebook Page and make a purchase online. That was perfect for the launch!

MICHAEL KORS Influencing Fashion Week. Michael Kors, the luxury American fashion brand since 1981, during New York Fashion Week partnered with influencers and fashion bloggers to inspire fans, highlight the key items of 2017 collection available for purchase and enable them to shop what they saw on the front row. This is resulted between November 2016 and February 2017 in: 2.6X year-over-year increase in return on ad spend, 111% increase in attributed return on ad spend (measured by Facebook's offline conversion solution), 21% increase in app taps into the product details views from specific NYFW posts with shopping features, compared to other posts with shopping features 14.3 million people reached. The Michael Kors team want that fans, getting inspired from the show at the New York Fashion Week, could make a purchase to the looks they love, directly from Facebook.



"We know our fans love to see what their favorite fashion influencers are wearing front-row at our New York Fashion Week runway show. We are excited to partner with Facebook to create a unique and inspiring shopping experience that allows them to seamlessly shop their favorite looks from their style icons, on the mobile platform they love most." Said Michael Kors Marketing Team.

Fig. 1.22: Michael Kors, from discovery to sales on Facebook Page, Source From: Michael Kors Facebook page

Their objective was "From discovery to sales". Michael Kors wanted to engage its fans during the New York Fashion Week and developed a way for them to be updated with the runway but at the same time shop the current-season items during the fashion shows. The team have a partnership with 4 fashion bloggers and influencers: Harley Viera-Newton, Gala Gonzalez, Sistine Stallone and Yoyo Cao. They wore looks from the Spring 2017 Michael Kors Collection and the Michael Kors line to attend the Fall 2017 Michael Kors Collection runway show. During New York Fashion Week, the influencers have posted images to their own Instagram accounts, featuring front-row sneak peaks and behind-the-scenes moments from the runway show, while were wearing items from the current Michael Kors season. The influencers while wearing these items (Fig. 1.22), were posted on the Michael Kors website and their accounts were also linked to the Michael Kors

homepage. After Fashion Week, the Michael Kors team ran a series of collection and link ads of influencers wearing the items they wore at the show and each of these ad formats linked to the product pages on the Michael Kors website, where people could readily shop the looks. This represents a success story and opportunity for Michael Kors and for the fans and clients of the fashion house.

1.3.1.2 Pinterest and Twitter



With over 175 million monthly active users globally, Pinterest is an innovative visual discovery engine, that give users the chance to identify and save "Pin", new ideas that represent a user's interests.

Beyond just this discovery cycle, there is something more, the platform had evolved to accommodate the entire customer purchase cycle, Pinterest is transforming into a Social Commerce. It aligns all the purchasing stage from the discovery to the purchase itself. For brands that are looking for a connection between social media and sales, Pinterest is one of the key places to be, for three main reasons:

1. It is built for discovery;
2. It gives a seamless purchase experience;
3. It retain customers with data-driven experiences.

Pinterest is different from other social media platforms, while social channels are focused on the connection between people and the share of real-time status, Pinterest is built around the discovering process of new products, with the possibility of save the ones you like and plan. On Pinterest people are planners looking for idea, for new thing to create or to try at least two months ahead of an event. It represents a massive opportunity to connect with a large audience, Jon Kaplan, head of global sales at Pinterest, shared with eMarketer that users are conducting 2 billion searches every month on Pinterest to find things to buy or do. Thanks to the advanced visual search tools Pinterest is becoming smarter about how it presents products to users and to add to their shopping lists. This is a big and unique opportunity to influence a large group of buyers, larger than the only chance available with the physical store. Regarding the official data on Pinterest Business ³¹ 93 % of people say they use Pinterest to plan purchases, and 87% of Pinner's purchased something because of Pinterest, this is very important for brands. Pinterest has introduced the possibility to facilitate in-platform purchases, so the user seamlessly can discover different products, choose the most interesting and decide to buy immediately or go to the store to see it in person. Initially Pinterest rolled out an auction CPC bid type, but now is experimenting buyable Pins. From a "Pin" with a simple click of a button the users can purchase the items they want and reliable payment systems, like Apple Pay, securely handle the

³¹ Data from <https://business.pinterest.com>

digital transactions (available only in the USA for Apple mobile devices, Fig. 1.23). This system

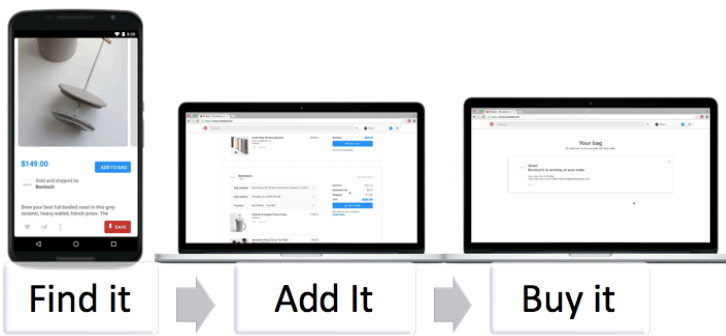


Fig. 1.23: Buyable Pins, Source from: Pinterest.com

allows Pinterest to extend the shopping experience covering all stages, from discovery to purchase. It not only facilitates a single purchase but can continue to bring customers through this purchase funnel time and time again because the platform is investing in tools able to understand user data, behavior, to

show relevant content based on search and Pin history and to find also new customers. Pinterest is becoming an essential investment for any brand during the approach dedicated shopping season and beyond, thanks to this ability to convert a research into a purchase.



Also, Twitter has often talked about the possibility of shopping directly from the social network and on 2015 the social has introduced the “Buy button” that allows users to shop directly via Twitter with a simple tweet.

This new button was introduced for a tight test in the United States, and then would be expanded to Europe when also other trading partners would join. Users have the possibility to have bids and products unavailable elsewhere and, as you can see in the Fig 1.24, the new “Buy button” appear in the tweet that advertises the product for sale. The user only need to click on this and complete the purchase with the payment and shipping information.

Twitter also assured that *"Payment and shipment information will be securely encrypted and securely stored after the first transaction. Successive purchases on Twitter will thus be easier, without having to re-enter their data, which of course may be Removed from your account at any time. The credit card will be handled securely and will not be shared with the seller without authorization."*

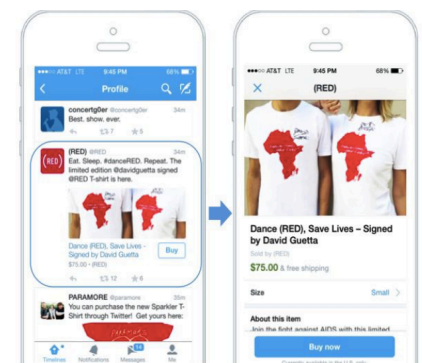
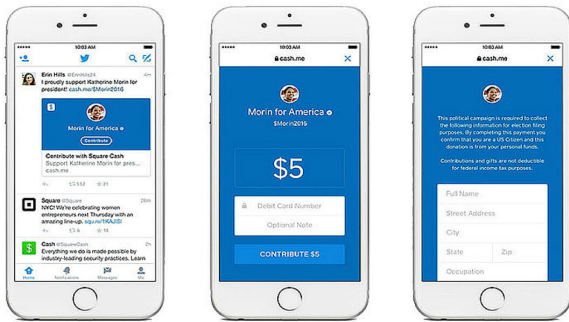


Fig. 1.24: Twitter Buy Button, Source from: Twitter.com

On January 2017, there have been rumors that Twitter is preparing to retire its commerce operation: it is now gradually winding down the “Buy button”.

At the same time, Twitter will continue to offer a “Donate” button to give to charitable causes and other nonprofits, which Twitter will offer directly. (Fig. 1.25)



The “Buy button”, that have made its first official appearance in September 2014 in partnership with few US brands, now is going to disappear, maybe because it has taken a year before Twitter expanded the service to a network of partners that included Shopify.

Fig. 1.25: Twitter Donate Button, Source from: Twitter.com

1.3.2 Benefits and limitations of Social Commerce

Both customers and retailers can have benefits using Social Commerce.

Regarding customers' perspective, Social Commerce allows customers to:

1. Increase satisfaction and fun;
2. Enhance emotional value allowing customers to socialize,
3. Meet and share with friends their purchase, becoming a new shopping and more engaging experience;
4. Reduce decision time, possible thanks to purchase matched with desires and needs and because the customers can easily make a purchase when they are on their social pages without wasting their time;
5. Get free recommendation from friends and other customers, recommendation that are perceived be more trustworthy and believable;
6. Experience a better customer service, thanks to the real-time assistance.

For retailers, thanks to Social Commerce they can:

1. Find new customers;
2. Increase traffic volume, revenues and sales on line;
3. Monetize and measure the effects of advertising campaign, and thanks to data obtained planning a better ad campaign;
4. Reduce cost thanks to new online technology;
5. Manage online brand reputation;
6. Built brand community;
7. Enhance customer support;
8. Increase collaboration with influencers and bloggers, that can help enlarging brand awareness and promoting products, rising the sales and improve communication with clients.

Regarding the limits of Social Commerce, we can mention: lack of security, privacy of users and protection of the purchase and a possible decrease of in-store sales. The presence of some e-commerce

on social media does not make them more reliable. To ensure the security of on-line purchases, there are in fact online platforms that controls them, for example Shopping Verify.

1.3.2.1 A focus in the fashion industry: Pros and Cons

For fashion industries Pros of Social Commerce are essentially related to 4 main aspects: Insight, Brand Experience, Loyalty and Advocacy.

The social platforms, like Facebook, Instagram, Pinterest, are becoming sales platforms; they are where customers are and the possibility to sell directly where customers communicate, live, share is a huge opportunity for fashion brands. The social commerce drives customer loyalty, offering a new online branded experience and increasing e-commerce traffic. The market opportunity for selling on social platform is still limited, because we have only a portion of customers that can buy on socials and that are willing to buy on socials (US, UK, Australia and New Zealand).

The fashion industries thanks to Social Commerce can also leverage another opportunity of having new marketing channel for promoting products, communicating their brand personality, building brand advocacy and obviously developing a new channel for purchase transactions, that can increment online traffic.

From the Snapchat stories, that had dominated the last fashion weeks, to the last features of Facebook and Instagram, like "Buy Now" button, the fashion houses have benefits also from them in term of engagement and digital experience.

The Cons mainly concern the challenges that fashion brands must undertake on Social Commerce, no easy to accomplish. Fashion brands must:

1. Design all their activities by putting the customer in the center, people do not see communication or sales channels, they see brands. So they had to adapt their identity and values to the social pages, the places where who buys, lives.
2. Reorganize a multichannel approach based on a one-way approach. From the team that take care of e-commerce, to the team of social, to the store's and customer care's team, or the team of fashion shows or event, everyone must speak the same language adapting to the different channels. This is the biggest challenge for fashion industries, the changing in communicating who they are and so the planning of a new digital strategy conforms to the brand, its target and its sector and its clientele.
3. Have a solid data strategy, collecting, categorizing, analyzing all data and making them useful for the provision of appropriate services, in a totally personal way.
4. Develop methods to manage automatically orders and manage also new form of online payments.

Digital and social have the power to transform completely the world of fashion, rewrite its logic and value its unique components. Fashion events can be captured by a digital approach.

With socials, there is the ability to track comments online during and after a fashion shows, the opportunity to build a timely and focused social media storyline and above all the possibility of selling products during and immediately after the fashion shows, thanks to the development of the See Now-Buy Now system.

1.3.3 What's next?

What is the future of Social Commerce? As I said before, Social Commerce helps brands to expand their relationships with their customers, maintaining their loyalty, trust and familiarity.

Social Commerce is still at starting point because it is available only in USA, UK, Australia and New Zealand. None of the major social media like Facebook, Twitter, Pinterest have completely yet figured out how bring transactions directly to their platforms and how bring customers to their online store. Today consumers rely on social networks mainly to guide their purchases. The possibility of read reviews and ratings of products purchased by friends or others encourage the buying process, also the "Like" and "Pin It" buttons are encouraging shoppers to share their purchase with their online networks and retailers too involve the shoppers directly in the production process for example as Nike did, inviting them to design their own shoes.

As I said in paragraph 1.2.3.2 and as it was announced on November 2016, also Instagram is evolving into a Social Commerce platform.

Instagram now has a lot to offer businesses, especially to fashion brands:

- 1 Photo Video and Carousel Adverts, tell story through photos, 60 seconds long videos and possibility swipe to view additional photos or videos in a single advert;
- 2 “Behind the scenes”, thanks to Instagram stories, businesses can give viewers a behind the scenes into what their brand is really like;
- 3 Influencer marketing, influencers and bloggers can use their story to link or tag brands and recommend it to their followers;
- 4 Sponsored posts, brands can buy sponsored posts, and these posts are shown to users based on the accounts they follow and the pictures they like and comment on;
- 5 With the development of the “Shop Now” function, it will be possible to make a purchase directly from the posts.

Looking at the future of Social Commerce there is above all an expansion in terms of users. The possibility of shop through social networks will expand in Europe and then in the rest of the world. Of course, it will have to be accompanied by the development of better and safer payment methods that guarantee security in terms of user privacy and data protection.

“Tell me and I’ll forget;
show me and I may remember;
involve me and I’ll understand.”
(Chinese Proverb)

CHAPTER 2

The digital customer engagement: a focus in the fashion industry

2.1 The customer engagement

Customers today are always interconnected and they are very good observers, participants, initiators and co-creators. They can interact not only with the brand but also with other actors, other consumers and media.

Thanks to the digitalization, a new type of customer’s behavior appeared. This has inspired brands to looking for a new way to create engagement with their own customers and with customer's friends and followers.

Customer engagement meaning has been widely discussed in academic and practitioner literature, but there is no a unique definition that explains totally this phenomenon.

The definitions of engagement have several similarities but most of all disagree regarding its psychological or behavioral state and regarding the non-purchase behavior or all behavior including transactions and regarding the inclusion of only customers or also other actors.

Despite these discrepancies, everyone agree that engagement is becoming a relevant concept especially in this era, where the digitalization and the social media always progress.

Here a table with the most common definitions of engagement:

Author	Definition
Brodie et al. (2011, p. 260) ³²	<i>“Customer engagement (CE) is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g. a brand) in focal service relationships. It occurs under a specific set of context-dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value. CE plays a central role in a nomological network governing service relationships in which other relational concepts (e.g., involvement, loyalty) are antecedents and/or consequences in iterative CE processes. It is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional and/or behavioral dimensions”.</i>
Brodie et al. (2013, p. 107) ³³	<i>Consumer engagement in a virtual brand community involves specific interactive experiences between consumers and the brand, and/or other members of the community. Consumer engagement is a context-dependent, psychological state characterized by fluctuating intensity levels that occur within dynamic, iterative</i>

	<i>engagement processes. Consumer engagement is a multidimensional concept comprising cognitive, emotional, and/or behavioral dimensions, and plays a central role in the process of relational exchange where other relational concepts are engagement antecedent and/or consequences in iterative engagement processes within the brand community. Engagement sub-processes: sharing, learning, advocating, socializing, co-developing.</i>
Bowden (2009, p. 65) ³⁴	<i>The process of engagement traces the temporal development of loyalty by mapping the relationships between the constructs of calculative commitment, affective commitment, involvement, and trust as customers 'progress from being new to a service brand to becoming repeat purchasers of a specific service brand . . . engagement is conceptualized . . . as a psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand.</i>
Calder et al. (2016) ³⁵	<i>Engagement is a multilevel construct that emerges from the thoughts and feelings about one or more rich experiences involved in reaching a personal goal.</i>
Calder et al. (2009, p. 322) ³⁶	<i>In the language of measurement models, experiences are first-order constructs while engagement is a second-order construct. We shall use the term experience whenever we refer to a specific set of consumer beliefs about a vehicle such as utilitarian or intrinsic enjoyment, and the term engagement whenever we refer to the overall experiences of a vehicle.</i>
Cambra-Fierro, Melero-Polo, and Vázquez-Carrasco (2013, p. 326) ³⁷	<i>Engagement is defined as a set of customer behaviors vis-à-vis the firm—both transactional (loyalty, repurchase intention) and non-transactional (commitment, word-of-mouth, referrals, blogging, etc.) in nature—which guarantee future sales volumes, generate positive publicity and bolster brand reputation. Engagement is conceptualized as commitment, loyalty, word-of-mouth.</i>
Gummerus et al. (2012, p. 858) ³⁸	<i>(Engagement) is defined as 'a behavioral manifestation toward the brand or firm that goes beyond transactions' (Verhoef et al. 2010, p. 247), and includes all consumer-to-firm interactions and consumer-to-consumer communications about the brand. Customer engagement recognizes that consumers carry out a number of firm-related behaviors of which many did not exist a decade ago and that may have both positive and negative consequences (e.g., positive versus negative reviews) for the firm.</i>
Higgins and Scholer (2009, p. 102) ³⁹	<i>Engagement is a state of being involved, occupied, fully absorbed, or engrossed in something—sustained attention.</i>
Hollebeek (2011a, p. 790) ⁴⁰	<i>'Customer brand engagement 'is' the level of an individual customer's motivational, brand-related and context-dependent state of mind characterized by specific levels of cognitive, emotional and behavioral activity in direct brand interactions'. The concept of 'direct brand interactions' refers to customers 'direct, physical contact-based interactions with a focal brand, as opposed to indirect brand interactions that may occur, for example, by observing a brand through mass communications (Brakus, Schmitt, & Zarantonello, 2009).</i>
Hollebeek (2011b) ⁴¹	<i>CE is the level of perceived cognitive, emotional and behavioral investment in, and ensuring perceived returns extracted from, a customer's interactive brand experience. Engagement dimensions: Immersion (cognitive), passion (emotional), and activation (behavioral).</i>
Hollebeek et al. (2014, p. 154) ⁴²	<i>A consumer's positively valenced brand-related cognitive, emotional and behavioral activity during or related to focal consumer/brand interactions. Three dimensions: cognitive, emotional, and behavioral.</i>

<p>Jaakkola and Alexander (2014, p. 248) ⁴³</p>	<p><i>CE is a psychological state that occurs by virtue of interactive customer experiences with a focal agent/object such as a firm or brand (Brodie et al.2011). We study CEBs through which customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental to transactions, occur in interactions between the focal object and/or other actors, and result from motivational drivers.</i></p>
<p>Ksiazek et al. (2014, p.3) ⁴⁴</p>	<p><i>Engagement is a broad phenomenon that describes all sorts of user attention and involvement with media. At its most basic level, it begins with exposure, but most perceive engagement as constituted of both psychological and behavioral experiences, and it can be a property of the users, the medium, or both.</i></p>
<p>Kumar et al. (2010, p. 297) ⁴⁵</p>	<p><i>Firms are now recognizing the imminent need to focus on building personal two-way relationships with customers that foster interactions. Such active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or non-transactional in nature, can be defined as “Customer Engagement.”</i></p>
<p>Lee, Kim, and Kim (2011, p. 61) ⁴⁶</p>	<p><i>Brand community engagement operationalized as: (a) providing new information about the brand to other people; (b) actively participating in the online brand community’s activities; (c) supporting other members of the online brand community; (d) saying positive things about the online brand community to other people; (e) recommending the online brand community to anyone who sought their advice about the brand; (f) encouraging other people to use the brand in future; and (g) not hesitating to refer other people to the brand.</i></p>
<p>Mollen and Wilson (2010, p. 923) ⁴⁷</p>	<p><i>Online engagement is a cognitive and affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate brand value. It is characterized by the dimensions of dynamic and sustained cognitive processing and the satisfying of instrumental value (utility and relevance) and experiential value(emotional congruence with the narrative schema encountered in computer-mediated entities).</i></p>
<p>O’Brien and Toms (2008, p. 949) ⁴⁸</p>	<p><i>Engagement is a quality of user experiences with technology that is characterized by challenge, aesthetic and sensory appeal, feedback, novelty, interactivity, perceived control and time, awareness, motivation, interest, and affect. Engagement is a process comprised of four distinct stages: point of engagement, period of sustained engagement, disengagement, and reengagement.</i></p>
<p>Patterson et al. (2006) ⁴⁹</p>	<p><i>Customer engagement describes the level of a customer’s various ‘presence’ in their relationship with the organization. The presences include physical presence, emotional presence and cognitive presence. Customer engagement is conceived as a higher-order construct which consists of four components, namely, vigour, dedication, absorption, and interaction.</i></p>
<p>Roberts and Alpert (2010, p.198) ⁵⁰</p>	<p><i>Degrees of customer engagement: Level 1–Customer purchases your product/service. Level 2–Customer is loyal to your product/service and either continues to repurchase (product) or continues to use (service). Level 3–Customer readily buys your other product/ service lines. Level 4–Customer recommends your product/service to others if presented with the opportunity. Level 5–Customer is an advocate and promotes your product/service at every opportunity. Our definition of an engaged customer is one that is loyal to your brand and actively recommends your products and services to others.</i></p>

Van Doorn et al. (2010, p. 254) ⁵¹	<i>Customer engagement behaviors go beyond transactions, and may be specifically defined as a customer's behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers. The behavioral manifestations, other than purchases, can be both positive (i.e., posting a positive brand message on a blog) and negative (i.e., organizing public actions against a firm).</i>
Vivek et al. (2012, p. 133) ⁵²	<i>CE is the intensity of an individual's participation in and connection with an organization's offerings or organizational activities, which either the customer or the organization initiates. The individuals may be current or potential customers. CE may be manifested cognitively, affectively, behaviorally, or socially. The cognitive and affective elements of CE incorporate the experiences and feelings of customers, and the behavioral and social elements capture the participation by current and potential customers, both within and outside of the exchange situations.</i>
Wirtz et al. (2013, p. 229) ⁵³	<i>OBC engagement refers to the positive influence of consumers identifying with an OBC. This is defined as the consumer's intrinsic motivation to interact and cooperate with community members. OBC engagement suggests that members are interested in helping other members, keen to participate in joint activities, to act volitionally in ways that the community endorses, and in ways that enhance the OBC's value for themselves and others. (Algesheimer, Dholakia, & Herrmann, 2005).</i>

³² Brodie, R. J., Hollebeek, L. D., Jurić, B., & Ilić, A. (2011). Customer engagement: Conceptual domain, fundamental propositions, and implications for research. *Journal of Service Research*, 14(3), 252–271.

³³ Brodie, R. J., Ilić, A., Jurić, B., & Hollebeek, L. (2013). Consumer engagement in a virtual brand community: An exploratory analysis. *Journal of Business Research*, 66(1), 105–114.

³⁴ Bowden, J. L. H. (2009). The process of customer engagement: A conceptual framework. *Journal of Marketing Theory and Practice*, 17(1), 63–74.

³⁵ Calder, B., Isaac, M. S., & Malthouse, E. (2016). How to capture consumer experiences: A context-specific approach to measuring engagement. *Journal of Advertising Research*, 56(1), 1–14.

³⁶ Calder, B. J., Malthouse, E. C., & Schaedel, U. (2009). An experimental study of the relationship between online engagement and advertising effectiveness. *Journal of Interactive Marketing*, 23(4), 321–331.

³⁷ Cambra-Fierro, J. J., Melero-Polo, I., & Vázquez-Carrasco, R. (2013). Customer engagement: Innovation in non-technical marketing processes. *Innovation: Management, Policy and Practice*, 15(3), 326–336.

³⁸ Gummerus, J., Liljander, V., Weman, E., & Pihlström, M. (2012). Customer engagement in a Facebook brand community. *Management Research Review*, 35(9), 857–877.

³⁹ Higgins, E. T. & Scholer, A. (2009). Engaging the consumer: The science and art of the value creation process. *Journal of Consumer Psychology*, 19(2), 100–114.

⁴⁰ Hollebeek, L. D. (2011a). Demystifying customer brand engagement: Exploring the loyalty nexus. *Journal of Marketing Management*, 27(7–8), 785–807.

⁴¹ Hollebeek, L. (2011b). Exploring customer brand engagement: Definition and themes. *Journal of Strategic Marketing*, 19(7), 555–573.

All these marketing definitions of engagement can be divided into two groups, those focusing on the psychological components, those focusing on behavioral components.

Regarding the first group we can mention: Brodie et al. that says "*Customer engagement is a psychological state.*"; Bowden that defines engagement as "*a psychological process driving loyalty*"; Higgins and Scholer that describe engagement as "*a state of being involved, occupied, fully absorbed, or engrossed in something*"; Hollebeek that delineates engagement "*is the level of an individual customer's motivational, brand-related and context-dependent state of mind*"; Mollen and Wilson state that "*engagement is a cognitive and affective commitment to an active relationship with the brand*"; Patterson, Yu, and De Ruyter argue that "*Customer engagement describes the level of a*

⁴² Hollebeek, L. D., Glynn, M. S., & Brodie, R. J. (2014). Consumer brand engagement in social media: Conceptualization, scale development and validation. *Journal of Interactive Marketing*,28(2),149–165.

⁴³ Jaakkola, E., & Alexander, M. (2014). The role of customer engagement behavior in value co-creation: A service system perspective. *Journal of Service Research*,17(3), 247–261.

⁴⁴ Ksiazek, T. B., Peer, L., & Lessard, K. (2014). User engagement with online news: Conceptualizing interactivity and exploring the relationship between online news videos and user comments. *New Media & Society*. Advance online publication.

⁴⁵ Kumar, V., Aksoy, L., Donkers, B., Venkatesan, R., Wiesel, T., & Tillmanns, S. (2010). Undervalued or overvalued customers: Capturing total customer engagement value. *Journal of Service Research*,13, 297–310.

⁴⁶ Lee, D., Kim, H. S., & Kim, J. K. (2011). The impact of online brand community type on consumer's community engagement behaviors: Consumer-created vs. marketer-created online brand community in online social-networking web sites. *Cyber psychology, Behavior, and SocialNetworking*,14(1–2), 59–63.

⁴⁷ Mollen, A., & Wilson, H. (2010). Engagement, telepresence and interactivity in online consumer experience: Reconciling scholastic and managerial perspectives. *Journal of Business Research*,63(9–10), 919–925.

⁴⁸ O'Brien, H. L., & Toms, E. G. (2008). What is user engagement? A conceptual framework for defining user engagement with technology. *Journal of the American Society for Information Science and Technology*,59(6), 938–955.

⁴⁹ Patterson, P., Yu, T., & De Ruyter, K. (2006, December). Understanding customer engagement in services. Paper presented at ANZMAC 2006 Conference, Brisbane.

⁵⁰ Roberts, C., & Alpert, F. (2010). Total customer engagement: Designing and aligning key strategic elements to achieve growth. *Journal of Product & Brand Management*,19(3), 198–209.

⁵¹ Van Doorn, J., Lemon, K. N., Mittal, V., Nass, S., Pick, D., Pirner, P., & Verhoef, P. C. (2010). Customer engagement behavior: Theoretical foundations and research directions. *Journal of ServiceResearch*,13(3), 253–266.

⁵² Vivek, S. D., Beatty, S. E., & Morgan, R. M. (2012). Customer engagement: Exploring customer relationships beyond purchase. *The Journal of Marketing Theory and Practice*,20(2), 122–146.

⁵³ Wirtz, J., Ambtman, A. D., Bloemer, J., Horváth, C., Ramaseshan, B., Klundert, J. V. D., Kandampully, J. (2013). Managing brands and customer engagement in online brand communities. *Journal of Service Management*,24(3), 223–244.

customer's various 'presence' in their relationship with the organization. The presences include physical presence, emotional presence and cognitive presence."

Regarding the second group focused on behavioral components we can mention: Kumar et al. argue that purchases should also be included in the definition of engagement, after the purchases, there are other engagement behaviors that create value for a company: customer influence other customers through sharing positive or negative opinions, acquiring new customers by referral programs, and providing feedback to the company; Roberts and Alpert also include in their definition of engagement the purchase behavior of a product/service; and finally Van Doorn et al., focusing on the behavioral aspects, state that "*Customer engagement behaviors go beyond transactions, and may be specifically defined as a customer's behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers.*"

Some of these researchers combined both perspectives: Hollebeek et al. describe engagement as "*a consumer's positively valenced brand-related cognitive, emotional and behavioral activity during or related to focal consumer/brand interactions*" and say that it is characterized by three dimensions, "*cognitive processing, affection, and activation*"; and also Vivek states that "*The cognitive and affective elements of CE incorporate the experiences and feelings of customers, and the behavioral and social elements capture the participation by current and potential customers, both within and outside of the exchange situations.*"

Customer engagement may result in increased satisfaction, commitment, trust, and loyalty of customers. Thanks to customer engagement the dynamics, that in the past have influenced marketing decisions, are transforming. The term customer engagement, as I explained before, has many meanings and it is important to clarify always the intended meaning for a given context.

In this paragraph, I will try to clarify what is engagement, which elements of engagement can be tracked and measured, and which should be inspired. A brand's actions should be focused on creating an experience that is a meeting between personal goals of customers and the value for the brand.

A brand has not only to communicate but also must listen and respond to the customers, because the experience encourages brand dialogue behaviors, shopping and consumption. Engagement behaviors may take place with the use of different technologies, including mobile devices.

Finally, brands should measure impact customer engagement's response. Brands should adopt customer listening strategies, then experiment with them, and finally measure the value of activities that respond to customer engagement. Brands need to do experiments in order to understand the impact of engagement in their businesses and it is important for them to understand which type of engagement has the greatest impact on their customers.

2.1.1 The customer engagement ecosystem

As I said before, there is no a unique definition of engagement, so to define the customer engagement can be a good starting point identify the four basic components of CE that are: customer brand experience, brand dialogue behaviors, brand consumption and shopping experience. The brand itself and other actors in addition to the previous elements are part of the “Engagement Ecosystem” (Fig. 2.1), a dynamic and iterative process.



Fig. 2.1: The customer engagement ecosystem,
Source from: Ewa Maslowska, Edward C. Malthouse & Tom Collinger,
The customer engagement ecosystem,
Pages 469-501, Feb 2016

The engagement ecosystem contains all these objects related to each other in a bidirectional way: this can be initiated by the brand itself, by the customers or by other actors; it includes brands and its actions, customers with their experiences, purchase and non-purchase behaviors and other actors, as stakeholders. In this ecosystem is included the engagement with IT, websites and social media, that represent different touchpoints of the same model.

The **brand actions** are all the principal steps that a brand can do from the product development, to the definition of price, the advertising, the promotion, the distribution and all the marketing mix. Particularly, a brand can affect individual needs and behaviors utilizing all media available as own, paid and earned to address to its audience. In the past brand actions included mainly actions aimed to increase purchases, now brands also try to improve engagement with social media not only for a purchase intention but to build a strong customer relationship with clients.

The **other actors** are all the other stakeholders: employees, customers, suppliers, competitors, media and other agencies. In the past was the brand that, with its marketing actions, improves awareness and encourages people to buy a product, today is not only the brand to start and to control conversation on a specific product, it can be another customer or another companies, a post on Facebook or a comment on Twitter.

The **customer brand experiences** are the feelings and thoughts that people have about a product/service and as Calder et al. say, “reflect *the individual’s interaction with the product over time as a way of accomplishing personal goals*”⁵⁴. Goals are the representations of a desired final state that people try to achieve. These affect individuals’ evaluation of the world around them and also the resources they are willing to invest in a behavior. Goals are motivational drivers and the goal

pursuit may be both conscious, when an "*individual makes a decision to pursue a goal-directed behavior, and unconscious, when an individual is not aware of the goal activation or goal-pursuing behavior*"⁵⁵. The pursuit of a goal means that a person creates an experience that is personal and unique and an experience that can make a person says, "*I'm feeling right*" and then this experience is able to increase the person's motivational engagement and it is able to enhance the perceived value of the goal pursuit. This experience has a motivational character and particularly, the brand-related experiences are perceived in a unique way, because the customers store them in his memory and this can affect his loyalty and satisfaction.

When we talk about **shopping behavior** we try to explain the customer's actions when they do shopping. There are two types of shopping that appear both in offline and online context, they are the shopping to buy and experiential shopping. The shopping to buy is when consumers wish to buy what they want directly, quickly and without distraction, they have a goal to achieve and they achieved it. This is not the only type of shopping behavior, because sometimes happen that also when customer has clear in mind its goal and so its purchase, when he enters in the store or goes on the e-commerce web site, he makes an unplanned purchase. Shopping can be used to feel less lonely or bored, it is an escape from reality and everyday life and can be an adventure. This type of shopping is the experiential shopping. The shoppers enjoy being involved with the experiential shopping, and they enjoy these experiences of find products and discount as much as the purchase of the product itself. Not always shopping ends with a purchase. Sometimes especially when customers go online, they are looking for product information such as characteristics, price, discount, quality, ratings and reviews of others, and then do not necessarily end up with the buying process. So, consumers maybe place this product on a wish list or leave items there to track prices for a possible later purchase or either visit an offline store and later buy it online.

Another way with which consumers engage with brands are the **brand dialogue behaviors** or BDBs. With this we mean what Van Doorn et al. call "*customer engagement behaviors (CEBs), which are focused on a brand or firm and go beyond transactions*"⁵⁶, and so all the brand-related non-purchase behaviors. This type of behaviors includes several actions that can be positive, negative or neutral, can take place offline and online, can be conducted with the use of none or different devices (e.g.,

⁵⁴ Calder, B., Isaac, M. S., & Malthouse, E. (2016). How to capture consumer experiences: A context-specific approach to measuring engagement. *Journal of Advertising Research*,56(1), 1–14.

⁵⁵ Chartrand, T. L., Huber, J., Shiv, B., & Tanner, R. J. (2008). Nonconscious goals and consumer choice. *Journal of Consumer Research*,35(2), 189–201

⁵⁶ Van Doorn, J., Lemon, K. N., Mittal, V., Nass, S., Pick, D., Pirner, P., & Verhoef, P. C. (2010). Customer engagement behavior: Theoretical foundations and research directions. *Journal of ServiceResearch*,13(3), 253–266.

laptops, smartphones, tablets), and can be targeted at various audiences (self, other and potential consumers, the brand, public, firm's employees). BDBs do not include purchases but they can affect other consumers' purchase intention, and can amplify the engagement with a brand.

Particularly, when a consumer engages through a BDB by posting a comment on a specific product or writes a review about his experience with a brand, there are two main effects that can be used to evaluate the effect of brand's campaign designed to stimulate engagement. On one hand, the review or the post may influence the writer's experiences, its relationship with the brand and its loyalty.

On the other hand, the post of the reviews may affect other people who read it, in this case the effect of engagement is amplified because other customers that read it, may change their behaviors and opinions.

Another way thanks to which consumers can engage with a brand is **brand consumption**. The importance of this types of engagement is rapidly growing, because now the consumer publically share its consumption experiences with family, friends and other people. The consumption is about the ways people use an object and it not requires control over the object but happen with the use of the objects itself. The ownership or the purchase of a product is not required in the consumption, an example can be the subscription services on Netflix or the car rental on Car2Go, consumers use the product for some time but do not have the ownership. It is usually easy define brand consumption, for example jogging in Nike shoes, wearing Levis jeans, driving Lancia car, it is all consumption. A behavior can be categorized as BDBs or consumption and it depends on the motives behind consumers' consumption activities and the distinction is defined by the way and reason the brand is used. When a consumer "actually consumers" the brand, it is brand consumption behaviors.

When a consumer for example is a Gucci fan, who for various reasons does not possess a Gucci products, he goes to a Gucci Museum in Florence or he participates at Gucci's fashion shows on Facebook, he engages in BDBs.

The elements of engagement ecosystem can simultaneously interact with each other, so when one element changes, other elements change as well and this is also possible thanks to today's networked environment. The interaction between these elements can be explain: for example, brands can involve their customers to write reviews, or to create brand communities and or to talk on forums, brands can also respond to consumers' actions with customer care, or making post-purchase surveys, or sending special offer through mail. Customers also can affect the company via transactional behavior and, via BDBs. For the company the interactions between customers in brand communities may be a new resource of value and the involvement of customers in the product development and creation can increase benefits both from customers and for firms. This type of content created by the customers can also affect other actors such as other customers that keep attention to other customers' behavior

and opinion and try to imitate them. At the same time, brands can affect and be affected by other actors. A brand can ask employees to refer customers and media and other organizations can create brand-related content that affects the brands, and its customers and future customers. Also, other actors can influence the brand, BDBs, and the customers' experiences with the brand. Finally, BDBs, consumption, and shopping behaviors affect each other creating brand experiences. Some research have studied along the relationship between them and have shown that shopping is stimulated by positive shopping experience, the frequent use of shopping cart positively affects frequent online buying, the " I like" on a brand online is related to offering WOM, and that goal-oriented experiences affects shopping, recommendation and loyalty.

2.1.2 Customer engagement levels

Customer engagement behavior “can be defined as the level of customer’s cognitive, emotional and behavioral investments in brands specific interactions.”⁵⁷

These three different levels are described as:

1. **Cognitive level:** this type of engagement regards the level of awareness or obsession to the brand and involves the customer’s experience with the brand or a product;
2. **Affective/Emotional level:** this level incorporates the individual feelings and passion for the brand, it is about inspiration and pride related to the brand;
3. **Activation/Behavioral level:** this level regards all the energy applied in interaction with the brand, the behavioral engaging elements on social can be the interactions with individuals regarding a product or a brand and these can be a motivational driver that goes beyond the purchase.

In the social commerce framework, there are different stimuli, for example sales campaign, personalization, interactivity and consumer generated content on the brand, that affect the customer’s engagement in three dimensions mentioned above.

And finally, these can be translated in brand trust and/or purchase intention (Fig. 2.2).

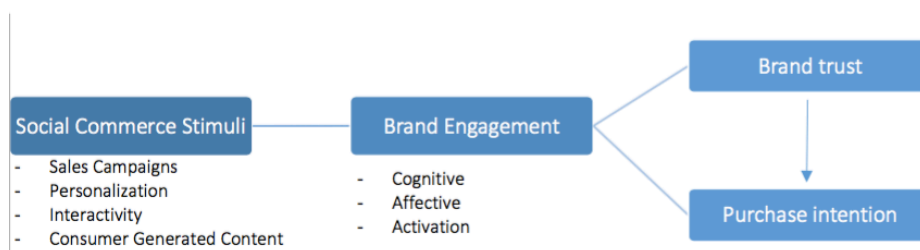


Fig. 2.2: Drivers of social commerce through brand engagement, Source From: Adapted from Erdogmus & Tatar (2015, p.191)⁵⁸

⁵⁷ Linda Hollebeek (Nov 2011) Exploring customer brand engagement: definition and themes, (p. 555-573)

⁵⁸ Source: Adapted from Erdogmus & Tatar (2015, p.191)

2.1.3 Customer engagement matrix

Thanks to the customer engagement matrix (Fig. 2.3), designed by Sashi⁵⁹, is possible to identify different types of customer engagement. Along the horizontal axis there is the Relational Exchange, high or low, and along the vertical axis there is the Emotional Bonds, high or low.

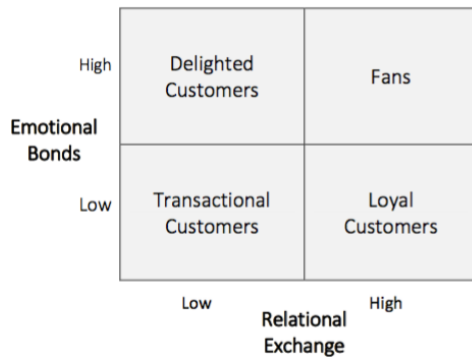


Fig. 2.3: Customer Engagement Matrix, Source from: ⁵⁹

For a brand the best situation is to have many “Fans” customers, but it also needs “Delighted Customers”, “Transactional Customers” and “Loyal Customers”, that in the long term can become fans.

Thanks to social media, it is easier to connect with current and non-current customers, and their interaction increases the probability of transactional customer’s satisfaction and creates loyal and delighted customers and then turns them into fans.

Transactional Customers have low Relational Exchange and low Emotional Bonds. This type of customer is price sensitive and prone to offers; on them the customer engagement is minimal, this means that the relationship and the interaction with brands do not have expectation of future transaction, but is limited to a present certain transaction. If and only if they are satisfied, they can become before loyal customers and then fans.

Delighted Customers have low Relational Exchange and high Emotional Bonds. This type of customer is characterized by positive emotion and high level of satisfaction, but the low Relational Exchange means that the interaction between customers and brands is non-frequent and the transaction is rare. This type of customer has an emotional commitment to a brand, the emotional involvement is related to WOM communication, indeed they communicate and share their joy with other users on social media. Furthermore, delighted customers can be turned into fans.

Loyal Customers have high Relational Exchange and low Emotional Bonds. This type of customer is loyal because of rationality and their relationship with a brand survives because there can be obstacles to end the relationship, as switching costs and the lack of other providers.

A brand can, however, involve these customers increasing trust, that then can turn into a higher emotional involvement and can transform the delighted customers into fans.

Fans have high Relational Exchange and high Emotional Bonds. This type of customer is delighted and loyal to a brand, and their relationship is a long-term relationship, based on the collaborative outcome and mutual adaptation and it has an emotional commitment.

⁵⁹ Sashi, C. (2012). Customer engagement, buyer-seller relationships, and social media. *Management decision*, 253-272.

2.1.4 The AIDA strategy for marketing on social media

The AIDA model, according to Hassan, Nadzim & Shiratuddin⁶⁰, is composed of four steps: attention, interest, desire and action.

This model can be employed in interaction through social media. Even in the social networks world, the three researchers show how users/customers need to be aware of the existence of a product/brand, then need to show interest in this based on the information that he/she has, then need to desire to get the product, and finally they act and they make a purchase.

There are three engagement levels on the AIDA model:

1. **Cognitive level**, that is when a product draws customer 's attention;
2. **Emotional/Affective level**, that is when the customer gets interest for the product offered, and then he/she has a desire to obtain the product;
3. **Behavioral level**, that is when the purchase takes place;

Hassan, Nadzim & Shiratuddin, in their research, proposed a marketing strategy that brands can use to optimize the employment of social media for marketing purpose (Fig. 2.4).

Steps	Engagement	Strategy
ATTENTION	Cognitive level	<ul style="list-style-type: none"> a) Advertise on social media sites through the social media gateways. b) Become a follower in other social media accounts to make yourself/business known to others. c) Use tagging in social media properly. d) Create a controversy on your product so that people will talk about it. e) Use search engines to locate potential customers. f) Use referrals by existing customers or fans. g) Use traditional marketing strategies such as billboards, flyers, stickers, road shows and newspapers. h) Create cross linkages in all social media and websites to generate visitors. i) Advertise on websites of suppliers and collaborators.
INTEREST	Emotional/ Affective level	<ul style="list-style-type: none"> a) Provide clear information about the products, which include a brief description of their main features, price and pictures. b) Pictures of products (if relevant) should be of different angles. c) Provide a clear information about the company, which includes name of the company, contact number and link to the website. d) Provide timely and up-to-date information about products or service offered. e) Once a new product is released, advertise quickly in social media.
DESIRE	Emotional/ Affective level	<ul style="list-style-type: none"> a) Give promotions – special discounts, buy one get one, early birds etc. b) Organize contest and free gifts. c) Update social media wall regularly. d) Provide catchy wall notes with attractive pictures of products regularly. e) Monitor the comments and feedbacks from followers and responding quickly.

⁶⁰Hassan, S., Nadzim, S. Z., & Shiratuddin, N. (2015). Strategic use of social media for small business based on the aida model. *Procedia-Social and Behavioral Sciences*, 172, 262-269.

		f) Offer good pre-sales customer service.
ACTION	Behavioral level	a) Clear ordering process. b) Clear information on payment options. c) Delivery options.

Fig. 2.4: The AIDA strategy for Marketing on Social Media, Source from: ⁶⁰

2.1.1 Engagement typology

A study conducted by Luarn, Lin, & Chiu⁶¹ help us to better understand the relationship that exists between Facebook brand page-post and customer engagement.

There are four different types of posts thanks which we can measure the users' online engagement.

1. **Informational posts**, these are the posts that contain info about the brand, its products and its marketing activities. Thanks to these information, the users are able to do a better purchase decision and a better choice, because they are informed about the characteristics, materials, quality, price and alternatives, and this could motivate brand fans to buy;
2. **Entertainment posts**, these posts include stories, videos, slogans that are not related with the product or the brand, but these types of entertaining information are correlated in a positive way to revisit the brand's web site or social page;
3. **Remuneration posts**, these are the posts of promotions, coupons, offers aimed at creating attention and promote the brands and its products;
4. **Social posts** include messages, questions and statements to encourage user's participation and which give users an opportunity to respond.

The social media can be used in different ways for interact with consumers. The fig. 2.5 shows the engagement typology through Facebook brand-page posts “...that aims to compute correlations between the messaging categories proposed in the typology - and other dimensions of Facebook or Social Media marketing - and consumer engagement metrics” ⁶².

The typologies of interaction are divided in assistance, community, like, photos/videos, polls, questions, appreciation and directional, and at each of these typologies correspond an engagement typology on Social Media.

⁶¹ Luarn, P., Lin, Y. F., & Chiu, Y. P. (2015). Influence of Facebook brand-page posts on online engagement. *Online Information Review*, 39(4), 505-519

⁶² Coursaris, C. K., Van Osch, W., & Balogh, B. A. (2013, June). A Social Media Marketing Typology: Classifying Brand Facebook Page Messages for Strategic Consumer Engagement. *ECIS*, (p. 7-46)

Typology	Engagement through typology on Social Media
Assistance	Posts that include advice, improvement, life tips, recipes for the consumer
Community	Posts that encourage consumers to follow one of the brand's other social media platforms (e.g. Twitter, YouTube)
Like	Posts that specifically point consumer to "Like" a message
Photos/Videos	Posts which direct consumers to look at new photo albums and/or videos posted by the brand
Polls	Posts that request information or prompt answers from the consumer through multiple-choice questions
Questions	Posts that request information or prompt answers from the consumer through fill-in- the-blank or open-ended questions
Appreciation	Posts that recognize and show gratitude for consumer support
Directional	Posts that direct a consumer to click/do something (except for Liking)

Fig 2.5: Engagement typology, Source from: Adapted from Coursaris, Van Osch, & Balogh (2013, p.7) ⁶³

2.1.5.1 Why and how do customers engage in Social Commerce?

To answer at this question, we need to understand how the main characteristics of social media are used in Social Commerce to support the engagement and to involve in Social Commerce the customers.

There are several reasons of customer engagement in Social Commerce, for example through Facebook, customers engage because:

1. They can keep in touch with their friends, family and at the same time interact with each other; especially, on Facebook they can interact in groups, or in private messages, and also with reactions, comments and shares;
2. They can participate at Facebook events created or promoted by the brands/organizations that they follow;
3. They can follow brands with which they are familiar with and they can stay updated on new product launches, sale campaigns and offers;
4. They can continue their buying process on the brands' Social Commerce, e-commerce or physically in the store;
5. They have the possibility to be involved with other customers in a social environment and this happens thanks to the interactivity of Facebook that allows customers to read others' opinion (a study demonstrated that negative reviews have a greater effect on consumers than positive reviews) and get information before the purchase;

⁶³ Adapted from Coursaris, Van Osch, & Balogh (2013, p.7)

6. They can benefit of social support, this means that if they have been mistreated by customer service, they can turn to brand's Facebook page to get a quicker response or they can obtain support from other Facebook users, the customers prefer an informational support from the brand side and an emotional support by other consumers;
7. They can put more pressure on businesses, in the social commerce, eWOM influences customers if it contains negative reviews, and these come from a person the customers trust and so they can search other information elsewhere.

It is possible explain the customer engagement on social commerce with the customer engagement level mentioned above (paragraph 2.1.2):

1. On a **cognitive level** customers stay updated on the information and content shared by Facebook brand pages followed by them;
2. On an **emotional level**, they have passion from the brand they follow, they can be inspired by following the brands they like, they trust in them especially if they have purchased from them before, because sometimes between brands and customers, there is an emotional bond that bring back memories and past experiences;
3. On a **behavioral level**, the customers know that if they put "*I Like*" on a Facebook brand page, it could increase brands' awareness for other potential customers, and they also engage by liking brand-content, encouraging in this way the brand to continue with these feeds. Thanks to Social Commerce on Facebook, the customers can post and share brand content in their social pages, tag their friends and interact with them and with potential customers, that is more difficult to do within other channels.

2.1.5.2 What type of digital content creates customer engagement?

The engagement typology, explained in paragraph 2.1.1., can help to answer to this question.

There are 3 content types, which are informational, entertainment and remuneration posts that can be used to analyze which digital content creates customer's engagement in Social Commerce, using Facebook as the main example. The informational, entertainment and remuneration posts create customer engagement and contribute to customer's reaction with comments and shares.

Regarding the informational posts, these mainly led to reactions comments and shares. Remuneration posts that contain offers and contest, mainly led to the diffusion of the three-engagement metrics: reaction, share and comment. Entertainment posts involve customers to share and comment posts by tagging Facebook friends and encourage the purchase or involve taking part of the marketing activity. The winners of engagement typology are photos/videos posted by the brands and containing the brands' products. The second most used engagement typology is directional, the post that direct the

customers to do something and then question, the post that request info or prompts answer. Followed by assistance (post that includes advise), like (post that point customers to put "I Like") and appreciation (posts that show the brand's gratitude for customers' support), they also create customers engagement encouraging to choose a reaction, comment or share the post.

Combining engagement typologies which encourage customers to like the post or to look at a new photo, or to write a motivation, or to share the post or to participate at a contest, contributes to a higher level of customer engagement in all the three metrics: reaction, comment and share.

For example, a remuneration post which include a contest, gives brand the possibility to have a higher level of customer engagement, because these types of posts contain a combination of several different engagement typologies.

2.1.6 A focus in the fashion industry: the importance of storytelling

The king of engagement, especially in the fashion world, is the storytelling. Storytelling is the activity of sharing stories or narratives and every culture use this "*as a means of entertainment, education, cultural preservation and instilling moral values.*"⁶⁴

This practice has been adapted to marketing in the form of narrative marketing or brand narrative.

A brand to convey its core value, DNA and codes and to strengthen actual customers and to bring potential ones, must leverage on it. A brand narrative is a strategic statement that improves the communication with the target audience and that is able to tell both potential and actual customers who you are, what your values are and what makes you special and different from others.

The first step to be noticed by customers is to create a lasting impression and to be able to share a compelling original story that sets a brand apart from its competitors. The story must cover brand's history, its evolution, its goals for the future, the key product or service offerings, its values and beliefs.

There are several reasons for which this marketing practice (narrative marketing) has a huge success. First of all stories fascinated people, are easily to remember, the stories are welcomed, unite audiences, move emotion, are always on, are shapeable & shareable and endure, the stories surprise, delight and most of all engage, they move the brand needle, create and reinforce brand positive association and amplify messages a brand want to share, not talking about money, price and budget, with stories consumers describe the brand in positive terms and they are willing to pay more for a product associated to an emotional stories.

⁶⁴ Source from: https://en.wikipedia.org/wiki/Storytelling#cite_note-Narratives_and_Story-Telling_|_Beyond_Intractability". www.beyondintractability.org. Retrieved 2017-07-08.

Storytelling has been around forever, but brands today need to capitalize on a variety of new tools to tell their stories in the most compelling ways possible and to reach today's audiences, brands must incorporate video into marketing communications and distribute multimedia content across all social platforms in a consistent way.

Storytelling in the fashion industry opens a world of creativity. Everything starts with the brand that must know itself and understand its audience and target its customers. Once it is established, the main goal is to create an emotional connection with brand's customer and it means constantly communicate with them. All the stories need to be authentic and, like any other relationship, need to be found on trust. The world of fashion is a visual storyteller's paradise, because thanks to visual storytelling techniques brands can provide customers a more engaging experience. In the fashion world, it is possible to let the clothes do the talking and this visual storytelling is a huge opportunity to put in the fashion at center of story.

During the Business of Fashion's panel discussion at London's Somerset House on April 27, 2016, the BoF community heard fashion industry leaders discussed how inspirational stories can drive business success and how much powerful is storytelling in fashion world.⁶⁵

"Everything needs to start with a story. When I work on a collection, the story will give the framework, the beginning, the content and the end," said Sandra Choi of Jimmy Choo. Susie Lau, founder of Style Bubble added *"For an audience to truly engage, it really has to be a well-crafted story with a lot of context and a lot of good narrative."*

Today's customers expect from designers and brands an emotional experience where storytelling is an important component. The brands need to create an emotional storytelling that can be translated into an unforgettable experience. *"We think about how we can entertain our customers. Just putting product on the shop floor is not enough anymore,"* said Sebastian Manes, buying and merchandising director at Selfridges. And Susie Lau added *"The role of the creative director has shifted so much over the past decade. They've become not just designers, but they're also telling stories and building universes and worlds around a product. I think that's become incredibly important."*

And the digital world also had a strong impact on storytelling and on the importance of consistency *"What we're trying to do [in the digital era] is to keep the same voice in store and digitally. You can't have one message online and a completely different one in store"* explained Manes. At last he added *"But at the end of the day, it's about the strength of the story."*

An example of successful storytelling in the fashion world, precisely sports equipment, is Nike. Nike is one of most engaging brands that leverages storytelling to capture the attention of their audiences.

⁶⁵ Source: <https://www.businessoffashion.com/articles/news-analysis/business-of-fashion-and-disney-on-the-power-of-storytelling>

They started to do a strong brand narrative in the 90s, when Michael Jordan was their ambassador. They developed a tv advertising where the basket champion outlined how his failures have helped him to succeed. From the inspirational slogan “*Just Do It*”, to their assertion “*if you have a body, you are an athlete*”, Nike now is synonymous of inspiration, and innovation, this message has been consistent since its beginning. And “The Chance” advertising also, that follows the story of an aspiring young soccer player in NYC, reminds the possibility for every one of us, as long as we persevere, to succeed and wear Nike (Fig. 2.6).



Fig. 2.6: Nike storytelling

2.1.7 How measure the customer engagement

The customer brand engagement, as I said before, can be a better predictor for the development of a faithful and loyal relationship with the brand, because it generates brand loyalty, commitment and emotional connection. There are several platforms in which the engagement can be develop, that are: media advertising, stores and flagship store and online and social media.

The difference between social media and other engagement platforms, is that people can follow the page by the "Follow" button on Facebook, Instagram and Twitter, and people can express their like by pressing the "I like" button displayed, especially on Facebook brand page, or clicking on the "heart" on Instagram or on Twitter.

The brand can measure the result through three different metrics: range of posts, interaction, and page-by-side markings, and also, if brands publish a video through the number of visualizations.

The customer's brand engagement on social media can be assessed by the different metrics:

1. Reactions, that are an extension of Facebook’s earlier like-button, which got available at Facebook on 24th February 2016 and includes six different emoji’s (Fig. 2.7), which express different reactions, these are measured as one combined metric in Facebook’s algorithm, and these give a new potential for advertisers that thanks to these can target their advertising and create specific reactions; these buttons enable also consumers to engage with brands more than just a “I like” and open to new engagement opportunities which can be helpful for marketers;

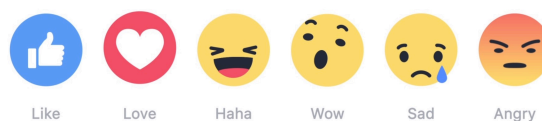


Fig. 2.7: Facebook’s emoji’s, Source from Facebook

2. Comments, that are the number of comments or the number of tweets;
3. Shares, that are the number of share on the total reach;

4. Followers, that are the number of followers;
5. Subscribers, that are the number of fans and participants;
6. Views, that are the total video views and viewing behavior details;
7. Reach, that are the number of people in target reached by the campaign;

But also, it can be measure by:

8. Conversion rate, the number of page views that ended up in purchase;
9. Post addressed, the number of requests;
10. Response rate, the number of answers on total request;
11. Response time, how fast is the time to response.

When we talk about the brand's presence on social media, especially in the luxury and fashion sector there are, as I said before, several numbers, key metrics and KPIs that can help brand to measure engagement. Some statistics honor the biggest fan base, some others the extravagance of contents share or advertising campaigns, others the insight honor the engagement on social media.

Blogmeter ⁶⁶, a social media intelligence agency, made a search for “Corriere della Sera” and analyzed the behaviors on Facebook, Twitter and Instagram of the 20 “big” Italian fashion brands for sales volume (with also Fendi and Bulgari that are part of LVMH, the French group and Valentino that is part of Mayhoola, the Qatari royal family's investment fund, Fig. 2.8).

This classification evaluates macroscopic factors, as the number of likes on the official brand social pages or the number of followers on Twitter and Instagram, and on the other side tries to give value to “softer” factor, as the interaction between brands-users/followers.

On Facebook, at date November 2016, Gucci is the most followed brand with 15,6 million of fans, but the champion of engagement is Dolce & Gabbana that was capable to generate 605 thousand interactions in the analyzed period, (April 1- September 27, 2016), the double of Gucci that was at the second place with 370 thousand and then Versace with 340 thousand interactions. On Instagram, the situation is quite constant, exception for the third place with Valentino. Blogmeter underlined as on Instagram *"a lower number of shared contents correspond to a higher level of engagement that on Facebook or Twitter"*.



Fig. 2.8: Blogmeter’s study on Fashion brand social pages, Source from.⁶⁶

⁶⁶ http://www.corriere.it/moda/business/16_ottobre_03/moda-rivoluzione-social-se-tweet-vale-piu-un-negozi-a2386590-89ae-11e6-8283-10451de6e209.shtml

2.2 The customer experience in the digital world

A definition of customer experience is “*the impressions, perceptions, emotions, actions and reactions a customer has while interacting with a company through any touch-point, whether through marketing, branding, customer service, support, in-store experience, design and usage of a product, service or Web site, etc.*”⁶⁷

Another definition is: “*Customers’ perception in terms of thoughts, actions and feelings- both conscious and subconscious- of their relationship with a brand resulting from all their interactions*”.⁶⁸

Regarding the definition of digital customer experience, it needs to add to the previous definition: “*Customers’ perception ...resulting from all their interactions through any digital device/tool*”.⁶⁹

Talking about customer experience, we need to mention also the customer experience management that “*is creating the right customer experience able to communicate, emphasize, transfer the brand values, maintain the brand promise and built advocacy exceeding Customer Expectations.*”⁷⁰

The customer’s experience is inevitably part of the brand. It is the result of the skills that a company must transfer to consumer through right experience using the right experience providers.

Companies can defend their brands by creating great and multi-sensorial experiences.

In this paragraph, I will try to explain the evolution of the customer experience in the digital world, focusing my attention to different aspects caused by the implementation of digital technologies: from the traditional marketing to the experiential marketing, from the physical to digital touch points and, the resulting evolution from traditional customer relationship management (CRM) to social CRM.

The digital transformation and the consequent diffusion of digital tools, as social media, have brought an evolution in the customer experience.

Starting from 2015, the market and business’ awareness have grown and have changed to keep up with the new logic of digital transformation and multichannel experience. We are in changing years and we are going to talk about user experience and customer experience. Customer experience, over the last few years, has been considered the only contact point between company and consumers, but now that customer experience has become global, multilevel and above all multichannel, it needs to be considered a “verticalization” of user experience.

To create a supreme customer experience the starting point is mapping the customer journey (Fig. 2.9), because today’s customer is completely different from the passed one (Fig. 2.10).

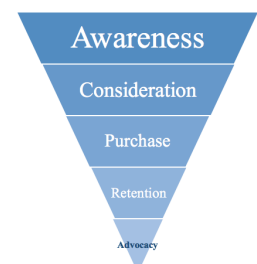


Fig. 2.9: Customer Journey, Source from:⁷⁰

⁶⁷⁻⁶⁸⁻⁶⁹⁻⁷⁰ Carlo Fei, Teaching material of Fashion Management, Luiss Guido Carli, 2016

Also, the way CMOs (chief marketing officer) do their job has to adapt to the new rules (Fig. 2.11).

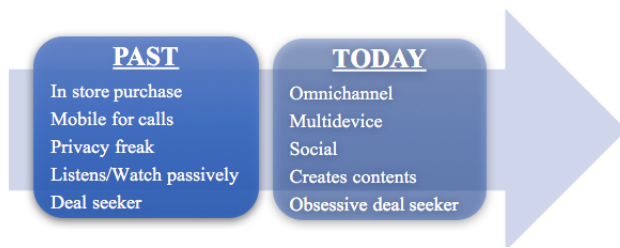


Fig. 2.10: Today's customer, Source from: ⁷¹

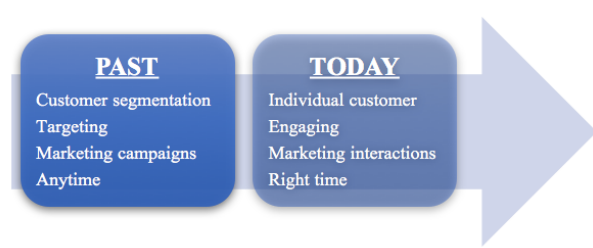


Fig. 2.11: Today's CMO job, Source from: ⁷¹

For creating an excellent customer experience, companies must first create an excellent employee experience, or experience related to employees. Since these are interconnected and closely related, there is no customer experience without user experience and employee experience, companies need to dedicate their time and resources to building an excellent customer and employee experience.

Talking about employee experience, this means creating tools and instruments that simplify and streamline work, but also reviewing the system-level experience: tools, processes, and touchpoints. What was just a transaction before, in other words the consumer reacted to a stimulus, it has now become an interactive experience characterized by an interaction between stimuli, reactions and feedback.

Companies need to create custom customer experience (ad personam). It is important to create experiences that are perceived by customers as "right" or "perfectly fitting with them", therefore analyze and understand users' behaviors and apply predictive design logic to create a perfect digital experience in line with users and consumers. Companies must be able to know their user so well to anticipate what their customers want, without having to ask or go through the effort to take a decision. Companies must therefore focus on creating multichannel, holistic, and above all frictionless experiences and on understanding all touchpoints between customers, employees, stakeholders, and in both physical and digital world.

Digital should be considered as an additional resource. Brands, in fashion as in other areas, as I have said, must design all their activities by focusing on the customer because customers do not see communication or sales channels, they see brands. Companies must understand this aspect and consider a multichannel approach with a team dealing with e-commerce, another with social, a team that follows the stores, a team that manages customer care and another the events and a team that manages the printed materials, in a logic of Omni-channel. Digital allows companies to personally interact with the public and to have a solid data strategy. Brands can digitally collect, classify, analyze data and deliver services that are relevant to the public, in a personal way.

⁷¹ Carlo Fei, Teaching material of Fashion Management, Luiss Guido Carli, 2016

2.2.1 From traditional marketing to experiential marketing

The typical aims of traditional marketing become the prerequisites of experiential marketing.

Why is experiential marketing so important? As a Chinese proverb, said “*Tell me and I’ll forget, show me and I may remember, involve me and I’ll understand.*”

Differently from traditional marketing, that is focused on the characteristics of the product/service, the experiential marketing address is attention to customer, trying to make his purchase experience and also, his experience with the brand, unique. The main goal of experiential marketing is not only the buying process but is to underline the dimension under every purchase experience, stimulating the consumer's brain, touching his heart and, in one word, engaging.

Berndt Schmitt in his book⁷² titled “Experiential Marketing,” contrasted traditional marketing’s product-oriented focus on functional features and benefits with experience marketing’s customer-oriented focus on experiences (Fig. 2.12).

While traditional marketing is focus on:

1. *“Focus on functional features and benefit;*
2. *Product Category and Competition are narrowly defined;*
3. *Customers are viewed as rational decision makers;*
4. *Methods and tools are analytical, quantitative and verbal.”*⁷³

Experiential marketing is focus on:

1. *“Focus on Customer experiences;*
2. *Focus on consumption as a holistic experience;*
3. *Customers are rational and emotional animals;*
4. *Methods and tools are eclectic.”*⁷⁴

As a result, experiential marketing is usually defined as any form of customer-focused marketing activity that creates a connection to customers.

Schmitt described five types of experience marketing approaches, referred to as “*strategic experiential modules*”: sense, feel, think, act, and relate.

The “*sense marketing*” refers to consumers’ senses (sight, sound, touch, taste, and smell). The “*feel marketing*” appeals to customers’ feelings and emotions, ranging from mildly positive moods linked to a brand (e.g., for a non-involving, nondurable grocery brand or service or industrial product) to strong emotions of joy and pride (e.g., for a consumer durable, technology, or social marketing campaign). “*Think marketing*” regards the intellect in order to deliver cognitive, problem-solving experiences that engage customers creatively. “*Act marketing*” targets physical behaviors, lifestyles,

⁷²⁻⁷³⁻⁷⁴ Bernd H. Schmitt, 1999, *Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act, Relate*

and interactions. Finally, “*relate marketing*” creates experiences by considering individuals’ desires to be part of a social context (e.g., to their self-esteem, being part of a subculture, or a brand community).

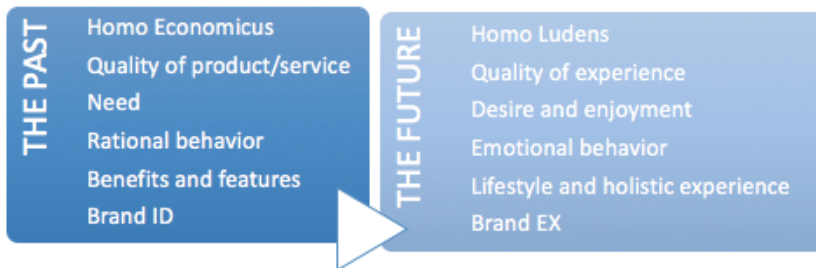


Fig. 2.12: From traditional to experiential marketing approach to branding, Source from: Carlo Fei, Teaching material of Fashion Management, Luiss Guido Carli, 2016

Schmitt also states "*Experiential marketing also offers a new approach to branding. As described earlier, the traditional approach to branding treats a brand as a static identifier of a company’s products through the use of names, logos, and ad slogans. This service as an identifier (Brand=ID) is indeed a core function of a brand. But brands are not just identifiers, brands are first and foremost providers of experience*"⁷⁵ (Fig. 2.13).

Traditional marketing has provided a set of strategies, implementation tools and methodologies in the past. Now we live in a digital era and it is necessary to shift the attention from the features and benefits approach of the traditional marketing to the digital customer experiences.

Companies, managers and brands must consider this new approach and capitalize all the new opportunities provided by experiential marketing.

2.2.1.1 A focus in the fashion industry: the fashion branded experience

Schmitt continues: "*In today's world, it is not enough to plaster your brand name on dozens of products and line extensions. It is not enough to roll out merchandise from T-Shirt and toys to pins and key chains. It is not even enough to have swoosh-shaped door endless (if you are Nike) or CC-shaped door handles (if you are Chanel) in your retail space. All these elements- the products, the merchandising materials, the design elements in your store- may be necessary and may be a good idea. But they need to enhance the brand. They need to appeal to all five senses, and the heart and the mind. They need to relate the brand to something the consumers care about, thus incorporating it into the consumer's daily life. (...)This requires the use of all communication elements and of events and contacts to provide an integrated holistic experience: Brand= EX*"⁷⁶ (Fig. 2.13).

Brand experiences are more and more conveying sensorial, emotive, cognitive, behavioral and relational values that support, or even take the place of old functions, demonstrating how traditional

⁷⁵⁻⁷⁶ Bernd H. Schmitt, 1999, *Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act, Relate*

⁷⁷ Adapted from: Bernd H. Schmitt, 1999, *Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act, Relate*

marketing has not only lost its effectiveness but has given way to experiential marketing.

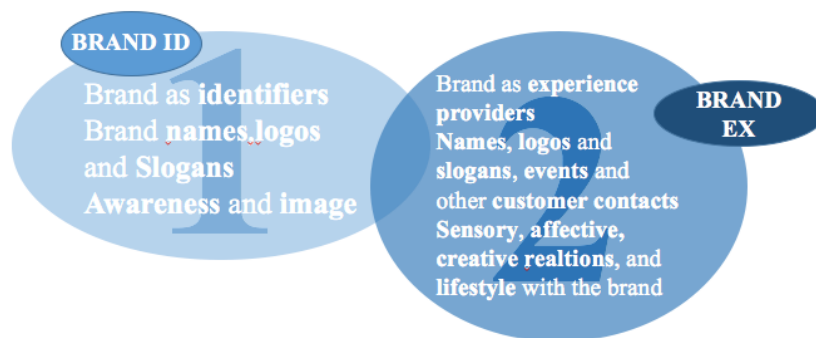


Fig. 2.13: Two approach to branding, Source from: ⁷⁷

The brand, that can be defined as “*The idea, the story that exists in the mind of customers*” ⁷⁸ represents, in all its aspects, the main driver of the company's value and among the attributes, which make up its value, is one of the most important. The customer experience, viewed as means by which the brand values are relayed and communicated to the customer, is a fundamental element which is evermore at the core of the successful strategies of business firms.

Customer Experience, as part of the communication, is becoming the bridge between brand values and customer expectations and represents the delivery to customers, the moment of truth.

Talking about experiential marketing, there is no more strategic sector than fashion, where the importance of branded experience has become a key point.

A brand never sells only products or services, sells first the branded experience, all the values associated with its and all drivers related to consumer evolutionary needs (membership, reconcilability, etc.).

Nothing succeeds in convincing the end users to buy and/ or repurchase from a brand as a past positive experience. For this reason, and especially now that experience has value from a digital perspective and that it has profoundly changed thanks to digital evolution, nothing can be left to chance.

Everything, from fashion shows to business events, from the design of the store to the e-commerce, from physical shopping touch points to online shopping touch points, must be consistent with the brand and provide the same branded experience.

2.2.2 From physical to digital touch points

Now brands are also building high-touch customer experiences that go beyond traditional retail. Since the first online transaction was made, it is passed much time and now e-commerce is growing and is evolving beyond all imagining. As I said in the first chapter, with a simple touch of a button, everywhere we are, we can purchase everything. Retailers and brand have to rewrite the rules of

⁷⁸ Carlo Fei, Teaching material of Fashion Management, Luiss Guido Carli, 2016

customers' engagement from the ground up, because where in the past the only point to execute the customer engagement was the physical store, now they have to manage a digital experience that needs to be fully consistent with the brand itself.

It is difficult to replicate the core elements of the physical shopping experience because it is difficult to repeat the interaction and the engaging process of the real world, online. It's not enough for a brand *"to be a faceless entity behind a computer screen"*⁷⁹; customers desire more from online experience, they want physical touch and peer-to-peer interactions, only in this way they can be fully engage with a brand. The customer is the king and how he experiences the brand, that he chooses, is essential.

Brands that are growing and are going well, are those brands that deliver fully-rounded customer experiences, replacing merchandising space with digital engagement, and conventional branding with experiential moments. The keys are consistency and synergy, the brand's history must be repeated in stores, online, and throughout all marketing activities. Whether you are focusing on online or physical store, the key is connecting all touchpoints, allowing for seamless interaction between person, product, and brand. We live in an Omni-channel world, where easy access and smoothness of delivery are basic elements of our life.

With approximately two billion consumers carrying smartphones, creating an engaging online shopping experience is the key to have loyal customers.

Now the store is in our pocket, in our hand and brands need to focus on the development of simple online platform that is able to understand what customers want, think and how they shop.

Many traditional brands are embracing the idea of the "experience store", the store became *"a space where customers can engage directly with the brand, without necessarily shopping for the product"*⁸⁰.

For example, the Samsung's Manhattan flagship store is a retail space where the customer is immersed in a dynamic, digital, personalized, multilevel universe, it is a retail space that are solely about the brand experience.

Another type of experience that engage customers through digital tools is the virtual reality, is still too new and too niche for any sales figures measure the impact of virtual shopping technology, but what is sure is that brands need to translate into immersive narratives and shopping experiences.

A survey conducted in 2016⁸¹ by law firm Osborne Clarke on the habits of European consumers has shown that not only the purchase approach has been completely changed but also that consumers have shown greater confidence in innovations and technology: most Europeans for example approve the use of hi-tech solutions also for purchases in store.

⁷⁹⁻⁸⁰ Source from: Anatomy of growth - Interbrand best global brands 2016

⁸¹ <http://connectedconsumer.osborneclarke.com/general/the-european-connected-consumer/>

It has been asked to the consumers of major European countries what they thought of virtual fitting rooms able to show different pairs, other colors, sizes or alternative models of the same product.

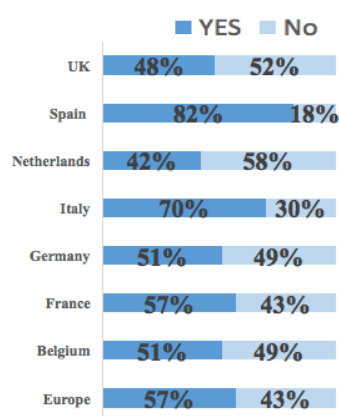


Fig. 2.14 shows that 57% of respondents, with no difference between men and women, across Europe answered "yes" to the question "Would you be willing to use a virtual fitting room that shows a garment superimposed on video feed of you and that suggests different size and colors?". Among these Spanish and Italian are the most enthusiastic, with 82% and 70% respectively.

Fig. 2.14: Result of survey on virtual fitting room, Source from:⁸¹

This type of solution would solve logistical problems, such as stock management or minimization of returned goods, increasing first of all, the involvement of consumers.

Talking about of involvement and engagement, the most engaging percentage of a brand comes from live events, happening, shows. Technology and digital environments have profoundly changed the way thinking about launching a product, whether it's a fashion show or the latest iPhone model's launch, all happen in live streaming. The live experience of this kind of events on corporate social profiles, such as the official Facebook and Instagram accounts, and at the same time the development of content created exclusively for social users, are becoming considerably important.

Brands have to and can take advantages of all the tools they have available from snaps, direct Facebook and Instagram stories.

2.2.2.1 A focus in the fashion industry: from the store to the social pages

As I said, digital has changed the fashion and luxury goods consumption. Starting with the new "See-Now Buy-Now" practice until to a complete revolution from the physical experience in the store to the online one on the e-commerce page or on the official social media pages.

When a customer enters in a fashion flagship store or e-commerce, is not because he/she really needs a new jewel or garment but for a new experience. Fashion products do not satisfy needs but satisfy desires and dreams. Customer expectations are based on emotional aspects more than rational and customers expect a branded fashion experience which is more than just politeness.

Installing a customer experience in a fashion physical store means managing:

1. The pre-purchase experience touchpoints, so the advertising, the direct marketing, the WOM, the web, phone, email and special events, etc;
2. The purchase physical touchpoints, that is composed by:
 - a. the experience provided by sales team, that is also called selling ceremony. So, the

welcoming, the relationship that sales assistant establishes with the customer (empathy, collusive attitude, willingness, heeding attitude, interpretation of customer needs, proactive attitude, helpfulness, kindness, consistency to company values, sense of belonging to the company, etc.) but also the relationship between colleagues, the expertise and the socio-cultural background (local socio-cultural appropriateness, conformance with Company style, etc.);

- b. Merchandising;
- c. In-stock availability;
- d. Store Orderliness;
- e. Convenient hours ;
- f. Others, as the return policy, or CRM program;

3. The Purchase emotional touchpoints, that includes the interior design, the atmosphere, the surprising aptitude, the entertainment, the 5-sense involvement, the aptitude to establish a link, but also the sustainability and CSR;

4. The Post-purchase experience touchpoints, that consist of customer recourse policy & process, warranty, reminders and surveys.

An effective customer experience can communicate, emphasize, transfer the brand values, maintain the brand promise and build loyalty exceeding customer expectations.

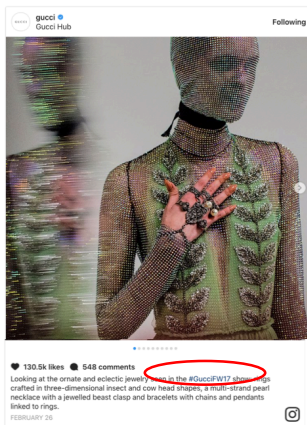
Now thanks to the digitalization, the social media and the official social pages, that every fashion brands have, it is possible to engage and to involve customers in many, different ways.

The technologies and the digital devices have changed the way fashion brands thinks about a fashion shows and events, for example the last Fashion weeks have tested a new kind of experience using live streaming with a high engagement level.

During the Milano Fashion week 2017, February 22-27, a Blogmeter's report ⁸² underline the most important Italian fashion brand's best performance regarding engagement, content strategy and earned follower. On Instagram, the hashtag #MFW received 3,7 million of interactions, even if some fashion brand decided to do not use this hashtag.

For example, Gucci used a hashtag developed specifically for the new collection #GucciFW17 that received 3,4 million of interactions (Fig. 2.15) and then #Moschino reached 1,6 million.

⁸² Source From: <https://www.blogmeter.it/blog/instagram-fashion-index/2017/03/01/report-tutti-i-risultati-della-mfw-su-instagram-esplodono-le-interazioni-per-la-sfilata-unisex-di-gucci/>



Gucci was the brand that was able to take advantage of using social during the last Milano Fashion Week, also thanks to the unisex fashion show⁸³. Gucci earned almost 4 million of interactions also thanks to the hashtag #alessandromichele, its fashion designer, and it was the brand that have seen grow his fan base with 156 thousand new followers.

Fig. 2.15: Gucci Hashtag #GucciFW17, Source from: Gucci Instagram Account

Now it is all about live streaming content on social profiles, developing a content strategy more structured and thinking about tools developed only for social users.

For example, DNYK in 2015 was one of the first brand that used the direct message on Instagram to give its users the access to special content and "making of" of the fashion shows. The social users had to post on Instagram a photo of the new collection using the official hashtag and in this way, they enabled a function and received the exclusive products of the brand.

On the other hand, other fashion brand focused on new wearable devices and provided insiders and influencers, such as Google Glasses, thanks which they can access to special or backstage content or moving the fashion shows directly to social.

During the New York Fashion Week of 2015, Misha Nonoo organized a real "Insta-Show" thanks to the collaboration of influencers, fashion editors and others, she presented her Spring / Summer 2016 collection exclusively on Instagram @mishanonoo_show⁸⁴. She asked them to post on the same day and at the same hour, a photo with the products of the new collection on their personal account and then she picked all the photos on the official brand's profile.

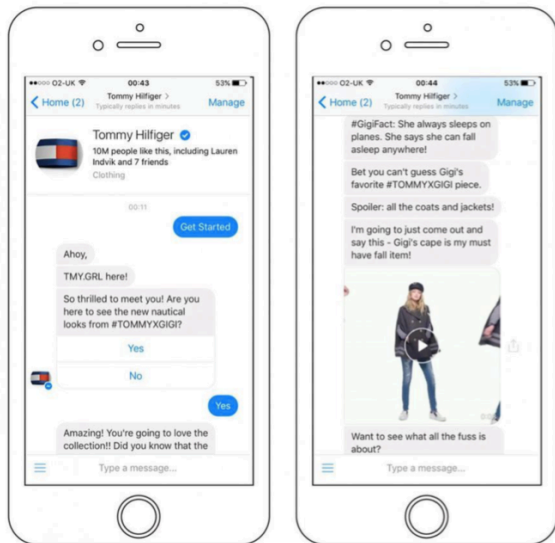
The transition from physical touch points to digital ones, has also occurred in the timing approach to events. As I said in Chapter 1, (paragraph 1.1.6 A focus in the fashion industry: the development of the See Now-Buy Now), the development of See-Now Buy-Now's practice allowed fashion brands to reduce traditional times of fashion by allowing customers the opportunity to buy items directly after the fashion shows. Traditionally, the technical launch times of a collection after the fashion show, as I have just said, go through previews, fashion shows, pattern books and only after several months, the customer could see and buy the product. Now through the See-Now Buy-Now philosophy, it is possible immediately and the level of engagement and involvement of the customer is greatly amplified. The interaction between consumer and fashion brands will change, according to a Gartner research⁸⁵ reported by "La Repubblica", by 2020 and it will be managed without the intervention of human.

⁸³ Source from: <http://www.ilsole24ore.com/art/moda/2017-02-23/-gucci-riscrive-repertorio-la-prima-sfilata-unisex>

⁸⁴ Source from: <https://mishanonoo.com/pages/about>

⁸⁵ Source from: La Repubblica, Edizione del 4 marzo 2017, pag. 38

This will be possible thanks to the increasingly widespread use of chatbots that are already widely used in the fashion world. Thanks to chatbots, there is the possibility to take care of customer for the most general information requests, all in real time via instant messaging systems.



Some fashion brands are already using it with good results. During the New York Fashion Week 2016, Tommy Hilfiger launched TMY.GRL, (Fig. 2.16) a chatbot designed to introduce users to the new capsule collection, enabling them to navigate through the new garments and find out their features or by recommending matches and accessories tailored to their tastes users learned through some simple preliminary question.

Fig. 2.16: Tommy Hilfiger chatbot TMY.GRL, Source from:⁸⁵

In the future, some people imagine a new use for chatbots in the fashion world, that is the personal shopper. In fact, chatbots are integrated with instant messaging services and they store a large amount of personal information that may be reused to give personalized advice or to show bids more in line with the user's own tastes. Purchasing experience in the future, as Tommy Hilfiger's chatbot creators said in an interview at Forbes, will be *“more and more immediate, personalized, linked to the entertainment sphere and lived as an integral part of the customer journey”*.

The real obstacle, that must become the real challenge, is to allow chatbots to learn to speak with a human voice. A voice that needs to be always in line with brand values, for example it is necessary to find a tone of voice in line with brand and as attractive as possible for its target audience. While perhaps, the Diesel chatbot may have a more youthful and informal slang, Chanel's, classic and elegant brand, cannot do the same.

Digital has the potential to completely transform the fashion world and rewrite its logic, enhancing its components. Fashion events have to gain from the digital approach, fashion houses can track comments on the net during and after a fashion shows, can build with collected data an accurate storytelling using social media and even consumers can take advantage of a unique and personalized experience and of a communication and customer care that are directed and in real time.

For many fashion makers participating at e-Pitti, the spinoff 2.0 of the most well-known Italian fashion event, Pitti man, digitizing means just switching to methods that automate orders or forms of digital automated payment.

The transition to digitization is more difficult in Italy, especially because fashion is linked to an idea of craftsmanship and heritage.

And there is also a difference between large brands and small local firms, the first, having more human resources and economic capital available, can afford to understand digitization in a softer way and linked to skills and business knowledge, instead the transition to the digital world of smaller ones can be more difficult and not always profitable and certain. In fact, the famous fashion designer, Karl Lagerfeld has also warned the smaller brands, which depend on the multi-brand distribution, from adopting a strategy like the See-Now Buy-Now, because *“if you already have two collections and one preview at the store, as the fashion shows take place, they will never know for sure whether and what the distributors will buy again.”*

2.2.3 From the traditional CRM to the social CRM

The Customer Relationship Management can be defined as:

*“a strategy for the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and/or customer groups, and the integration of processes across the many areas of the firm and across the network of firms that collaborate to generate customer value”*⁸⁶

CRM is not only a technology, or a set of rules or a database, but it is a combination of specific technological solution with organizational process and culture, that allow company to manage customer relationships. The CRM role is to change the way a company manage processes by focusing on client always. CRM is a culture, is a global company approach aiming to detect acquire, develop and maintain best clients in order to maximize long term profitability.

An efficient CRM system combines all the available info from internal sources to the external ones to describe and cluster the client precisely and up to date. This approach allows the company to target the investment (communication, product development...) and to quickly take effective decisions, it is focused on systems that support sales, marketing, analysis and data integration and works with other strategic dimensions to achieve performance goals.

A result of the diffusion of social media technologies makes necessary a change in the management of customer relationship, this result can be identified in the integration between traditional CRM and Social technologies, the Social CRM. The Social CRM can be defined as:

“a philosophy and a business strategy, supported by a technology platform, business rules, processes

⁸⁶ W. Boulding, R. Staelin, M. Ehret, W. J. & Johnston (2005), A customer relationship management roadmap: What is known, potential pitfalls, and where to go. *Journal of Marketing*, p. 155-166

and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a reliable and transparent business. It's the company response to the customer's property on the conversations.”⁸⁷

The SCRM is not considered a substitute of traditional CRM, but an its own extension, essential to adapt the presence on the market of the new social customer. With the rise of Social Media, customers want to actively participate to brand's value creation, with feedback, comments, ratings, and the company's ability is to put customers at the center of company's philosophy, to satisfy its customers and to achieve business goals, that are the fundamental basis of SCRM (Fig. 2.17).



Fig. 2.17: SOCIAL CRM, Source from:⁸⁸

In the traditional CRM, there is an inside-out logic, that is one-way process in which company creates products/services and then sells them to final customers according with data available, aiming to the generate new sale transactions.

Nowadays, social customers want to interact with brands in a different way. This has fostered the rise of Social CRM that has create a two-way interaction between parties and has given customer the ownership of the conversation with the company.

To better understand the evolution of CRM into SCRM, it is possible to give special attention to some key aspects reported in the figure below (Fig. 2.18).

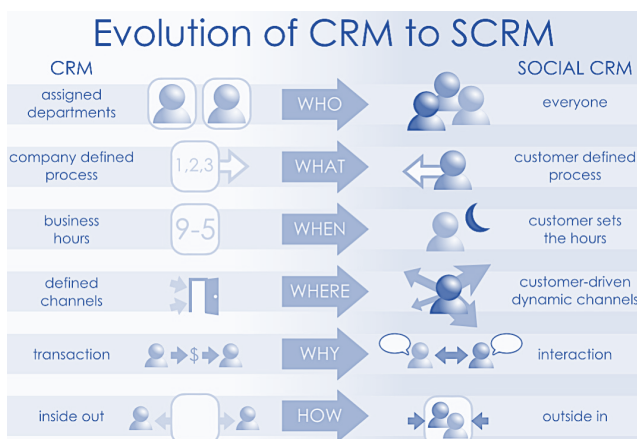


Fig. 2.18: Evolution of CRM to SCRM, Source from⁸⁸

The SCRM is a traditional CRM with some implementations. The most important change, resulted by this evolution, is that now the customers are included as a key element of SCRM. Particularly, now the social customers want to directly talk and to be directly involved in business decisions. When in the past, the CRM was managed by departments, now customers have the opportunity to interact directly with the

company's information system and while the traditional CRM is addressed to a specific clientele, the SCRM points to all the network and to wider range of consumers (WHO). In traditional CRM, is the company that establishes the processes, in SCRM are the customers, who become active part of organizational change, so there is an evolution from company-centric to customer-centric (WHAT).

⁸⁷ P. Greenberg (2009), CRM at the Speed of light: Social CRM Strategies, Tools and Techniques for Engaging Customers, p. 34

⁸⁸ Lieberman, M., (2010). Guide to Understanding Social CRM, Chess Media Group, United States of America, p. 3-8

In SCRM customers set the hours, and this condition of change implies company to paying attention to social customer (WHEN). Also, the change in sales channels, that have evolved from static to dynamic, characterized the evolution from Traditional CRM to SCRM. The brands have to adapt the communication needs through different channels. (WHERE). When in the past there was only an economic transaction now there is a dialogue, an interaction with an enrichment both for companies and for customers (WHY). While the CRM has developed with an inside-out logic, the SCRM, as I said before, is based on outside in-logic, so there is a switching from a one-way perspective to an openness of the company toward the outside, and this allows companies to collect many information and stimuli (HOW).

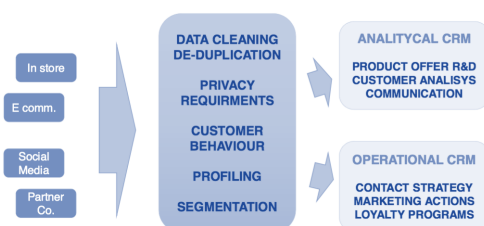
New social customers have becoming more and more hard to please, so the main goal of SCRM is to find the right customer engagement strategy, while in the past it is mainly to acquire, collect and manage customer data. Companies must focus, as I said also in the previews paragraph, on provide customers new exciting experiences, with the help of social tools.

The evolution in SCRM had generated some additional benefits to the brands. For example, an increase in marketing ROI and an improvement in development of product quality, an enhancement of marketing effectiveness through innovation and creativity, the creation of new business opportunity through new and existing customers thanks to the wide diffusion of social networking, the increase of customer loyalty through promotion of transparent dialogue and employee/customer direct interaction and also growth of R&D capabilities and innovative idea possible thanks to social customer's initiatives.

All these advantages go with several disadvantages, which are related to direct comparison with customers. The negative judgements, especially in social media affect positive ones and this can have a negative impact on the brands' reputation and consequently on its economic performance.

2.2.3.1 A focus in the fashion system: the client classification

In different sector but especially in fashion world it is important to classify clients. The CRM system allows companies to sourcing data from all the available touchpoints, as subscription in store, in e-



commerce and especially now in the brand official pages on social media; then companies can analyze all the info collected and then can execute a targeted CRM (Fig. 2.19).

Fig. 2.19: The CRM flow, Source from: ⁸⁹

⁸⁹ Festa Alberto, Teaching Materials of Luxury Management, Luiss Guido Carli, 2016

In the physical store is possible obtain information about clients and their preferences by inviting them to sign the “subscription” (Fig. 2.20), in the digital world it is possible thanks to the registration (Fig. 2.21), in fact customers to complete a purchase on the brand's official e-commerce must register themselves.

Fig. 2.20: Brand store subscription, Source from:⁹⁰

Fig. 2.21: Brand e-commerce registration, Source from: www.asos.com

In this way, CRM system should be able to register and update various data and each of these data need to be constantly updated to ensure a proper contact and correct sales history tracking. This includes info about, as shown in the Fig. 2.22⁹⁰, personal data, address, sales’ history, reason for buying, contact history, after sales contacts and preferences of the customers.

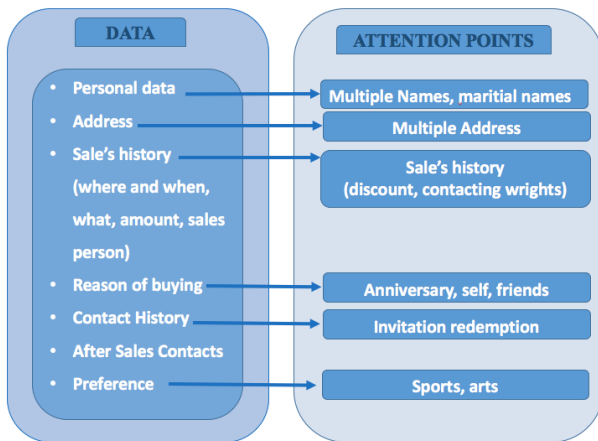


Fig. 2.22: The CRM database, Source from:⁹⁰

Thanks to all data enrolled, it is possible to improve a client classification. Every customer love to be treated unique. Anyway, we can divide the customers in three type and for each of them adopt a focused engagement strategy.

As show in fig. 2.23⁹¹, it is possible divided the client in prospect or potential, client and best client.



Fig. 2.23: Client classification, Source from:⁹¹

Under the category of prospects/potentials there are all the potential client without selling experience, the clients/actives are all the clients with one selling experience at least and finally the best customers

⁹⁰⁻⁹¹ Festa Alberto, Teaching Materials of Luxury Management, Luiss Guido Carli, 2016

are the high spending clients with several selling experiences, that means high frequency and high total spending.

Every customer is different from other, but the client classification allows brands to identify different groups, that can be based on different segmentation criteria as for example frequency and amount and in this way a brand can understand the relevance of this type of customers for their business and can address them the right contact strategy.

The client's classification criteria vary from brands to brands, the most general classification is the three type that I have mentioned before, but ever brands can classify clients as better it thinks. For example, in fig. 2.24 is reported the Louis Vuitton's client classification.

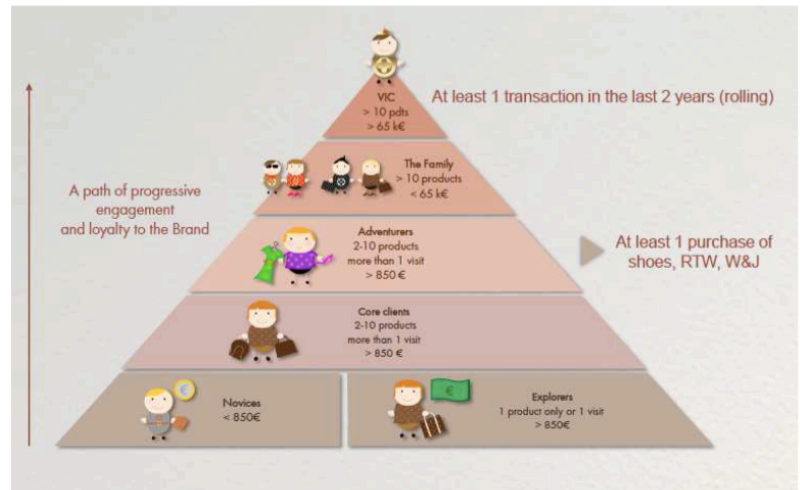


Fig. 2.24: Louis Vuitton's client classification
Source From:⁹²

2.2.3.1.1 The contact strategy

A contact strategy is a part of marketing planning process where brand builds and specifies its plan for delivering personal communications to its customers; it is focused on how a brand contacts and communicates with customers and how brand builds relationships with them.

The contact strategy is huge opportunity to focus on customers and to tailor communications, that can be personally relevant.

As I said before, for every type of clients, there are specific contact strategies that companies can use to acquire new client, reinforce and strengthen customer loyalty and engage with the brand or make existing customers come back to purchase and increase their spending amount and to stimulate sleeping customers. Particularly, a brand can increase its desirability, leveraging on brand DNA and developing a tailored contact strategy that means high qualitative emotional storytelling tools focused on brand heritage and memorable stories and customer's needs.

To develop a contact strategy, as shown in fig. 2.23, there are different activities that a brand can do: regarding potential clients, companies must study them and if they are "dormant client" can reactivate them with mailings or events dedicated.

⁹² Festa Alberto, Teaching Materials of Luxury Management, Luiss Guido Carli, 2016

For example, with the presentation of the new collection available in store, in this way, with a low investment, brands can verify the client's sensibility, can stimulate their reactions and can start the engagement process. An example can be Sisley, that last winter organized in the store in Via del Corso, Rome, an event with gifts, food and music to present the new collection. They send the invitation to this event on the official Facebook page. To take part at event you need to register on the Facebook page with your name and, also during the events if you want a gift you are invited to complete the in-store registration and they gave you Sisley fidelity card.

Regarding the clients, a brand need to develop a personalized action plan to maintain their sensibility for the brand. Finally, for the best clients, a brand must develop top events to delight them and increase their loyalty, for example inviting them at private exclusive pre-sales presentation events or private shopping by appointment only. Another example of best client plan can be the event that Dolce & Gabbana organized in Via Montenapoleone, Milano. Dolce and Gabbana for the opening of their first store in via Montenapoleone have organized a luxury dinner in the street inviting 400 guests, among which their best clients, international buyers, millennials and fashion icons.

It is important to target the audience and on this develop a contact plan that is relevant and measurable. To develop a good contact strategy, it is important to focus on brands' needs and consumers' needs. First of all a brand need to define its audience, so to whom brands are directed potential clients, clients or best clients; then brand need to have clear in mind its goals, so what information are sending, for which reasons are contacting customers, and be sure that customers receive the message; then brand need to define what type of message send, taking onto consideration who are the expectation of addressed customers, so for example a mail, a phone call, an invite through social media, an official invitation through letters; then a brand need to plan the frequency (how often), timing (when) and the resources to support its goals and once the contact strategy is done, a brand needs to evaluate it periodically and if something do not go well, brand needs to revise it.

2.2.3.1.2 The importance of social customer care

The customer care or customer service is *“the provision of service to customers before, during and after a purchase. The perception of success of such interactions is dependent on employees who can adjust themselves to the personality of the guest”*⁹³.

If in the past to ask questions or have an assistance service after purchase, there were the call centers or the direct contacts in the store, today to make customer care brands use socials (Fig.2.25-Fig.2.26). Making customer care means providing assistance, managing customer's complaints in the best way.

Several years ago, many people thought that the customer service was the new marketing, as this means delivering an amazing customer experience that can get customers to come back and refer their experience to their friends, colleagues and family members.

Now with the advent of social media, the customers became hard to please, the purchasing habits changed and with them the brands need for a change in customer care. It is estimated that many consumers (67%)⁹⁴, prefer social to obtain information and customer care, especially Millennials.

Facebook, Twitter represent the most influential social media platform in this sector: considering statistics, the two socials are on average 45% more accurate and quicker in providing answers than an e-mail service⁹⁵.

When a customer posts a comment, positive or negative, everyone in the world can read it and everyone can also see how the brands respond, and if it responds at all.

The social customer care is a big resource for brands that have already embraced social media as a customer service channel and can be a huge opportunity to create brand awareness, sell products/services and get closer to customer community for these brands that have not already embraced it.

Social customer care is more than customer service. It is a marketing tool and it is more convenient compared to other marketing strategies. Taking care of their customers for brands, responding to their comment, trying to solve their problem, helping them with complaints and questions, are all ways through whom brands can show to entire world "who they are".

To develop an excellent social customer care, a brand needs to:

1. Get social, if a brand is on social media, it needs to ask itself "Am I using those channels for customer service and support purposes?". If the answer is no, it is necessary to develop a social customer care strategy;
2. Be on the channels that customers are using, a good starting point is "being" where customers are;
3. Invest in software for monitoring brand's mention on the Internet; there are excellent software programs to track mentions, comments, reviews and it is necessary because brands need to know when people are talking about them, what they think and what they say about them;
4. Respond to comment or mention, not just answer too few of them but of all, that's why social media exists to interact with as many people as possible, so brands need to exploit the social and do not ignore posts, comments or reviews, because clients see also how you respond to others;

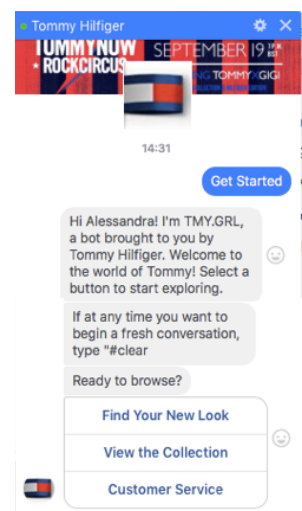


Fig. 2.25: Example of Tommy Hilfiger Social customer care, Source from: Tommy Hilfiger Facebook page

5. Respond quickly, another mistake that can be done with no response is the late response, if a brand want to develop an excellent social customer care must reply within minutes;
6. Be authentic, people watch how brands respond and make judgments on it and it is better to not use robotic response but personal response that are perceived as more emotional and believable and because customers prefer to deal with real people rather than face-to-face businesses and this can produce a more humane and empathic approach with the customers.

Social customer care is a fundamental but somewhat delicate tool. While on the one hand there is the advantage of greater interaction with the client on the other, one must brands are further exposed to the critiques and uncontrolled reactions.

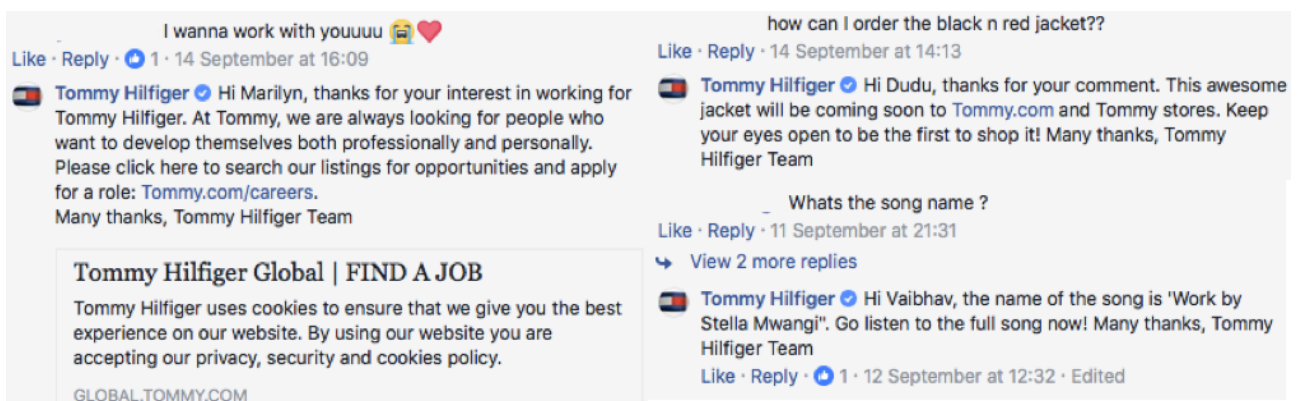


Fig. 2.26: Example of Tommy Hilfiger Social customer care, Source from: Tommy Hilfiger Facebook page

⁹³ Buchanan, Leigh, "A Customer Service Makeover", 1 March 2011

⁹⁴⁻⁹⁵ Source from: <http://www.socialmediatoday.com/social-business/social-media-customer-service-statistics-and-trends-infographic>

“Fashion now is much more than a product.
It is about entertainment and people feeling a part of something.”
(Christopher Bailey, CEO and Chief Creative Officer of Burberry)

CHAPTER 3

The Burberry CASE

3.1 History and Company profile

Founded in 1856, Burberry is a global luxury brand with a distinctive British identity.

Its history of is full of important dates:

1856-1920: the years of innovation

Thomas Burberry, the founder, was born in 1835 and at the age of 21 in 1856 established Burberry, initially specializing in outdoor clothing in Basingstoke, south of England.

Within few years, loyal customers grew and the boutique enlarged and, in 1870, became a department store. The secrets of its success were the impeccable quality and the research of innovative materials. In 1879, Mr. Burberry invented the innovative fabric “the Gabardine”, a fabric that is breathable and weatherproof and he revolutionized rainwear clothing that until then had typically been heavy and uncomfortable to wear. From that moment on, there were only successes for the British fashion house. In 1891, the company moves to London with its first store at 30 Haymarket, "Burberry & Sons" and in 1901, the fashion house chose the Equestrian Knight logo accompanied by the Latin word “Prorsum” meaning “forwards”, as an emblem, fig. 3.1.

Mr. Burberry continued to experiment and the 1912 was the years of the origins of the trench, its most famous coat. It was patented by Burberry and it was an unbuttoned style made from gabardine and fastened with a belt. During these years, the fashion house got the title of official polar expedition provider, and then also became the official provider of the British Army during the First World War.

1920-1990: the consecration and the decline

The 1920s were crucial years for Burberry. The brand imposed its style and the Scottish tartan become the leitmotif of its collections. With the death of Thomas Burberry in 1926, ended an era. He left at his two children the family business. The brand's success continued to growth and made its first appearance in cult films at Hollywood: Humphrey Bogart in Casablanca and Audrey Hepburn in Tiffany's Breakfast celebrated Burberry's creations. In 1937 Betty Kirby-Green and Flying Officer Arthur Clouston broke the world record, just over 45 hours, for a return flight from London to Cape



BURBERRY

Fig. 3.1: Burberry Logo,
Source from: Burberry.com

Town, wearing the Burberry clothes. During these years, the innovation, that was so important for the founder, was relegated into the background, and the mason began to live off private income.

In 1955, Burberry became the official supplier of his Majesty's wardrobe Queen Elizabeth II, but the success did not solve the internal crisis of the company, and in the same year, Burberry was bought by the UK's largest distribution giant, the Great Universal Stores (GUS) group.

These were the years of the decline.

End of the 90s – to date: the rebirth and the renewal

In the late 1990s, Burberry was in crisis, in 1997 its annual sales dropped dramatically.

To cope with the brand's decline, the GUS renewed its management team, appointing Rose Mary Bravo as managing director. She immediately pointed to creative freshness, using Fabien Baron, Calvin Klein's former collaborator and photographer Mario Testino and the also top models Stella Tennant and Kate Moss. But most important she chose two exceptional designers first Roberto Menichetti and then, since 2001, Christopher Bailey, the actual creative director and CEO.

With these choices, she won: the company's turnover went up by more than 275 million euros. And there was also another important change in the economic side of the company because GUS, the majority shareholder of the company for more than 50 years, withdrew from share capital, allowing Burberry to be listed on stock exchange.

Despite the recovery, the early 2000s represented a crisis of identity for the brand, because the fashion house considered conservative since its creation, became the favorite brand of Chavs (a definition for a young lower-class person typified by brash and loutish behavior and that wears real or imitation designer clothes), at disadvantage for the brand and for its chic clientele. So, the brand decided to withdraw the product from sales and to reduce the visibility of tartan on its creations.

From 2001, with the advent of Christopher Bailey and in 2006 of Angela Ahrendts as new CEO, the British fashion house has started its renewal.

Burberry now is able to impose a new image and the reason for this success is the complete reorganization of collections that today, proposes different lines, such as Prorsum, chicer line, London, more classical, and Brit, more casual, also it has also children's collections, accessories and beauty line. The British houses collaborates with the most popular models, such as Cara Delevingne and Romeo Beckam and the revenues this year, at 31st March, is £2,776m.⁹⁶

While staying true to its 160-year-old heritage, Burberry has always embraced innovation and responded to new technologies and the opportunities that these have created. Burberry connects with

⁹⁶ Data from: <https://www.burberryplc.com/en/investors/annual-report.html>

its customers globally, whether through its runway shows, marketing innovations, campaign talent or music, and using digital platforms and customer insight to enhance customer experiences.

The 2017 is a transition year and the British fashion house is now focused on five key strategies, three of these strategies are focused on optimizing revenue growth (product focus, productive space and e-commerce leadership), and, the operational excellence and inspired people, focused on improve efficiency and ensure that Burberry has the right capabilities to deliver.

- Product focus means: *“Our products sit at the very heart of our business and we are focused on creating the icons of the future. Our “see now, buy now” model means that our customers can purchase our new products as soon as they see them on the runway. We also have a large selection of non-runway products that carry each show’s themes into our wider collections to give our customers more opportunities to buy into the excitement of the show at a wider range of price points and styles. Burberry has a broad product offer, with strength in both heritage and fashion across genders and categories. Simplifying the product offer will enable the customer to discover new products more easily. It will also provide the opportunity to tailor the assortment more effectively for local customer needs. Burberry aims to implement a new approach to managing product categories.”*⁹⁷
- Productive space means: *“Our multi-year Retail Excellence program focuses on making our stores as productive as possible. This means providing our customers with a seamless luxury Burberry experience in every store with impeccable service and a personalized approach. We build strong, ongoing relationships with our customers and we listen closely to their views through our global customer feedback tool which allows us to carefully manage the experiences our customers have in our stores and on our website. The business model has evolved from being a predominantly wholesale to a predominantly retail model. There is a significant opportunity to improve Burberry’s end-to-end retail disciplines and to continue to evolve the Omni-channel experience.”*⁹⁸
- E-commerce leadership means: *“is the fastest growing channel in the luxury and retail industries. Our customers will continue to move fluidly between the on and offline worlds and expect seamless, personalized experiences. Our strong digital capability means we are well placed to respond to this evolving landscape through both our owned channels and through relationships with digital platforms, social media companies and retailers. We are experimenting with virtual reality, augmented reality and the latest developments in social-commerce to ensure that we stay ahead of evolving shopping behaviors and respond quickly to changing trends. With an estimated*

⁹⁷⁻⁹⁸ Source from: <https://www.burberryplc.com/en/company/strategy.html>

70% of Burberry's retail sales having involved support from digital technology at some point in the customer journey, the ambition is for digital to remain a clear point of differentiation with scope to be more ambitious commercially.”⁹⁹

- *Operational excellence means: “is a multi-year program and involves re-engineering Burberry's systems and processes to ensure that they are fit for purpose for the Company's next phase of growth. This means structuring our business in a way that gives greater consistency globally to better meet the needs of our customers locally. We are simplifying our ways of working to allow our teams to focus their time where they can have the most impact and are free to do their best work, feel motivated and be inspired. The key areas of focus include process simplification, procurement effectiveness, inventory management and improving technology.”¹⁰⁰*
- *Inspired people means: “Our people are the engine of our business and the most important asset that supports the success of Burberry. With employees in 34 countries, representing over 112 different nationalities we are a diverse team, guided by Burberry's core values of Protect, Explore, Inspire. We are dedicated to fostering a distinctive culture with a global team mind-set and a pioneering spirit.”¹⁰¹*

⁹⁹⁻¹⁰⁰⁻¹⁰¹ Source from: <https://www.burberryplc.com/en/company/strategy.html>

3.2 The importance of “be a first-mover”

As I said in the preview chapters, the digital has an increasingly role in the fashion world. According to L2 Fashion Digital Report¹⁰² "Three in five luxury purchases are influenced by digital touchpoints, and e-commerce sales now account for 7% of the market".

In 2015 was Burberry to lead the Digital IQ Index for best digital commerce and digital marketing strategies, as show in fig. 3.2; in 2016 was Gucci, thanks its increasing investments in social and digital channels, in customer service and in its visibility across both search engines and authorized retail partners, as shown in fig. 3.3. The digital IQ of Burberry in 2016 was 142, only 3 points under the competitor Gucci, 145 Points.

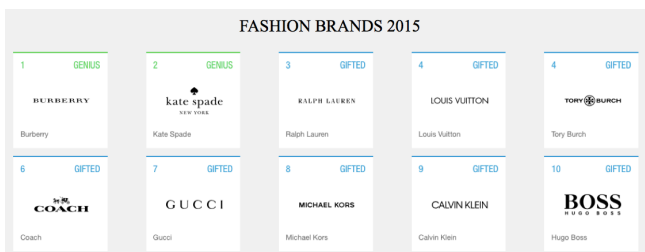


Fig. 3.2: Fashion Brands 2015, Source from: ¹⁰²

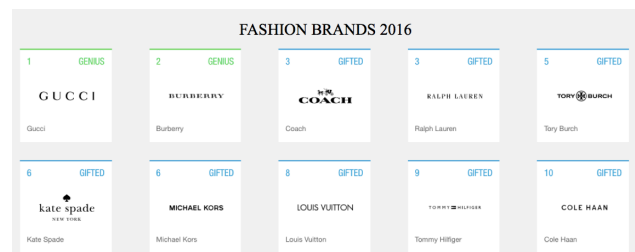


Fig. 3.3: Fashion Brands 2016, Source from: ¹⁰²

While this year, as show in fig. 3.4, Burberry is the leader in the Luxury China fashion market, that is one of the most important markets, because the Chinese consumers continue to spend more on luxury goods than shoppers from any other country.



Fig. 3.4: Luxury China 2017, Source from: ¹⁰²

But the Burberry's vocation for digital is much older, it was the first brand that put in its strategy digital tools and that invested in digital, as explained in fig. 3.5.

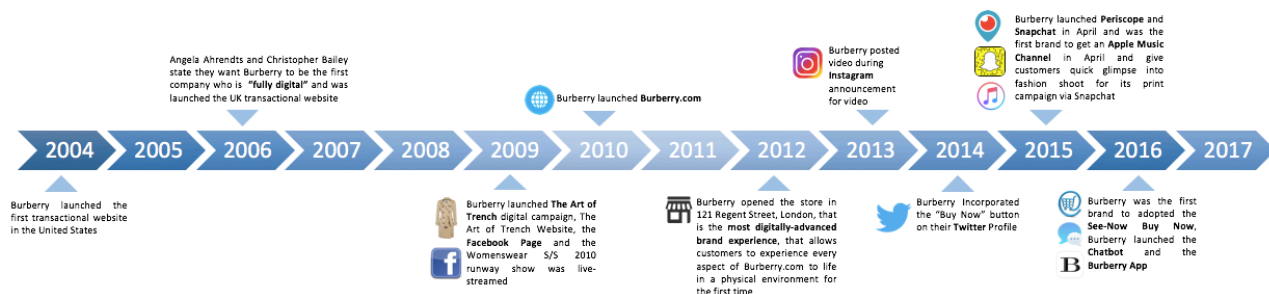


Fig. 3.5: Key Burberry Investment in Digital

Burberry started in 2004 when it launched the first transactional website in the United States, in 2006 Angela Ahrendts, (CEO of Burberry from 2006 to 2014, now Senior Vice President, Retail, Apple), and Christopher Bailey stated they want Burberry to be the first company who is "fully digital" and

¹⁰² <https://www.l2inc.com/daily-insights/top-10-fashion-brands-in-digital-3>

the same years was launched the UK transactional website. This announcement today has become reality, because digital is now a core component of how Burberry runs its business.

In 2009 happened several important facts: the Womenswear Spring/Summer 2010 runway show was live-streamed allowing consumers globally to share the full experience of a Burberry fashion show for the first time and giving anyone the access to the traditionally exclusive runway action, and was launched also the “The art of Trench” digital campaign and "The Art of the trench website" (<https://artofthetrench.burberry.com>), it was a webpage where it was possible upload the photos that the fashion house received from the customers who had bought and wore the iconic trench coat.

This was the first important content experiment curation in the fashion world and since then many other brands have tried to imitate it. The same year was launched also the Burberry Facebook page (<https://www.facebook.com/Burberry/>). In 2011 was launched Burberry.com, that is now available in 44 countries, in 11 different languages and it is now optimized for iPad, iPhone and other mobile devices. The year after was opened the store in 121 Regent Street, London, that is the most digitally-advanced brand experience, that allows customers to experience every aspect of Burberry.com to life in a physical environment for the first time. In 2013, the same year that Instagram announced Instagram for video, Burberry posted a video during the Instagram announcement. And then in 2014, when in July, Twitter launched the "Buy now" button, Burberry incorporated the "Buy Now" function on their Twitter profile in September, and it was one of the first brands to do so.

At the end of 2014, Burberry upgraded its mobile site, which resulted in its mobile revenue tripling. In 2015 Burberry launched Periscope and Snapchat in April and it was the first brand to get an Apple Music channel and to give customers quick glimpse into fashion shoot for its next print campaign via Snapchat. In 2016 Burberry was one of the first brands to adopted the See-Now Buy Now model, the Burberry 2016 collection was available to purchase in stores and online immediately following the show, and since the September 2016 show, all the following collections are available to purchase immediately after the shows. As I said in the introduction and as New York Times said, the digital strategy of Burberry first improves its images in fact “*until a few years ago Burberry was synonymous*

*with 'English' and 'plaid', today one cannot associate the brand with an idea of innovation*¹⁰³” but it also improves its revenues, as shown in fig. 3.6.

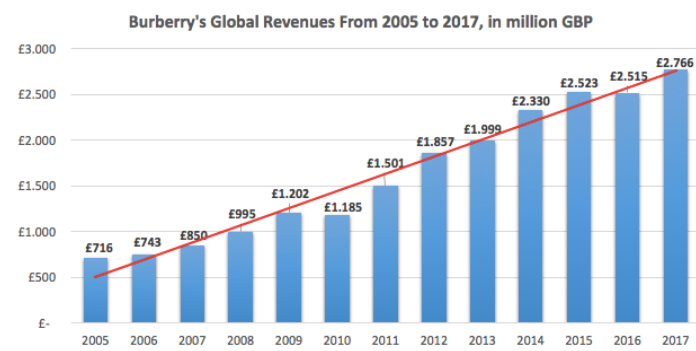


Fig. 3.6: Burberry’s Global Revenues from 2005 to 2017, Source from: ¹⁰⁴

¹⁰³ www.nytimes.com/2015/12/02/fashion/luxury-brands-and-the-social-campaign.html

¹⁰⁴ <https://www.burberryplc.com/en/investors/annual-report.html>

In 2016, Burberry launched the Facebook Messenger Chatbot, Line, the Japanese App, Kakao, the Korean social media, and the Burberry App.

Now the digital is a fundamental and integral part of Burberry’s world and it is becoming a new way of thinking across all the Burberry's organization, as also Christopher Bailey states.

The digital technology favors customers, that have access to the brand in a new and compelling way, that previously did not happen, and favors Burberry, that has the possibility to treat customers in the same way no matter whether they are online, in-store or on mobile. So, Burberry can connect globally with its customers, through its fashion shows, marketing innovations and customer insights.

This focus on digital, as show in the fig. 3.2, has moved Burberry at the top of digital brands on 2015, Burberry overtook 82 other brands in digital, for its mobile platform improvements, a digital microsite, social engagement and brand visibility. The continued investments in all these activities have brought Burberry to advance in digital and to be a leader in this practice. Everything is made with a single goal: to enhance customer experiences and to bring the customers closer to the brand.

From a research made by ContactLab¹⁰⁵, as shown in the fig. 3.7, Burberry at March 2017 is the leader in the digital customer experience.

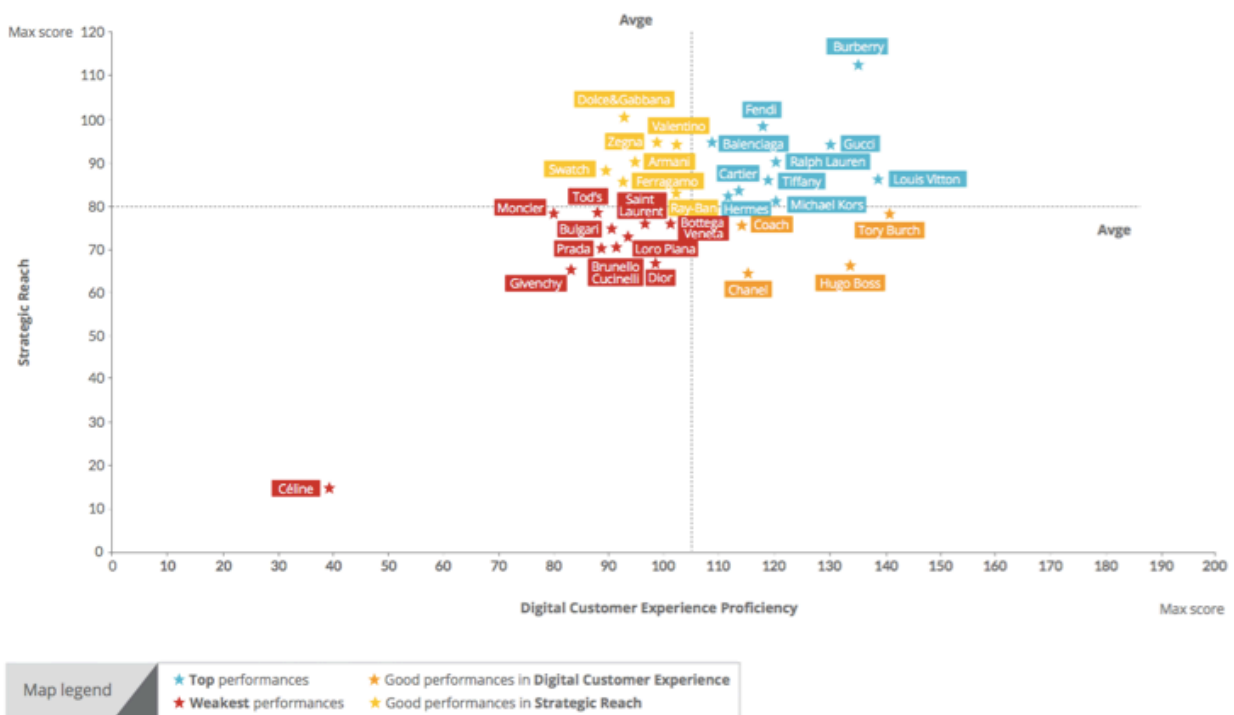


Fig. 3.7: Digital competitive Map, March 2017, Source From: ContactLab¹⁰⁵

¹⁰⁵ www.contactlab.com/en/more/reports/digital-frontier-2017/

Burberry is one of the top performer and, as shown in the figure above, it has the max average score for Digital Customer Experience and Strategic Reach.

Burberry is one of the most followed luxury platforms on social media with over 48 million followers across all the brand's 20 social platforms: 10 million on Instagram, 17 million on Facebook, 8 million on Twitter and 208 thousand on Pinterest.

Burberry continued to develop its strategy across all the available social platforms and continued also to invest into artificial intelligence technology across the digital platforms.

Burberry was the first mover in digital among the fashion brands and now it is trying to understand how capitalize on those watching its move on the runway.

Burberry was the first to offer a made-to-order catwalk service, which sold for two weeks the runway pieces of Spring/Summer 2014 collection online and on mobile immediately after the show ended and was one the first to adopt the See-Now Buy-Now model.

Burberry understood the importance of be consistent and synchronized across all digital channels.

Its customers can buy in store, online, through social or App (it is currently available to download in the US, Canada, Australia, Ireland and the UK), they can have a sales associate order for them from Burberry.com and in-store, and access a unified shopping cart on mobile and desktop.

All these channels are synchronized to make easier the shopping experience through any devices from store to social platforms and this also allows Burberry to easier expand into new markets, like Japan and Korea.

Burberry's digital strategy is continuing to evolve also if on 2016 has been surpassed by Gucci, as show in fig. 3.3, but it remains among the top players across fashion industries.

“At this point, Burberry has established itself as a digitally savvy brand among other industry barons Apple, Nike, and Google,” said L2 Fashion Digital Report.

Burberry has embraced the digital transformation earlier than most other large fashion companies and it allowed Burberry to benefit from the union of its digital and physical capabilities.

3.3 The main steps of Burberry's digital transformation

The authors of the Burberry's digital transformation, as I said before, are Angela Ahrendts and Christopher Bailey. In 2006, their vision was to *“be the first company who is fully digital”* and *“To build a social enterprise”*, they said.

Angela started asking *“Who is Burberry”* and *“What Burberry has that other fashion companies did not have”*. She answered that Burberry *“As a global luxury brand, the brand is our greatest asset”* and she also added *“Never forget who we are, and where we came from”*.

So, the revolution in the Burberry's world came from a focus on the past, on the core attributes that distinguished Burberry from all other brands and came also from an accurate study on the Millennials, on their digital language and preferences. To relate to them, Burberry needed to focus on digital.

As Angela Ahrendts said *“I grew up in a physical world, and I speak English. The next generation is growing up in a digital world, and they speak social”*.

Having understood the importance of focusing, on one side, on the core brand characteristics and, on the other side, on the new customers, they started the digital transformation.

In the following paragraphs, I will try to explain the Burberry's digital transformation analyzing:

- The 360° Burberry experience: from the physical store to digital and social channels
- The development of See Now - Buy Now
- The digital customer engagement: the Burberry's storytelling
- The social customer care: the Burberry Chatbot

3.3.1 The 360° Burberry Experience:

from the physical store to digital and social channels

The digital transformation changed the way customers experience the brand and changed the customers' relationship with the brand itself. The objectives of Angela were to give its clients the possibility *“to have total access to Burberry across any devices(...)anywhere, anytime”* and to make them feel the same exactly experience with Burberry *“regardless of where, when and how they were accessing the brand”*. Christopher Bailey said: *“We didn't do Burberry Bespoke to make money. We didn't do Burberry Acoustic to make money. We didn't do Art of Trench, our social media platform, to make money. We did all of that to have the customer engage with the brand”*.

In 2008, they launched *“The Art of Trench”* advertising campaign and also the web site, where it was possible upload the photos that the fashion house received from the customers who had bought and

wore the iconic trench coat, it was the first important content experiment curation in the fashion world. The same year to be closer to its customers around all the world, Burberry comes to Facebook, and in the subsequent years it creates an official account also on Instagram, Pinterest, Twitter, Google Plus, YouTube, Youko.com, Ren Ren and Douban, to be consistent with the “*anywhere, anytime*”. In 2009 with the launch of Burberry.com, the official e-commerce of the brand, where it is possible to see all the products available, with price, colors, fitting and all characteristics, and where it is possible to purchase every item of the collection, the digitalization continued to grow.

“All this technology needed to be linked up so that we could have a single customer view that we could use across channels, mediums and platforms” said also Angela Ahrendts.

They tried to connect with coherence all the channels, offering to customers a 360° Burberry experience, through any device, anywhere and anytime. The presence of the brand on mobile, on socials and on physical store is always connected with brand and therefore connects the brand and the customers all in one.

In 2012 with the opening of the store in 121 Regent Street, London, they developed the most digitally-advanced brand experience, bringing every aspect of burberry.com to life in a physical environment for the first time.

“We are really excited to be launching Burberry Retail Theatre, enabling the first-ever live simultaneous virtual trunk shows in our stores globally. This concept allows us to broadcast our multi-faceted content all over the world, directly to our stores, creating a modern and pure brand environment. Customers at the exclusive in-store digital events will experience the clothes, the music, the energy and the parade on super-sized HD atmosphere in real time, and have the unique opportunity to receive their orders in just seven weeks”, said Christopher Bailey.

The new store included: 44,000 sq. ft. space; a first digitally-integrated retail space; digital highlights with a series of full-length screens scattered around the store, which can be switched into mirrors; a giant screen features within the center of the atrium around, where a stage can be erected in order to host in-store gigs; the clothing items have also been chipped with radio-frequency identification technology, allowing for multi-media content, such as a catwalk clip of item, to be triggered when placed near a mirror; and also electronically orchestrated digital rain showers timed to occur along with a bespoke section where customers can customize their own coats; the customers can also watch the fashion parade on super-sized HD screens featuring mega-watt sounds to enhance the runway reality; and they can interact with the collection through iPads and were able to buy immediately through a custom-built Burberry.

The 360° experience, shown in fig. 3.8, was completed in 2016 with the launch of Burberry official account on Periscope, Snapchat, a channel on Apple Music (2015), the live chat and the Burberry App (2016).



Fig. 3.8: The 360° Burberry Experience

Burberry is known and is quoted as the digital pioneer of the luxury industry for good reasons: their approach to digital content and social media do not just replicate the content across every platform, but Burberry tries to understand where it is and what types of consumers are on that specific platform and it takes care in outfitting the right content, in the right time, for the right channel.

From the “*fully digital*” announcement made by Ahrendts and Bailey, Burberry was the first company to adopt digital innovations in mobile, web and social and these allow company to be ranked first for several years amongst other fashion brands, because of their digital savviness.

Their engagement with Millennials and the launch of unique campaign to engage younger audience, like for example the user generated content on Art of Trench and Burberry Acoustic, a platform where British artists can share their music, re-brings brand to life.

3.3.1.1 How Burberry uses social media

In this paragraph, I will try to explain the way Burberry uses social media to improve its digital activities, and the way also social media had helped Burberry to be the top performer in digital tools and in digital customer engagement. The Burberry's digital success is based on the increasing of brand awareness, on the clients' loyalty, and on the increasing of customer engagement.

“Burberry is a perfect example of how our fashion industry has pioneered new ways to engage with customers” said Natalie Massenet, chairman of British Fashion Council.

From the launch in 2009 of The Art of Trench platform, that increased the brand reputation and customers engagement, to the launch of the e-commerce site, that in the first trimester increased by 24% the revenues; from the first 3D fashion catwalk for the A/W 2010-2011 livestreamed in London, New York, Tokyo, Dubai, Los Angeles thanks to the collaboration of Sky Television and available also on Burberry.com, with the possibility to comment in real time on Facebook and Twitter; from the shoppable music video on their site, that gave the users the possibility to see the video of the rock band “One Night Only” and at the same time had the possibility to buy their clothes by clicking on it, to the first marketing interactive 3D campaign on Piccadilly Circus, thanks to the partnership with DreamWorks Animation, that gave the users the possibility to enter in Burberry world with an high-tech experience on their smartphone; Burberry has opened a new era in the digital fashion communication.

- Facebook-

Burberry’s most popular account is Facebook, it has a highest following, to date, September 2017, 17,273,490 number of likes, 16,859,451 number of people that followed the Facebook page and over 200,000 people that have visited it. They generally post about one a day during the fashion shows, and every 3-4 days normally, and they share a combination of videos and photos of collections and events, with a consistent theme for the style of posts across all platforms, like the profile/cover images, that is used for each account on socials, the font used in the graphics and in the videos.

The engagement from fans is highest on Facebook, with an average post receiving between 1,1 thousand to 3,1 thousand of likes, the most successful post are the campaign photoshoots, the images of the new collection and the videos also if a lack of engagement can be found in the fact that Burberry do not appear to respond to any of its fans’ comments.

During London Fashion Week 2016, Burberry also used Facebook page to live stream the catwalk show, and it continued to do it for all the subsequent fashion weeks. This is a good channel to improve engagement, just thinking that the live stream of the last fashion week on 16th September 2017, has received 118 thousand views.

Burberry also used Facebook to build a mobile-friendly and interactive holiday gift look book, in fact the fashion brand has used Canvas to sneak peek the new products and lines available for purchase during the Christmas holiday, since 2016. The Canvas is an advertising format that creates an immersive full-screen experience with the brand and that enables Burberry to shorten the distance between its message and its customers and it contains also a ‘Call-to-action’ button, which directs users to Burberry online shop. With Burberry’s Facebook Canvas, customers and people can watch

engaging videos and photos, swipe through carousels and engage all in a single advert, they do not just view a story but they will become a part of it. This advertising format is mobile-optimized, it loads as much as 10 times faster than standard mobile web and it is designed to capture the complete attention of brand's audience, because mobile users can discover Burberry and then can browse their product catalogues in full screen only with a click on the advert and they can interact with all Burberry's content, pictures, videos, text and/or links. People enjoy moving through digital stories easily, they can swipe through a carousel of images, tilt to view panoramic images and zoom in to view details, these tools make the Canvas experience more immersive and more engaging than the mobile sites.

Burberry also tries the Facebook's new "Shop Now" button during the luxury fashion brand's womenswear show during the London Fashion Week, improving the Social Commerce experience. They have developed also the Burberry chatbot that is able to accomplish basic functions, like showing customers new clothes to buy, ask any questions or make purchase on the Burberry website.

-Twitter-

Burberry is also active on Twitter (@Burberry) with 8,343,441 of followers and with posting an average of 5 times a day, increasing during the London Fashion Week; Twitter can be nominated the most active between Burberry's social accounts.

The English brand has worked with Twitter on several initiatives in the past, including a live stream of their Spring/Summer show at London Fashion Week in 2012, and with the they "Buy Now" function in 2014, they sold Burberry products through the platform.

Burberry shared photos of the catwalk or magazines, that generally receives between 100-200 likes and 50-100 "retweets" on average, and frequently uses celebrity endorsement to promote products and supported the brand's awareness with high profile individuals, that are wearing its products.

One photograph of Christopher Bailey that is greeting the famous models Cara Delevingne, Naomi Campbell, and Jourdan Dunn and Sam Smith, has received a huge 1.3 thousand likes and over 500 retweets, on 23 February 2015.

During the London Fashion Week S/S 2012, Burberry announced the first ever #Tweetwalk Show, the look of the SS 2012 was available on Twitter before the runway.

During the London Fashion Week 2015, Burberry attracted the attention of thousand followers with its #Tweetcam campaign, which allowed fans to tweet @Burberry using the hashtag #Tweetcam and then they received a photo from the Burberry show, shot and sent live from the catwalk and personalized with their own Twitter handle.

Another engaging campaign, made in 2015, to launch the new Burberry's make up lipstick lines and that had success, was the Burberry Kisses. The Twitter users are invited to nominate a friend to

receive a free Burberry Kisses lipstick and in this way, Burberry captures the attention not only of the Burberry's fans but also of the makeup lovers.

-Instagram-

On Instagram, Burberry posts creative content, a mix of images and videos are uploaded daily, at the same time preserving its elegance and its heritage and maintaining ongoing themes for the brand on socials. With 10 million of followers is one of the most followed fashion brands.

During the London Fashion Week, they shared runway look, behind the scenes, backstage, and also picture of actors, models and fashion icons that are wearing Burberry's clothes.

Burberry uses the hashtag #LFW (London Fashion Week) and #BurberryShow to promote its catwalk, but the most followed hashtag is #Artofthetrench, where there are more of 4 thousand of posts user generated and engagement content, that can be seen for Art of the Trench Coat campaign. On Instagram, Burberry also gives sneak peek of the collections, celebrates events and exhibition, lives streaming content and artistic performances. On the official Burberry Instagram account is possible enter in the Burberry's world from a phone just clicking on the Instagram Stories.

-You Tube-

Explain in the paragraph 3.4: The digital customer engagement: the Burberry's storytelling.

-Snapchat-

Many times, Burberry had used Snapchat to personalization and to engage consumers.

In September 2015, Christopher Bailey said: *"We are excited to be working with Snapchat to launch the Burberry Snapchat Show allowing a unique, real time view of the creation of our show which will include an unprecedented collection premiere hours before it hits the runway"*.

Burberry went beyond live streaming, because the English brand unveiled its Spring/Summer 2016 entire collection on Snapchat the day before its official runway show in the London Fashion Week, reaching 100 million of impressions.

And from 25th April 2016, Burberry has used for the first time the Snapcode to let in-store customers unlock online Snapchat content. To promote the new male fragrance Mr. Burberry, Burberry invited the customers to scan the Snapcode using their mobile devices and to unlock content from Burberry's new perfume campaign. Customers could also personalize their Mr. Burberry bottle through a monogramming service available on Burberry.com and selected Burberry wholesale stores and can also monogram their own virtual Mr. Burberry bottle and share it on Facebook, Twitter, Pinterest and Instagram.

-Google Plus-

In the spring-summer 2015, Burberry launched, in partnership with Google Plus, the "Burberry Kisses" campaign. Anyone can send a postcard with their own kisses along with personalized messages to anywhere in the world with a colorful kiss, with the 5 different shades of Burberry kisses. The Burberry Kisses Campaign sprinkles "*a bit of heart and soul*" into technology, said Christopher Bailey. Burberry Kisses have increased engagement and awareness, have reached over 13,000 cities in the first ten days of the campaign and, on Google, there were at least 250,000 themed searches.

-Pinterest-

With 208.622 followers, Burberry has become the first luxury brand to offer customers a personalized experience on Pinterest.

Since 2016, the Pinterest's users can customize make-up boards. In this way, the English brand promoted its new beauty products and especially the "Cat Lashes Mascara".

Burberry focused on personalization on Pinterest: the personalization is at the heart of the campaign. The consumers filled out a quiz to determine the Burberry Beauty-centric content they saw on the social platform: the customers had to plug in their initials and answer two questions: "*How long do you spend applying your make-up?*" and "*Does your make-up look include smoky eyes, feline flicks or long lashes?*", they logged into their Pinterest account and got a personalized and monogrammed content and "shoppable" pins, that were all linked to sephora.com and the first 5,000 people that had created a board each got a free sample of the mascara. Burberry with this campaign could exploit Pinterest, that is also today the largest beauty platform in the world, with 38.5 million unique viewers of its hair and beauty category.

-WeChat-

Burberry figured out a way to capitalize on those watching on its runway, in 2013 Burberry tested instant orders via text message on WeChat offering a made-to-order catwalk service, that sold the products from the Spring/Summer 2014 collection online and on mobile immediately after the show ended, for a two-week period.

On May 2017, Burberry also partnered with WeChat for an exclusive online launch of its DK88 handbag, thanks also to the help of Mr. Bags, a famous Chinese fashion blogger.

Burberry created a WeChat game that invited users to digitally paint the DK88 bags with the shake feature on their phones, at each shake a new bag color is revealed and then the users can also send a personalized message to a friend or they can go into the WeChat store, read more details about the bags and finally, if they want, complete the purchase.

-Kakao-

Burberry and Kakao, the Korean Social Media, have made a global partnership, during the showcase of Burberry's Womenswear Spring/Summer 2016. To celebrate the launch, Burberry offered a selection of products to buy directly from the runway, through Kakao Gift shop.

Burberry is now active across Kakao Talk, Kakao TV and Kakao Gift shop, with 190 million of Korean followers, offering them the possibility to directly access its runway shows, campaign and events, so being closer and engaged with the British brand.

Christopher Bailey described Kakao as *“an incredibly creative and innovative company”* and he said *“So it is very exciting to be collaborating with them. The creative and commercial aspects of the partnership have been carefully designed to allow us showcase our culture and design heritage whilst also giving users the chance to shop at the same time.”*

3.3.1.2 The Burberry App

The new Burberry App, at date only available on the App Store for iOS devices and only in the US, Canada, Australia, Ireland and the UK, is another way to enter in the Burberry's world and get closer to the brand. Customers can explore and shop new collections, can manage all their orders in one place and can immerse their selves in personalized, shoppable stories and can discover the latest style inspiration, campaign images and videos.

The App provides a shopping experience that is curated for the customers, giving them the possibility to add items to wish list, so save these on “Favorites” and purchase after, and share it with others, it is seamless, from checkout to delivery and including Apple Pay and it is designed for on-the-go use. The customers are invited to sign in once to access a world of personalized contents, they can browse the latest collections, and they can also personalize items including scarves, fragrances and trench coats by adding monogrammed initials, they have also the possibility to keep track of their orders, manage their account and find the nearest store.

3.3.2 The development of See Now - Buy Now

With the September 2016 show, Burberry radicalized the fashion calendar with the See Now- Buy now model. Burberry aligned the runway with the retail, making its collection available immediately, instead waiting six months to see and shop it.

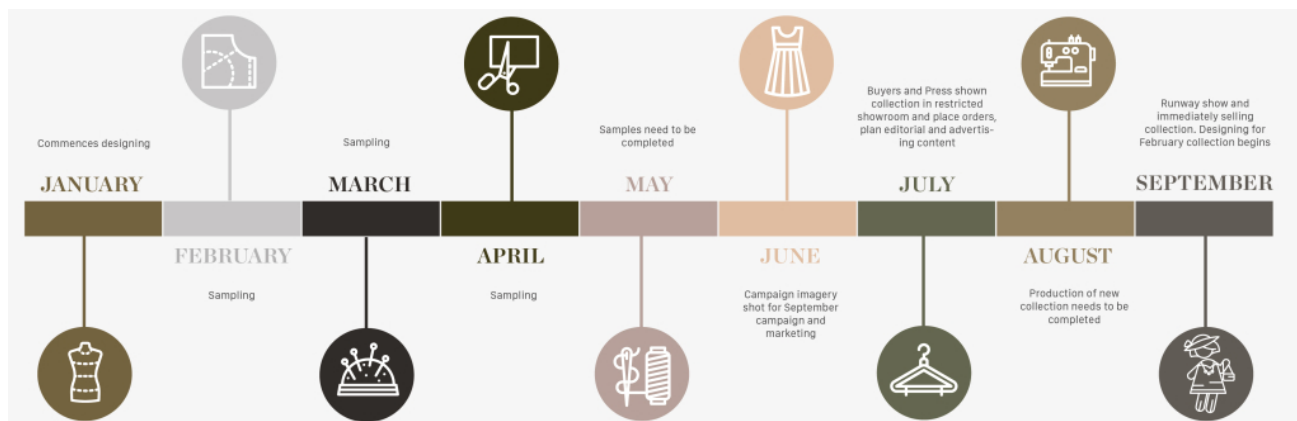
“The changes we are making will allow us to build a closer connection between the experience that we create with our runway shows and the moment when people can physically explore the collections for themselves” said Christopher Bailey in a statement.

This new approach was not without consequences. It has had indeed several significant implications for production, supply chains, communications and marketing departments, that had to adapt towards a fashion immediacy model.

“We should all be proud that it was one of the first fashion brands in the world to embrace digital and social media and integrate them seamlessly into their operations, to merge their menswear and womenswear shows and adopt the revolutionary see now-buy now model” said Neil Saunders, managing director at retail research agency and consultancy firm Conlumino, and he added that the shift was *“in step with the times and the way people shop”*.

Burberry could make this model a reality because it had got great social media presence and it was very savvy in connecting with its customers.

Business of Fashion has tried to explain the timeline for Burberry’s new operational model (fig. 3.9).



(Fig. 3.9: The timeline for Burberry’s new operational model; Source from: www.businessoffashion.com)

The designing, the development and the production, that traditionally were six months before a show debuts, for Burberry moved ahead by several months, in May they would have started to design the SS 2017, which would then show on the runway in September, but this year, the design team started in January.

The sampling, that previously would debut at the runway show, now with the new process was made around three months ahead of the show.

The Campaign Shoot was photographed in June or July, to have the advertising campaign ready in time on August.

The buyers and the press, that previously waited until the runway show to see the new collection, now Burberry created a restricted showroom in its headquarters for key international wholesale buyers and press to view the collection in July.

While the production previously worked in this way: the wholesale buyers placed orders and then the Burberry’s production team worked to fulfill all the orders, for the department stores, to other retailers, to its own flagship stores and to the e-commerce site; now the orders, immediately after the show, are shipped to locations around the world to be ready in all stores.

For the marketing, Burberry has already shown the items of new collection on social media including Facebook, Twitter, Instagram and Snapchat, while in the past to see the official video or the advertising campaign images was necessary to wait until the catwalk is done or wait until the fashion magazines print them; now the official campaign is launch immediately after the show to coincide with the collection's immediate availability for purchase.

For the showcasing and selling process, Burberry announced that for S/S 2017 the Makers House, in Soho, London was the place for the catwalk and this was showed also through Facebook Live, so that fans could watch the runway show live in their mobile phone or laptop.

In this occasion, Burberry enabled the customer service on Facebook Messenger and made also some partnerships with Snapchat, WeChat and Kakao for customers that wanted to buy immediately the collection. *"It's always felt a little alien, inviting people from around the world to tune in and to watch, to Instagram, share and like and all of those things, but then not be able to buy it, or look at it, until four to six months [later]. I found [the shift to fashion immediacy] great a natural thing"* said Christopher Bailey.

The Burberry S/S 2017 runway show, that took place in the Maker's House building, was entirely shoppable on the iconic British brands own page of the luxury with e-commerce site, MyTheresa.com. Thanks to a partnership with MyTheresa.com the customers could shop directly from the Burberry runway, and when they clicked on "Shop Now" they are moved to the relevant product page on My Theresa, where they could continue there the transactions.

The collection was available for purchase also immediately after the show in the Burberry flagship stores, e-commerce and selected wholesale partners as Barneys New York, Colette and Hong Kong-based travel retailer DFS Group. After the show, Makers House was open to visitors from 21-27 September 2016, where visitors could see the new runway collection, with also daily program of activities and installations and a selection of makers who used this space to experiment and create new products, using the collection as inspiration.

This happened also with the collection presented on 16th September 2017 at Old Sessions House in London, it was possible shop immediately after the show all the look of the catwalk and it was possible for free to see all the items of the collection at Old Sessions House and see also "Here We Are", an art exhibition curated by Christopher Bailey and Lucy Kumara Moore, from 18th September to 1st October 2017.

3.4 The digital customer engagement: the Burberry's storytelling

As I said in the paragraph 3.2 (The importance of “be a first-mover”), Burberry this year confirms its leadership in digital. As possible shown with the comparison between the digital competitive map of 2017 and 2016, (Fig. 3.10 – Fig. 3.11), the Burberry positioning during these years is quite stable,

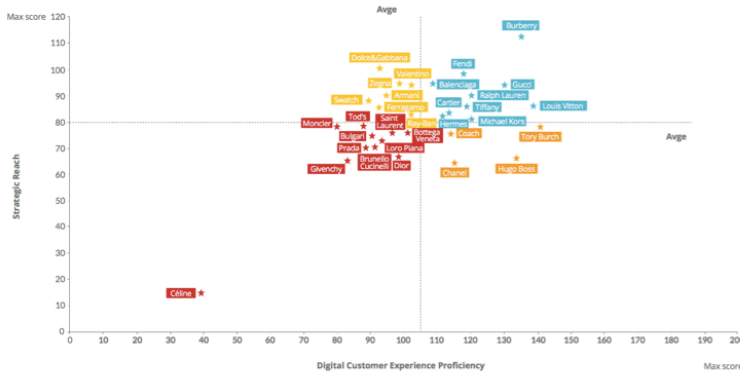


Fig. 3.10: Digital competitive Map 2017, Source From: ContactLab

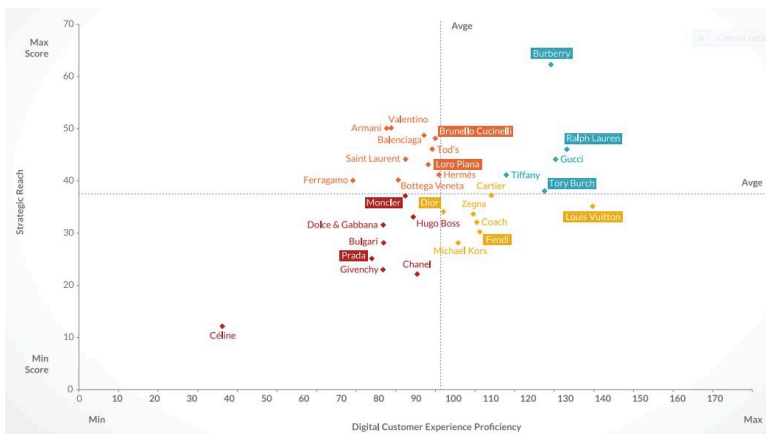


Fig. 3.11: Digital competitive Map 2016, Source From: ContactLab

while other fashion brands are improving their positioning, like for example Fendi, Dolce & Gabbana, Louis Vuitton, Michael Kors. These positive results have been reached thanks to the convergence between physical and virtual experience, which was mainly due to the growing use of social media and e-commerce.

This allowed social customers to feel virtually followed by fashion houses, who are now able to speak their language not only in newsletters but also in major social media. The brands have also improved their results in customer engagement's strategies, leveraging on social reach, customer care and style advisory.

There are different ways to engage customers, as I said in Chapter 2, especially on social, but the king of engagement in the fashion world, is undoubtedly the storytelling.

Burberry leveraging on the importance of storytelling, its heritage and its own brand identity, developed several videos to improve customer engagement.

During the Festive Campaign 2016, Burberry ideated a spot named “The Tale of Thomas Burberry”. The Tale of Thomas Burberry is a story that reimagines the key events that have shaped Burberry's history, for the 160 anniversaries in the making, from 1856 to 2016.

The story, perfectly in line with brand's image and brand's identity, highlights the most important stages of Thomas Burberry's life and its meeting with important characters, such as the soldiers of the First World War, the polar explorers of the expedition in Antarctica in 1914 and the aviators A.E. Clouston and Betty Kirby-Green, who took a trip from Croydon in England to Cape Town.

The video is a strong example of storytelling, all elements resend to Burberry's identity from the non-invasive music, to warm saturation of the colors used and while on one side this video engage customers and involve them in the ancient history of Burberry, on the other side promotes the heads of the Christmas collection 2016.

Also for the cast and for director, Burberry chose big name, such as Domhnall Gleeson, that in the video is Thomas Burberry, Sienna Miller, Thomas Burberry's wife, Dominic West, that plays the role of the polar explorer and Lily James, that is Betty Kirby-Green.

The video clip seems a real film that emphasizes the greatness of the brand. All of this is also thought a digital key, with post dedicated across social platforms, in fact the social users are invited to discover the full story on You Tube.

This is not the only video that Burberry realized to emphasize its storytelling, especially during the Christmas Time. There is also "From London with Love", starring Romeo Beckham, one of the sons of the famous football player.

This video tells the tale of a young couple falling in love, during a magical journey in a theatrical and romantic backdrop of London, where Romeo is a cupid who delivers a gift to the young couple played by British models Hannah Dodds and Anders Hayward. The actors are surrounded by music and dancers that wearing Burberry's clothes.

“This Festive campaign celebrates everything we love about Burberry: the trench coat, the cashmere scarf, the amazing music, the English weather and working with talented people,” says Christopher Bailey.

The effectiveness of the brand storytelling strategy can be measure by the number of visualization on You Tube,15 million for “The Tale of Thomas Burberry” and 10 million for "From London with Love" and it is a demonstration of how even the earliest luxury brands in the fashion world can take advantage of the endless possibilities of digital without losing contact with tradition and brand identity.

3.5 The social customer care: the Burberry Chatbot

Burberry from 2016 is using a Chatbot on Messenger. This service helps to share content around new collections and it is a real-time customer service "trained" to guide users to discover brand history, respond to any kind of curiosity or information request, or monitor the products to buy.

As the typical format of chatbots, it operates as a series of multiple-choice questions inviting the user to say what they want to see, as shown in the fig. 3.12: Inside Burberry, Look Finder or Customer Service. This type of “Conversational commerce” serves to direct the user to retail throughout various content means.

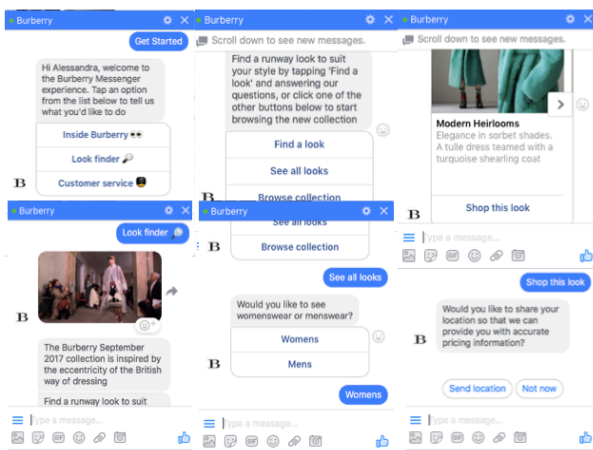


Fig. 3.12: Burberry ChatBot
Source From: www.facebook.com/Burberry

“The changes we are making will allow us to build a closer connection between the experience that we create with our runway shows and the moment when people can physically explore the collections for themselves. Our shows have been evolving to close this gap for some time. From live-streaming, to ordering straight from the runway, to live social media campaigns, this is the latest step in a creative process that will continue to evolve,” said Christopher Bailey.

Burberry Chatbot gives people the choice to press buttons, navigate and find images of the new fashion collection along the way, but also gives users the option to speak with a human if they have any questions.

Burberry, to improve the customer service, also uses the live chat on Burberry e-commerce and the Click to call service, where it invites users to insert their phone number on its web site and then one of its consultants will call customers, at customer's preferred time, as shown in fig. 3.13.

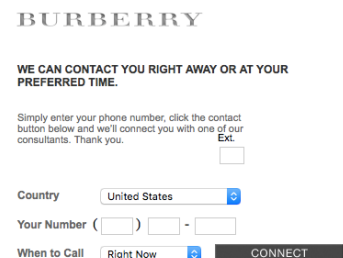


Fig. 3.13: Burberry Click to call
Source From: Burberry.com

The challenge now for Burberry is to create a more personal social customer service.

For example, as I said in the paragraph 3.3.1.1, on Facebook Burberry generally does not answer to customer's comment and this is another way to engage authentically with customers and Burberry needs to improve it. Burberry has already taken steps towards building personal relationships not only in-store with their new data-driven customer profile experience, but also on line, thanks to the live chat and on social, thanks to the Chatbot.

Christopher Bailey said, *“I get excited about using all of these platforms to communicate to all of our different communities around the world about what we’re doing”*, but it is at the same time important to communicate also “with all” customers.

Burberry, which is very good in developing social media campaigns, as I previously explained, should also take advantage of customer service opportunities.

Burberry needs to find an authentic and more personal social customer care that needs to be in line with the brand image, its luxury status and customers' expectations. It should find a voice that is consistent and at the same time international, because of its large customer base.

Obviously, it will be not easy: create and build a consistent voice, connect to every customer, create an engagement community and reply to all comments, positive or negative. It will be difficult, but Burberry has all the social and digital means to face this new challenge.

CONCLUSION

This thesis has attempted to describe the evolution from the e-commerce to the new form of Social Commerce and to deepen all the consequences that this evolution is brought: on customer's purchasing behaviors, on the purchase experience itself, that from the physical stores passed to digital and social channels, on the marketing activities, now more focalized on new social media rather than on traditional media and now more focalized on engaging digitally the new social customers.

The social customers have the possibility, conveniently in front not only of their computer but also of their smartphone, to select, choose and buy what they want, while they are surfing on Web or they are on social media. The social customers are more active consumers, they want to connect with friends and people with which they share the same passions and interests, they want that their opinions count, they want to have something to say and they want to enjoy a better digital customer experience, that means actively participate in the co-creation of contents, products and services with the brand and feel involved in these processes and in the brand's reality.

The brands themselves must adapt to the changes and innovations imposed by the Web and the social media. The products, services and contents must meet customers' desires, and at the same time must promote a virtual relationship with the brand, that improves the digital customer engagement.

The strategy to create a strong digital customer engagement is related to the way brands involve customers, create a community around them, stimulate the relationship with them and enhance their contribution.

The new purchasing experience on social media is possible through "Buy Buttons" available on some social media. The social commerce on Facebook, Pinterest, Twitter and Instagram provides a new purchase experience and also, a greater engagement and make easier for brands demonstrate how advertising on social media platforms drive direct sales. To date, most "Buy button" programs is still in the testing phase and it is too early to determine for certain their worth. The "Buy buttons" give brands and consumers the possibility to simplify the purchasing process over mobile devices, could also help to generate impulse purchases and could also closing the gap between people that browsing on mobile but purchasing elsewhere. What is important to underline is that brands must not only put in their social pages the "Buy Buttons", but they have to draw the right digital experience, and they have to help and to guide customers in the discover of this new purchasing process.

One of the industry sectors, that has been more influenced by these developments, is the fashion industry. The fashion industry's way of communicating is completely changed due to the social media and the social generated content.

The fashion brands have the possibility to get unprecedented data and get insight by their audience, to be always connected with their customers all over the world and at any time and through any devices, they have the possibility to share and show who they are, their history and their products visually without the necessity of being in the same place, in the same moment.

The landscape of the fashion world is being completely revolutionized. From the development of the See Now - Buy Now model, that gives customers the possibility to purchase the collection presented on the fashion show instead of waiting six months, to the live streaming of the fashion show and to all the marketing activities that help brands in optimizing their social media communication focalizing on the clients globally. All these practices improve the digital customer engagement.

In this process have acquired a huge importance all these activities that improve the relationship with the social client, so all the interactions that result in a new way of communicating, collaborate, share and co-create contents, help and take care of customers on social media.

One of the fashion brands that can be define a leader in the digital transformation and in use of social media is Burberry, the iconic British fashion house. Burberry, during this years, has developed a complete and solid digital strategy that is based on a constant presence on all major social worldwide platforms, with original and “tailor-made” content for each of them, and that includes also live streaming catwalks and events, playlists for Apple Music and Burberry App, and is also one of the first fashion companies to adopt the See Now - Buy Now model.

Burberry is one of the most digitally innovative fashion brand that is able to match its unique and creative campaigns and high quality of content shared with the digital tools.

The British fashion house is an early adopter of several digital platforms: Twitter’s Buy buttons, Facebook’s Shop Now, Snapchat Discover, Apple Music, Japan’s Line, Korea’s Kakao, China’s WeChat, live Instagram video shoots, Periscope and Google video technology.

Burberry has a clear vision about how it wants to present itself on socials and on the other platforms and how to use these. *“With over 40 million followers on social media, we’ve got competitive advantage in terms of reach, awareness and engagement”* Christopher Bailey said in an announcement.

The challenge now for Burberry is understand how to monetize its followers through social media. Burberry is ready to invest in Social Commerce, the evidences come from several facts: it was one on the first adopters of Twitter “Buy Now” button and Facebook “Shop Now” function, it always invests in digitals and social channels and it is well positioned to benefit from the Social Commerce. It is difficult now capitalize the potential of Social Commerce, because it is still growing especially on Instagram, that is the social for fashion, as I said in the first chapter, and because it is still available only for few countries and only for few fashion brands.

Burberry, as I previously said, developed a powerful digital customer engagement thanks to social media, being direct connected with its customers everywhere.

Now Burberry should focus on turn social fans into consumers, keeping always the attention to Chinese consumers, that are not on Instagram, Facebook or Twitter.

Burberry, thanks to its past experience, has a strong chance to become the first firm to earn profits from its social audience not only by putting a “Buy Now” button on its social, but driving its consumers in a more engaging and new purchasing experience.

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Data found on the brands official account on Instagram, Facebook and Twitter



Department of Management

Chair of Digital Marketing

**From E-commerce to Social commerce,
a study about digital customer engagement:
the Burberry case**

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ACADEMIC YEAR 2016/2017

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SUMMARY

The aim of this thesis is to analyze the evolution of e-commerce in the new form of social commerce, and to deepen the consequences that this evolution has brought. I want to focus my attention on the importance of the customer engagement and the customer experience in the digital world, regarding the fashion industry, taking as a starting point of my analysis a firm leader in the fashion sector and leader in the digital transformation and in the use of social media, Burberry.

E-commerce and social commerce in recent years have been a new and varied business management area and have emerged because of new purchasing behavior and new consumer styles and have contributed significantly to the development of more focused marketing activities, more on new social media rather than on traditional media. This has led to several benefits on the side of demand, i.e. for consumers who, conveniently in front of their computer or their smartphone, can select, choose and buy what they want not only when they are surfing the Internet but also when they are in their social media; but also, a redefinition of the offer that has been adapted to the changes and innovations imposed on the Web: products must meet customer desires while at the same time promoting a virtual relationship with the brand. The social media world also has completely revolutionized the way with which fashion industries communicate, giving them the ability to get unprecedented data and insight into their audience. Particularly, Instagram, the social that allows to tell stories related to the places and interests of the moment, has radically changed the landscape of the fashion world.

CHAPTER 1

In the first chapter, I analyzed the meeting between luxury-fashion shopping and online business, from a general introduction on the concept of e-commerce and its evolution over the years, then I looked at how fashion brands are optimizing their marketing strategies using social media, and then I analyzed the important role of social commerce that has taken a new and important dimension, especially in the fashion world.

On one side, the e-commerce, defined as “*the purchasing, selling and exchanging of goods and services over computer networks through which transactions or terms of sales are performed electronically*”, has changed the purchasing experience both for companies that had the possibility to conduct their business through Internet, to sell online everything from food, clothes to entertainment and to know more deeply customer’s attitude and preferences but also for customers that thanks to transparency and interactivity, both e-commerce’s characteristics, can have all the available info about prices, products and different sellers on the market on line. Since its beginning in 1960s to date, the e-commerce sales have continued to grow steadily, with the total sales increasing 135% from 2009 to 2015 and statistics say growth will continue, as possible shown in the fig. 1.



Fig. 1: Retail e-commerce sales worldwide from 2014-2021, Source from: www.statista.com

Today, there are more than 800,000 stores online. 78% of adults have made a purchase online, and 69% of adults with Internet access shop online at least once a month. Of these online sales, the most commonly purchased items are electronics (22%) and clothing (17%), auto parts (10.4%), books, music & video (9.1%), and furniture (6.7%) also make up has a significant portion of online sales. China e-commerce and US 's online business each takes large part of the world's digital sales share, 54% and 19% respectively.

Coming 3rd is UK with a 6% share and then Japan with 5%. Western European countries, like Germany, France, Italy and Spain persist among the top 14 e-commerce markets (Fig. 2). Asia-Pacific remains the world's largest retail e-commerce market throughout the forecast period, EMarketer said that China's e-commerce market, that represent almost half (54%) of all such sales worldwide, is set for continued growth thanks to the proliferation of mobile buying and the dominance of marketplaces such as Alibaba and JD.com. According to the study "The Online Purchase Experience China 2016" 12 by Contactlab and Exane BNP Paribas, Chinese consumers are among the most popular buyers of luxury and fashion products, especially among those who drive the digital revolution in luxury and fashion. Thanks to the development of e-commerce and the consequent rising of digitalization, the fashion system is in a state of rapid transformation, adjusting the offer to the different timing and demand of the market. The meeting between luxury and fashion shopping and online business, until a few years ago seemed a real contradiction. When few years ago in London Natalie Massenet started the online business of luxury and fashion products on Net-a-Porter, in few thought that she has had a great idea. The great contradiction, that many people saw, was to use the online commerce to sell exclusive goods, like luxury and fashion products. This happened in 2000, the same year in Italy Federico Marchetti has had an idea alike the Natalie Massenet's one, that is to manage the unsold collections of the luxury brands online on Yoox.com. Now, the two companies, joined in 2015, last year achieved a balance of 1.87 billion euros, largely on smartphones. In the last few years, luxury and fashion online shopping, that until recently seemed to be a pure avant-garde, now has become a daily practice for millions of consumers and those people who proclaimed that luxury and fashion products live only in the physical stores, now had to change their ideas. So, the entire fashion system had to adapt

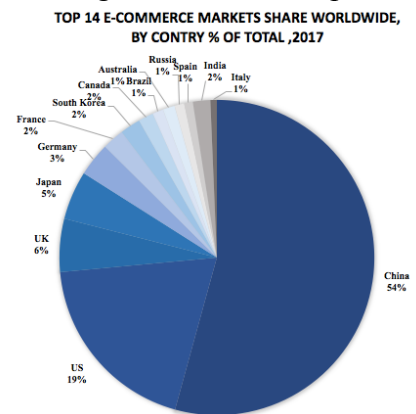


Fig. 2: Top 14 E-commerce markets share worldwide, by country, % of total, 2017, Source from: EMarketer

to the new times and to the new needs of consumers, who have changed their behaviors and their purchase experience, fashion brands are evolving towards a See Now-Buy Now model. This consists on runway styles being available for purchase immediately after fashion shows, instead of the customary six-month wait. The See Now-Buy Now development implies changes in the fashion industries for design, marketing and supply chains. It presents additional challenges and it increases logistical complexity, as realigning orders and delivery schedules with suppliers is required. This model can be considered a positive development for consumers because the fashion industries become more democratic, inclusive and accessible, eroding the boundaries between traditional fashion buyers and everyday retail buyers. To date, most designers that have adopted the See Now-Buy Now model focus on premium and aspirational price points rather than high-end luxury product. What will be in the future? Fashion houses have no choice but to adapt to the consumer demand for instant gratification, the fashion industry will generally continue to evolve toward a more straight-to-retail model.

On the other side, the social media that can be defined as “forms of electronic communication through which users create online communities to share information, ideas, personal messages, and other content such as videos” have completely revolutionized the way with which companies communicate with their customers, giving them the ability, as I said before, to get unprecedented data and insight into their audience, the possibility to start a real-time conversation and to never stop the communication day and night, 24/7 and to pass from a one-way message into a real-time dialogue with millions of people. Social media gave consumers the chance to express themselves, share what they think, feel, give their opinion, debate, social media have given voice to people and have the power to influence people as citizens and consumers.



Fig. 3: Global and Italian Snapshot,

Source from: Maximo Ibarra, Teaching materials of Digital Marketing, Luiss Guido Carli, 2016

Percentage of Italian population that use the main social networks

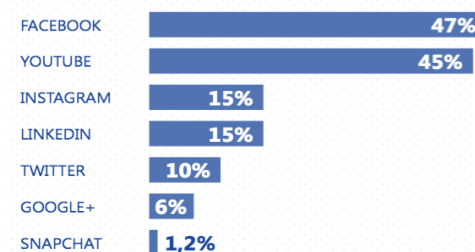


Fig. 4: Percentage of Italian population,

Out of 7.395 billion of inhabitants, 3.419 billion of people that are using Internet out of which 2.307 billion are social media active users. Combining these data, we have that 1.968 billion are active users on social media on smartphones. In Italy 29 million people are active users on social media and 24 million people are using social media on a smartphone. Italy is aligned with the global average statistics on registration and use of social channels: the average of user maintains profiles on over 6

social platforms (Fig. 3 - Fig. 4). Following and staying in touch with friends from the real life remains one of the main reasons for the presence and the use of social media. The advantages that a brand has on being on social media basically consist of: the variety of deliverable contents, social media work as a catalogue or showcase; stay always connected with your consumers, it allows two-way real time communication between brand and consumers; low-cost, it's cheaper than print media; target audience, brands can get free inputs form customers, it allows a targeted and attentive approach to the details, influences and needs of the "follower" and it also seems more subjective and realistic to the audience; the customers feel involved by having a sneak peek of the exclusive and private world of luxury and fashion brands; engagement, it improves storytelling and it develops engaging contents; visibility, it allows up-to-date real-time news updates on products, events, promotions, sales; sell goods on company behalf, social became a new way to make purchase (Social Commerce). Fashion and social media are now two indivisible concepts: it's unthinkable for a brand to be unknown on social and to not sponsor products and events on the web, and it is also unthinkable to not find the pages and profiles of fashion brands on social media. Particularly, Instagram has radically changed the landscape of the fashion world, because that's obvious something beautiful does not need much to say, it is visible also on a picture. Instagram is also the social media engagement winner, and one key of success especially for fashion brands is to have a strong storytelling. *"Engagement with brands on Instagram is 10 times higher than Facebook, 54 times higher than Pinterest, and 84 times higher than Twitter."* On the 1st November 2016, Instagram announced: *"Today we're excited to announce an easier experience to shop the products you love on Instagram"*. The platform is testing a feature that will make it easier for brands to direct shoppers to products they see and like in an Instagram photo (Fig. 5).

The rise of online shopping and social media leads to the birth of a new type of purchasing behavior that offers consumers a better digital shopping experience, the Social Commerce. This is a digital initiative that uses social media to assist in the buying and selling of products and services. It is about building a relationship with customers and not about pushing a product or service like traditional commercial tactics.

E-commerce has completely changed the way people do shopping: customers can browse products while waiting for dinner, or make purchases while you are at home, and compare prices online when you're in a store to see what's the better deal. In addition to this, the diffusion of social media supports the development of new business opportunities for companies, as well as of social commerce tools.

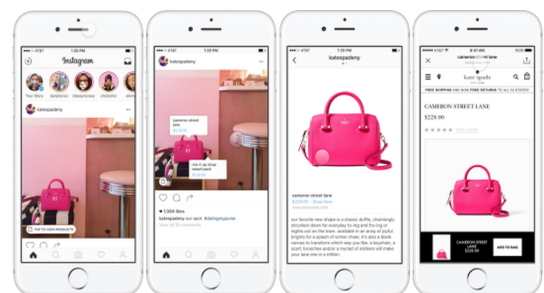


Fig. 5: Instagram Shop Now Function, Source From: Kate Spade & Company

This can be defined as an instrument for monetizing social media with e-commerce and two are its core activities:

1. Add social media tools to e-commerce sites, allowing people to connect each other wherever they buy;
2. Allow people to buy where they connect, integrating social platforms with social media stores.

While the value chain and customer connection of e-commerce rely on limited actors and one way communication, the Social Commerce allows collaboration and participation, so a value chain characterized by large actor with *“social connection to enhance conversation between customers”*.

A key role is played by social media that enables the creation of relationship between companies and customers, a high level of communication, collaboration and participation among users and develops *“more social and interactive approach”* allowing customers to express themselves, their needs and behaviors. This new purchasing experience on social media is possible through “Buy Buttons” available on some social media, like Facebook, Pinterest, Twitter and Instagram. These provide also a greater engagement and make easier for brands demonstrate how advertising on social media platforms drive direct sales. To date, most “Buy button” programs is still in the testing phase and it is too early to determine for certain their worth. The “Buy buttons” give brands and consumers the possibility to simplify the purchasing process over mobile devices, could also help to generate impulse purchases and could also closing the gap between people that browsing on mobile but purchasing elsewhere. What is important to underline is that brands must not only put in their social pages the “Buy Buttons”, but they have to draw the right digital experience, and they have to help and to guide customers in discovering this new purchasing process. For fashion industries the social platforms, like Facebook, Instagram, Pinterest, are becoming sales platforms; they are where customers are and the possibility to sell directly where customers communicate, live, share, is a huge opportunity for fashion brands. The Social Commerce drives customer’s loyalty, offering a new online branded experience and increasing e-commerce traffic. The market opportunity for selling on social platform is still limited, because we have only a portion of customers that can buy on socials (US, UK, Australia and New Zealand). The fashion industries thanks to Social Commerce can also leverage another opportunity of having new marketing channel for promoting products, for communicating their brand personality, for building brand advocacy and obviously for developing a new channel for purchase transactions, that can increment online traffic. From the Snapchat stories, that had dominated the last fashion weeks, to the last features of Facebook and Instagram, like “Buy Now” button, the fashion houses have benefits also from them in term of engagement and digital experience. Digital and social have the power to transform completely the world of fashion, rewrite its logic and value its unique components. Fashion events can be captured by a digital approach. With

socials, there is the ability to track comments online during and after a fashion shows, the opportunity to build a timely and focused social media storyline and above all the possibility of selling products during and immediately after the fashion shows, thanks to the development of the See Now-Buy Now. Looking at the future of Social Commerce there is above all an expansion in terms of users. The possibility of shop through social networks will expand in Europe and then in the rest of the world. Of course, it will have to be accompanied by the development of better and safer payment methods that guarantee security in terms of user privacy and data protection.

CHAPTER 2

In the second chapter of the thesis, I focused my attention on the role of the consumer, on the customer engagement and experience, no longer based on a "physical dimension" but on a "digital dimension". The customers' behaviors are changed. Customers today are always interconnected and they are very good observers, participants, initiators and co-creators. They can interact not only with the brand but also with other actors, other consumers and media. Thanks to the digitalization, a new type of customer's behavior appeared and this has inspired brands to looking for a new way to create engagement with their own customers and with customer's friends and followers. The social customers have the possibility, conveniently in front not only of their computer but also of their smartphone, to select, choose and buy what they want, while they are surfing on Web or they are on social media. They are more active consumers, they want to connect with friends and people with which they share the same passions and interests, they want that their opinions count, they want to have something to say and they want to enjoy a better digital customer experience, that means actively participate in the co-creation of contents, products and services with the brand and feel involved in these processes and in the brand's reality. The brands themselves must adapt to the changes and innovations imposed by the Web and the social media. The products, services and contents must meet customers' desires, and at the same time must promote a virtual relationship between brand and customers, that improves the digital customer engagement that results in increased satisfaction, commitment, trust, and loyalty of customers. A brand's actions should be focused on creating an experience that is a meeting between personal goals of customers and the value for the brand. A brand has not only to communicate but also must listen and respond to the customers, because the experience encourages brand dialogue behaviors, shopping and consumption. Finally, brands should measure impact customer engagement's response. Brands should adopt customer listening strategies, then experiment with them, and finally measure the value of activities that respond to customer engagement. Brands need to do experiments to understand the impact of engagement in their businesses and it is important for them to understand which type of engagement has the greatest

impact on its customers. Customer engagement behavior “*can be defined as the level of customer’s cognitive, emotional and behavioral investments in brands specific interactions*”.

These three different levels are described as:

1. **Cognitive level:** this type of engagement regards the level of awareness or obsession to the brand and involves the customer’s experience with the brand or a product;
2. **Affective/Emotional level:** this level incorporates the individual feelings and passion for the brand, it is about inspiration and pride related to the brand;
3. **Activation/Behavioral level:** this level regards all the energy applied in interaction with the brand, the behavioral engaging elements on social can be the interactions with individuals regarding a product or a brand and these can be a motivational driver that goes beyond the purchase.

In the social commerce framework, there are different stimuli, for example sales campaign, personalization, interactivity and consumer generated content on the brand, that affect the customer’s engagement in three dimensions mentioned above. And finally, these can be translated in brand trust and/or purchase intention (Fig. 6).



Fig. 6: Drivers of social commerce through brand engagement
Source from: Adapted from Erdogmus & Tatar (2015, p.191)

The strategy to create a strong digital customer engagement is related to the way brands involve customers, create a community around them, stimulate the relationship with them and enhance their contribution. The greater involvement of customers in social commerce is due to the possibility to get product and brand information, be updated on offers and novelties, buy in real time, be engaged through content shared by the brand on social networks, share with your friends not only simple information but a real experience. With social media, buying behavior has changed completely: the new customers are looking for an “emotional customer experience”, a place where they can navigate and connect with people with whom they share the same interests and tastes. The landscape of the fashion world, as I said before, is being completely revolutionized: from the development of the See Now - Buy Now, to the live streaming of the fashion show and to all the marketing activities that help brands in optimizing their social media communication focalizing on the clients globally and that improve the digital customers’ engagement. Today, in fact, the consumer is the real leader, he is the one who puts the brand to the test, which wants demonstrations, not only on a qualitative level, but also on an experiential level. The new communicative strategy that businesses need to develop is storytelling around content that is shared through social. Consumers want to be part of a story, and thanks to the use of social media it is possible to establish this one-to-one relationship and keep it

alive, and above all in real time. For answer at the question “Why and how do customers engage in Social Commerce?”, it is necessary to understand how the main characteristics of social media are used in social commerce to support the engagement and to involve in social commerce the customers. There are several reasons of customer engagement in Social Commerce, for example through Facebook, customers engage because:

1. They can keep in touch with their friends, family and at the same time interact with each other; especially, on Facebook they can interact in groups, or in private messages, and with reactions, comments and shares;
2. They can participate at Facebook events created or promoted by the brands/organizations that they follow;
3. They can follow brands with which they are familiar with and they can stay updated on new product launches, sale campaigns and offers;
4. They can continue their buying process on the brands’ Social Commerce, e-commerce or physically in the store;
5. They have the possibility to be involved with other customers in a social environment and this happens thanks to the interactivity of Facebook that allows customers to read others’ opinion (a study demonstrated that negative reviews have a greater effect on consumers than positive reviews) and to get information before the purchase;
6. They can benefit of social support, this means that if they have been mistreated by customer service, they can turn to brand's Facebook page to get a quicker response or they can obtain support from other Facebook users, the customers prefer an informational support from the brand side and an emotional support by other consumers;
7. They can put more pressure on businesses, in the social commerce, eWOM influences customers if it contains negative reviews, and these come from a person the customers trust and so they can search other information elsewhere.

And there are three content types which are informational, entertainment and remuneration posts that can be used to analyze which digital content creates customer’s engagement in Social Commerce, using Facebook as the main example. Regarding the informational posts, these mainly led to reactions comments and shares. Remuneration posts that contain offers and contest, mainly led to the diffusion of the three-engagement metrics: reaction, share and comment. Entertainment posts involve customers to share and comment posts by tagging Facebook friends and encourage the purchase or involve taking part of the marketing activity. Combining engagement typologies which encourage customers to like the post or to look at a new photo, or to write a motivation, or to share the post or to participate at a contest, contributes to a higher level of customer engagement in all the three

metrics: reaction, comment and share. But the king of engagement especially in the fashion world, is the storytelling. Storytelling is the activity of sharing stories or narratives and every culture use this *"as a means of entertainment, education, cultural preservation and instilling moral values."* There are several reasons for which this marketing practice (narrative marketing) has a huge success.

First of all stories fascinated people, are easily to remember, the stories are welcomed, unite audiences, move emotion, are always on, are shapeable & shareable and endure, the stories surprise, delight and most of all engage, they move the brand needle, create and reinforce brand positive association and amplify messages a brand want to share, not talking about money, price and budget, with stories consumers describe the brand in positive terms and they are willing to pay more for a product associated to an emotional stories. Storytelling has been around forever, but brands today need to capitalize on a variety of new tools to tell their stories in the most compelling way possible and to reach today's audiences, brands must incorporate video into marketing communications and distribute multimedia content across all social platforms in a consistent way. Storytelling in the fashion industry opens a world of creativity. Everything starts with the brand that must know itself and understand its audience and target its customers. Once it is established, the main goal is to create an emotional connection with brand's customer and it means constantly communicate with them. All the stories need to be authentic and, like any other relationship, need to be found on trust. The world of fashion is a visual storyteller's paradise, because thanks to visual storytelling techniques brands can provide customers a more engaging experience. In the fashion world, it is possible to let the clothes do the talking and this visual storytelling is a huge opportunity to put in the fashion at center of story. *"Everything needs to start with a story. When I work on a collection, the story will give the framework, the beginning, the content and the end,"* said Sandra Choi of Jimmy Choo. Susie Lau, founder of Style Bubble added *"For an audience to truly engage, it really has to be a well-crafted story with a lot of context and a lot of good narrative"*. Today's customers expect from designers and brands an emotional experience where storytelling is an important component. The brands need to create an emotional storytelling that can be translated into an unforgettable experience.

The customer's brand engagement on social media can be assessed by the different metrics:

1. Reactions, that are an extension of Facebook's earlier like-button, which got available at Facebook on 24th February 2016 and includes six different emoji's, which express different reactions; these buttons enable also consumers to engage with brands more than just a "I Like" and open to new engagement opportunities which can be helpful for marketers;
2. Comments, that are the number of comments or the number of tweets;
3. Shares, that are the number of share on the total reach;
4. Followers, that are the number of followers;

5. Subscribers, that are the number of fans and participants;
6. Views, that are the total video views and viewing behavior details;
7. Reach, that are the number of people in target reached by the campaign;
8. Conversion rate, the number of page views that ended up in purchase;
9. Post addressed, the number of requests;
10. Response rate, the number of answers on total request;
11. Response time, how fast is the time to response.

The evolution of the customer experience in the digital world, is due to different aspects caused by the implementation of digital technologies: from the traditional marketing to the experiential marketing, from the physical to digital touch points and the resulting evolution from traditional customer relationship management (CRM) to Social CRM. The digital transformation and the consequent diffusion of digital tools, as social media, have brought an evolution in the customer experience. Starting from 2015, the market and business' awareness have grown and have changed to keep up with the new logic of digital transformation and multichannel experience. We are in changing years and we are going to talk about user experience and customer experience. Customer experience, over the last few years, has been considered the only contact point between company and consumers, but now that customer experience has become global, multilevel and above all multichannel, it needs to be considered a



Fig. 7: Customer Journey
Source from: Carlo Fei, Teaching material of Fashion Management, Luiss Guido Carli, 2016

“verticalization” of user experience. To create a supreme customer experience the starting point is

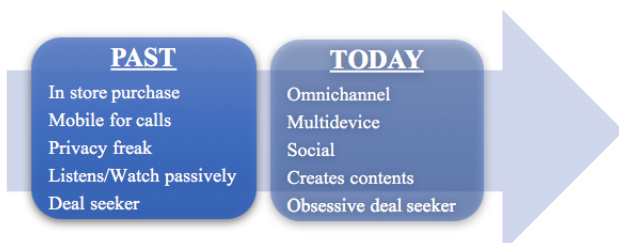


Fig. 8: Today's Customer
Source from: Carlo Fei, Teaching material of Fashion Management, Luiss Guido Carli, 2016

mapping the customer journey (Fig. 7), because today's customer is completely different from the passed one (Fig. 8). Companies need to create custom customer experience (ad personam). It is important to create experiences that are perceived by customers as "right" or “perfectly fitting with them”, therefore analyze and understand users'

behaviors and apply predictive design logic to create a perfect digital experience in line with users and consumers. Companies must be able to know their user so well to anticipate what their customers want, without having to ask or go through the effort to take a decision. Companies must therefore focus on creating multichannel, holistic, and above all frictionless experiences and on understanding all touchpoints between customers, employees, stakeholders, and in both physical and digital world. Digital should be considered as an additional resource. Brands, in fashion as in other areas, as I have

said, must design all their activities by focusing on the customer because customers do not see communication or sales channels, they see brands. Companies must understand this aspect and consider a multichannel approach with a team dealing with e-commerce, another with social, a team that follows the stores, a team that manages customer care and another the events and a team that manages the printed materials, in a logic of Omni-channel. Digital allows companies to personally interact with the public and to have a solid data strategy. Brands can digitally collect, classify, analyze data and deliver services that are relevant to the public, in a personal way.

CHAPTER 3

In the third and final chapter, I had analyzed a British company leader in the fashion industry and leader in the digital transformation and in the use of social media, Burberry, focusing on how the iconic British fashion house has been able to exploit the era of digital by transforming communication from the focus on the product to the importance of the consumers, by involving clients and bloggers first, thereby reducing the distance between business and consumers. Burberry through social media and its advertising campaigns tells not only its products but its British identity. Burberry was the first company who is “*fully digital*”, as state Angela Ahrendts (CEO of Burberry from 2006 to 2014, now Senior Vice President, Retail, Apple) and Christopher Bailey (CEO and Chief Creative Officer of Burberry). The English brand opens the fashion brand ranking and in 2015 has achieved better results in digital commerce and marketing strategies. Burberry's “vocation”, however, is far older (Fig. 9).

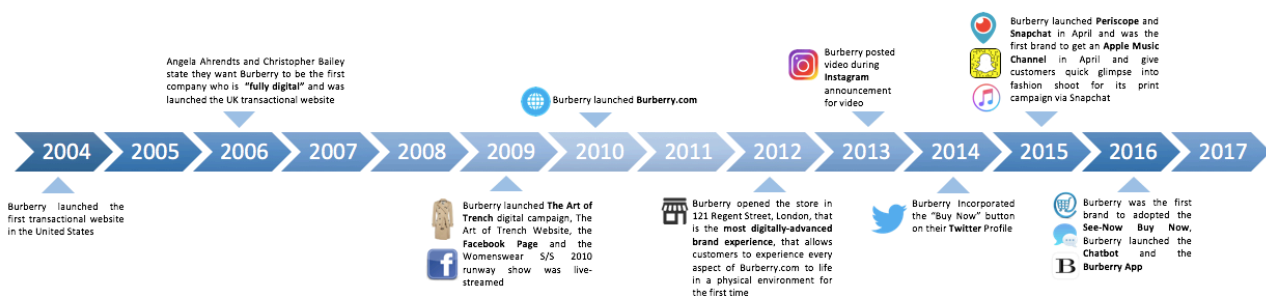


Fig. 9: Key Burberry Investment in Digital

In 2009, the digital team of the brand launched “Art of the Trench”, this was the first important content-curation experiment in fashion. Burberry, during these years, has developed a complete and solid digital strategy that is based on a constant presence on all major social worldwide platforms, with original and “tailor-made” content for each of them, and that includes also live streaming catwalks and events, playlists for Apple Music and Burberry App, and is also one of the first fashion companies to adopt the See Now-Buy Now model. Burberry continues to be a first-mover on emerging platforms from Snapchat to Apple Music, as well as traditional social media.

As noted by the New York Times, “*until a few years ago Burberry was synonymous with 'English' and 'plaid', today one cannot associate the brand with an idea of innovation.*” Burberry is one of the most digitally innovative fashion brand that is able to match its unique and creative campaigns and

high quality of content shared with the digital tools. The British fashion house is an early adopter of several digital platforms: Twitter’s Buy buttons, Facebook’s Shop Now, Snapchat Discover, Apple Music, Japan’s Line, Korea’s Kakao, China’s WeChat, live Instagram video shoots, Periscope and Google video technology.

Burberry has a clear vision about how it wants to present itself on socials and on the other platforms and how to use these. *“With over 40 million followers on social media, we’ve got competitive advantage in terms of reach, awareness and engagement”* Christopher Bailey said in an announcement.



24% the revenues; from the first 3D fashion catwalk for the A/W 2010-2011 livestreamed in London, New York, Tokyo, Dubai, Los Angeles thanks to the collaboration of Sky Television and available also on Burberry.com, with the possibility to comment in real time on Facebook and Twitter; from the shoppable music video on their site, that gave the users the possibility to see the video of the rock band “One Night Only” and at the same time had the possibility to buy their clothes by clicking on it, to the first marketing interactive 3D campaign on Piccadilly Circus, thanks to the partnership with DreamWorks Animation, that gave the users the possibility to enter in Burberry world with a high-tech experience on their smartphone; Burberry has opened a new era in the digital fashion communication.

The challenge now for Burberry is understand how to monetize its followers through social media. Burberry is ready to invest in social commerce, the evidences come from several facts: it was one of the first adopters of Twitter “Buy Now” button and Facebook “Shop Now” function, it always invests in digitals and social channels and it is well positioned to benefit from the Social Commerce. It is difficult now to capitalize the potential of Social Commerce, because it is still growing especially on Instagram, that is the social for fashion, as I said before, and because it is still available only for few countries and only for few fashion brands. Burberry, as I previously said, developed a powerful digital customer engagement thanks to social media, being directly connected with its customers everywhere. Now Burberry should focus on turning social fans into consumers, keeping always the attention to Chinese consumers, that are not on Instagram, Facebook or Twitter. Burberry, thanks to its past experience, has a strong chance to become the first firm to earn profits from its social audience not only by putting a “Buy Now” button on its social, but driving its consumers in a more engaging and new purchasing experience.

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Data found on the brands official account on Instagram, Facebook and Twitter