LUISS Guido Carli

LIBERA UNIVERSITÀ INTERNAZIONALE DEGLI STUDI SOCIALI

Department of Management, Chair of Digital Marketing

THE IMPACT OF MOBILE DIGITAL MARKETING IN THE LUXURY INDUSTRY GOODS.

SUPERVISOR

Prof. Maximo Ibarra

CANDIDATE

Laura De Angelis

657941

CO-SUPERVISOR

Prof. Paolo Spagnoletti

Academic Year 2014/2015

Table of Contents

Introduction

Is it feasible to exploit a mass tool such as mobile marketing for luxury brands?

The aim of the research is to answer the previous question through a theoretical approach supported by Longchamp case study. The topic has been carefully selected after the in-depth examination of two different but interconnected fields: luxury management and mobile marketing. It goes without saying that luxury companies should implement marketing strategies in line with their prestige and heritage. It implies that traditional touchpoints such as events or fashion magazines are more suitable than the Internet or mobile tools to pass down to consumers the values of luxury. Despite that, consumers, also luxury ones, are moving toward a new digital and mobile ecosystem; therefore, luxury brands should move with the times without remaining inactive.

The first chapter concerns the analysis of the stimulating digital environment from the birth of prosumer to brief descriptions of the pillars involved in the evolution: consumers, contents, touchpoints, engagement, business models and platforms. Great importance should be attached to the disruption of consumer behaviour in the decision-making process. The Internet has revolutionized the existing rules, facilitating the access to information and reducing transaction costs. It means that consumers have access to more information and they can be influenced not only by relatives but also by strangers through online reviews. At the same time, in this new digital ecosystem, the post-purchase stage represents a crucial element. In fact, people are more inclined to share their personal experiences on the Internet and therefore they generate an "electronic word-of-mouth" with unprecedented scalability and speed of diffusion. For that reason, the Internet will represent an excellent opportunity, if and only if the company is able to satisfy the consumer's expectations. Like all other people, even luxury consumers are involved in those radical changes; the fact that they have an higher disposable income, it does not mean that they are excluded from digital the revolution at all.

The second chapter focuses on mobile marketing and the overall set of practices aimed at increasing the consumer relationship management. Given the global increase of unique mobile subscriptions, it is expected that mobile devices will become the primary communication medium in the next future. The personal nature of smartphones allows companies to implement a targeted, interactive and real-time strategy. It is provided a classification of mobile marketing applications based on two variables: the degree of consumer knowledge and the trigger of communication. The matrix highlights the existence of four different vehicles: direct marketing tools (mails, SMS/IM, phone calls), application, mobile advertising and QR code. Everyone is examined in detail, drawing attention to the advantages and disadvantages of each one. Given that phone calls and text messages are generally considered intrusive, it results worthwhile that consumers actively decide to receive information about a specific brand through the opt-in option. Those considerations cannot be done for QR codes and applications. In fact, users decide of their own will to download applications or to scan QR codes because they contain relevant information or nothing more than entrainment. First of all, the application development positively influences the company's image, taking the opportunity to spread its values and culture among current or potential consumers. Moreover, it allows consumers, mainly digital natives, to directly purchase products whenever and wherever they want without moving.

The last chapter aims at recapping all the theoretical guidelines, adapting them to a specific and real case study, the Longchamp one. At the beginning, it results worthwhile to describe the company in term of strategy, target and value proposition. Then, the marketing strategy is analyzed: the company is currently involved in digital marketing, but it has not implemented any mobile application yet. The aim of the final section is to highlight whether this choice has strategic reasons linked to the peculiar nature of the industry - affordable luxury - and to demonstrate how the application development and other mobile suggestions could bring benefits and improve the positioning also in such a niche market.

1. The digital ecosystem

1.1 Pillars of evolution

The digital revolution is being characterized by an accelerating move from a familiar world with traditional tools to a world that will be entirely dominated by digital touchpoints. The evolving technologies are transforming not just how people access information but also how they interact and communicate one another on global scale. Digital innovation has totally brought a new business approach. For consumers, it gives a much wider range of products, services and prices from different, even international, suppliers and the chance to make online purchases. For companies, it takes the opportunity to expand into new markets, to offer new services and to apply online communication mediums. Therefore, it is possible making a list of the main pillars involved in this revolution:
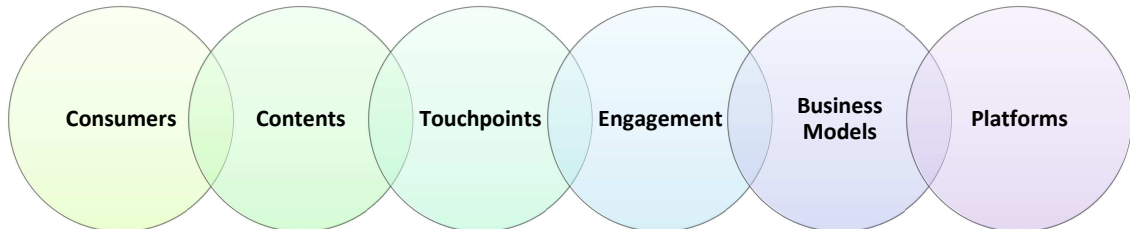
Figure 1.1 Pillars of evolution

Source: Digital Marketing course - Maximo Ibarra- Luiss Guido Carli 2014-2015

Every company, to be competitive in the market, needs to understand the dense network of relations illustrated by the figure above. However, before analyzing each pillar more in detail, it results appropriate to highlight how the consumer has changed over time, causing the birth to the "prosumer".

1.2 The Coming Of Age Of the Prosumer

In the course of time, consumers have undergone significant changes related to globalization and the development, and then subsequent implementation, of new technologies. They become from passive to *active* consumers, protagonist of a two-way relationship with the brand. From unaware to *informed*: Internet gives a quite infinite amount of information. Thirdly, from alone to *associated*: the new consumer is continuously connected with global communities and social networks in order to satisfy their information requirements. These three features – activism, information and association - allow to highlight the birth of prosumer which represents the union of consumer and producer. The term was coined by Alvin Toffler in his book "The Third Wave" in 1980. Toffler defined the prosumer as "*someone who blurs the distinction between a consumer and a producer*"[1]. The contemporary meaning of the term prosumer has been influenced by technology; consumers who meet at least two of the three following characteristics[2] can be defined as prosumers:

1) They give advice and opinion on the Internet community;
2) They publish product description;
3) They take part in promotional events, partnering in the creation of the product, advertising slogan or campaigns.

Prosumption has always existed, but several social changes[3] have greatly expanded the practice of prosumption and the attention given to it. Web 2.0 represents a technology that enables users to actively engage in social networking. They can find a product, evaluate it, pay for it with a credit card and share thoughts and experiences building different types of social relations. The production itself is less material; thus, it becomes possible that consumers have been asked to provide ideas which have been adopted by companies. The rise of the service industry made much easier to reduce the distinction between production and consumption. In such experience economy, production and

---

[1] Toffler, A. (1981). *The third wave* (pp. 111-120). New York: Bantam Books.
[2] Ziemba, E., & Eisenbardt, M. (2013). Prosumption awareness among young consumers. *Studia Ekonomiczne, Creativity Support System, Methods, and Applications*, *153*, 163-177.
[3] Ritzer, G., Dean, P., & Jurgenson, N. (2012). The coming of age of the prosumer. *American Behavioral Scientist*, *56*(4), 379-398.

consumption are always involved due to their immaterial nature. To better understand the role of the prosumer in this challenging environment, it is considered worthwhile to present a classification[4] that outlines all the distinctive features.
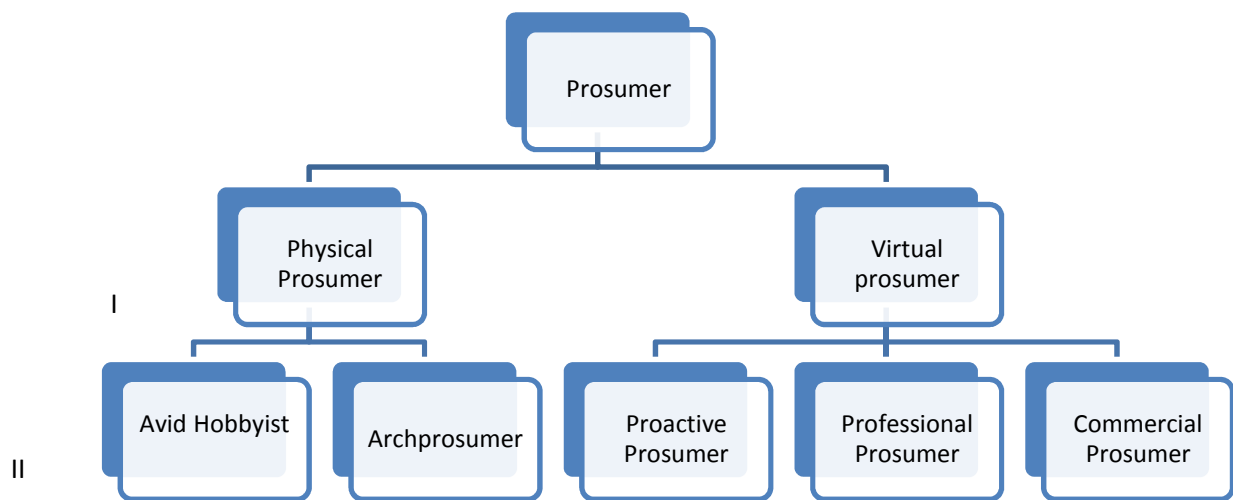

Figure 1.2 The classification of prosumers

Source: Adapted from Izvercian, M., & Alina Seran, S. (2013, August). The Web 2.0 and the globalization impact on new consumer emergence and classification. In 2013 International Conference on Education, Management and Social Science (ICEMSS-13). Atlantis Press.

The first level separates prosumers according to the environment where they operate: physical and virtual. Physical prosumers are classified by Kotler[5] between the *avid hobbyist*, who spends most of her time producing for exchange filling the leisure time with her hobby and the *archprosumer* whose lifestyle is closer to nature producing many things herself. Virtual prosumers reflect the following features: "knowledgeable consumers, digital users who employ technologies (software applications) for collaboration, to produce and share content or have the ability to participate to a product or service

---

[4] Izvercian, M., & Alina Seran, S. (2013, August). The Web 2.0 and the globalization impact on new consumer emergence and classification. In *2013 International Conference on Education, Management and Social Science (ICEMSS-13).* Atlantis Press.

[5] Kotler, P. (1986). The prosumer movement: A new challenge for marketers.*Advances in Consumer Research*, *13*(1), 510-513.

5

conception, design, execution and/or testing and have a certain impact on their social network".[6] The *proactive prosumer* can help herself, her community or a company; in the latter case, she tests the products, offers feedbacks or participates in a crowdsourcing challenge. The *professional prosumer* represents an individual who activates in the domain of her expertise. *Commercial prosumer* refers to someone who creates not only for herself or others to share, but also for sale. Therefore, prosumers are not just those who read and post online reviews, but they enter into a relation with companies through numerous interactions. Consumers, or better prosumers, can improve and modernize products that are already in the marketplace or, moreover, develop and design new products/services by sharing original ideas, innovative concepts and creative solutions. Therefore, organizations can profit and benefit from prosumer's revolutionary thinking and generate innovation at all corporate levels. Companies need to find a way to engage and motive its consumers and turn them into prosumers**.** Those companies will increase the consumer retention rate, the profitability score and they will become more visible and trustworthy for the attraction of new consumers[7].

---

[6] Izvercianu, M., & Şeran, S. (2011). Defining and Involving the Virtual Prosumer through Participative Marketing Strategies in the MPT Master Program. *RMEE 2011.*
[7] Izvercianu, M., Şeran, S., & Buciuman, C. F. (2012). Changing Marketing Tools and Principles in Prosumer Innovation Management. In *Proceedings of the 8th European Conference on Management, Leadership and Governance* (p. 246). Academic Conferences Limited.

1.3 Digital ecosystem structure

As mentioned before, the drivers which lead to the digital evolution include: consumers, contents, touchpoints, engagement, business models and platforms. Given that companies should change fast to survive and to be competitive in that marketplace, it results advantageous to analyze each pillar more in detail.

1.3.1 Customers

Generation can be defined as "an age cohort that comes to have social significance by virtue of constituting itself as a cultural identity"[8]. Generation "X" – defined by Douglas Coupland in 1991[9]- is composed by people born between 1966-1976. Three adjectives can describe this generation: materialistic, pessimistic and cynical. Generation "Y" – coined by Advertising Age in 1993- is made up of people born from 1977 and 1994; they belong to the first technological revolution. They are less cynical, more optimistic, more idealist and more inclined to value. The greater disposable income allows them to purchase more products and develop a shopping experience that completely differs from that of the previous generation. The proliferation of media choices including TV, Internet and magazines creates multiple ways of socialization. Digital Natives[10] are young people born between 1995 and 2012. Their distinguishing features are multi-tasking and parallel thinking: they are able to do several things simultaneously such as listen to music, talk on the cell phone and use the computer. They are skeptical and more inclined towards critical thinking rather than the other generations. The Net generation is also high in self-esteem: the aptitude for digital tools enhances sense of efficacy and self-worth. Researches, made by social psychologists, show that people who grow up in different cultures do not just think about different things and have different tastes, orientations and beliefs, they even think differently.[11] To better understand the similarities and differences that exist between these three

---

8 Edmunds and Turner (2002), *Generations, Culture, and Society.*
9 Coupland, D. (1991). *Generation X: Tales for an accelerated culture*. Macmillan.
10 Buckingham, D. (2006). *Is there a digital generation*. Digital generations: Children, young people, and new media, 1-13.
11 Prensky, M., & Berry, B. D. (2001). *Do they really think differently*. On the horizon, 9(6), 1-9.

generations, it is valuable to analyze their shopping behaviours in relation to the Internet and brand loyalty[12].

Internet: it is quite intuitive that Generation Y has greater satisfaction with the Internet than Generation X: they use mails, instant messaging, and cell phones since childhood. However, Digital Natives live their lives completely immersed in technology and extensively use every kind of digital devices, they are "fluent in digital language of computers, video games and Internet"[13]. The Internet provides new means of constructing communities characterized by equality, dialogue and mutual trust.

Brand loyalty: Generation Xers are less brand loyal than Baby Boomers[14] and they are likely to experiment unknown brands. Generation Y costumers are fashionable, trendy and brand-conscious attributing great importance to style and quality instead of price. The Net generation spends a great deal of time researching and seeking out recommendations before making the purchase; in spite of everything, Digital Natives tend to be brand-loyal.

1.3.2 Contents

The contents present on the Internet are varied. Electronic commerce happens when users buy products/services from companies or other private consumers without any regional boundary. On the other hand, if users download music or video, that concerns digital goods and the approach of both consumers and companies is completely different. More in detail, **e-commerce** refers to the purchase and sale of goods and/or services via computer networks such as the Internet. Like any digital technology, e-commerce has evolved and improved over the years.

---

[12] Reisenwitz, T. H., & Iyer, R. (2009). *Differences in generation X and generation Y: Implications for the organization and marketers*. The Marketing Management Journal, 19(2), 91-103.
[13] Prensky, M. (2005) *Listen to the natives*. Educational Leadership, 63(4).
[14] People born during the demographic Post–World War II baby boom between the years 1946 and 1964.

In 2014, worldwide e-commerce B2C sales reached $1.5 trillion, mainly driven by emerging markets. The graph below shows past sales and how the trend is expected to grow until 2017[15].

B2C Ecommerce Sales Worldwide, 2012-2017

trillions
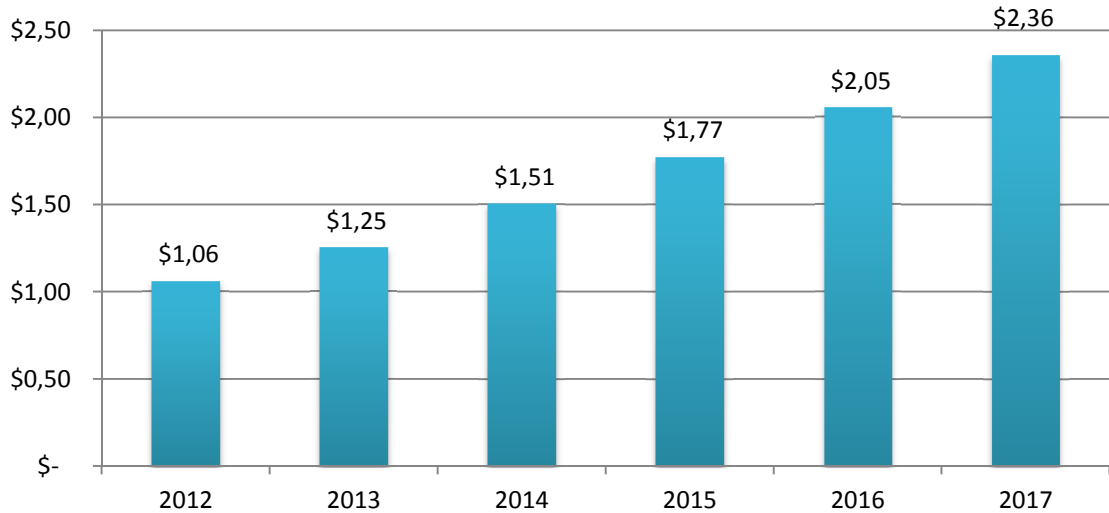
Table 1.1 B2C Ecommerce Sales Worldwide, 2012-2017
Source: Retrieved from www.emarketer.com (2014)

In detail, Italian online shoppers have made on average more than one purchase per month. The purchasing frequency has growth significantly and led to the result of more than 200 million transactions through 2014[16]. Electronic commerce can be classified between[17]:

- Business to Business (B2B): this involves companies doing the same business;
- Business to Consumer (B2C): this allows selling products/services to the general public without any human interaction;
- Consumer to Business (C2B): consumers post a project with a set budget online and companies bid on the project;
- Consumer to Consumer (C2C): this takes place in classified sites, forums and marketplaces where individual can buy and/or sell goods.

---

[15] Data retrieved at www.emarketer.com
[16] Netcomm (2015) Net Retail- Il ruolo del digitale negli acquisti degli italiani
[17] Haag, Cummings, Phillips, Carignani, Rajola, Bello, Longo (2010) ICT e i sistemi informative aziendali, *McGraw-Hill,* 2nd edition, 213-251.

E-commerce enables consumers to easily collect product information, compare prices among several shopping search engines and finally identify the perfect product at the best price. The products can be recommended based on demographics or on past buying behaviours as prediction for future purchasing behaviours. When making an online purchase, the consumer has to provide at least credit card information and mail address. So, it goes without saying that everyone needs to be confident and trust the payment method. Technology has not only changed the way in which goods are produced, distributed and consumed, but it has permitted the creation of pure **digital goods** such as music, videos and games. Digital goods are in every aspect public goods because they are *non-rival* and *non-excludable*. Rivalry does not exist because multiple consumers can enjoy the same good at the same time without any loss of information or quality. The producer of digital good has the ability to directly exclude consumers just at the beginning. "Once the first unit is sold, the producer starts losing control over the distribution"[18]. The more the good is spread among consumers, the less the producer can exclude someone from consuming it. Digital goods are also *durable*: they can be replicated and the cost is quite null. There are two reasons that might compel consumers not to buy a digital good: its deterioration due to usage and the change of technology. Finally, pure digital goods are considered *experience goods*: full information on its main attributes cannot be known without any direct experience. Some elements such as the format are available and unmistakable; however, the value of the content cannot be objectively evaluated before having experienced it.

1.3.3 Touchpoints

Touchpoints include all the elements that allow the contact between companies and current or potential consumers. Print advertisement, billboard and TV spot are physical and offline touchpoints; while, website, social media and forum&blog are digital touchpoints that have been developed more recently. It is important to underline that digital touchpoints should not substitute the traditional ones, but they should be integrated so that the company can be able

---

[18] Rayna, T. (2008). Understanding the challenges of the digital economy: The nature of digital goods. *Communications & Strategies*, (71), 13-16.

to offer a 360° degree experience. Mobile devices represent the most personal but interactive digital means of communication; they can include applications, mobile advertising or direct marketing tools. Mobile marketing will be analyzed deeper in the next chapter, highlighting how it is crucial for the development of a successful Consumer Relationship Management strategy.

- The *Website* is a page or a collection of pages on the World Wide Web that provides specific information. To reach this goal, the webpage must be usable, so that a person of average skills can use it. Usability definition proposed by ISO[19] includes effectiveness, efficiency and satisfaction: the user should find all the relevant information without too much effort and she has to be involved during the process.
  Krug proposes three usability laws. *"Don't make me think."*[20] This is the first rule and it means that as far as humanly possible, the webpage should be self-evident, and obvious eliminating all question marks in the consumer's mind. The experience should be fluid and intuitive, because if the surfing experience is frustrating, the user will go elsewhere. *"It doesn't matter how many times I have to click, as long as each click is a mindless, unambiguous choice".* The user finds information on the Web and collects them, but making the choice mindless is what makes a site easy to use.
  "Get rid of half the words on each page, then get rid of half of what's left." Many pages are full of unnecessary information and the consumer feels out of place. Omitting useless words implies reducing the noise level of the page making contents more relevant and the page shorter. Once the website has been created, it should be accessible and promoted by major search engines – Google, Bing and Yahoo! - through Search Engine Optimization which is an organic method of making a search engine friendly website.[21] SEO is a set of practices to improve the ranking of the page thanks to the quality and relevance of contents.

---

[19] International Standard Organization 9241-11.
[20] Krug, S. (2000). *Don't make me think!: a common sense approach to Web usability.* Pearson Education India.
[21] Parikh, A., & Deshmukh, S. (2013, November). Search Engine Optimization. *International Journal of Engineering Research and Technology* (Vol. 2, No. 11 (November-2013)). ESRSA Publications.

- *Social media* "describes a variety of new sources of online information that are created, initiated, circulated and used by consumers intent on educating each other about products, brands, services, personalities, and issues." [22]

  A social network is an hybrid element of the promotion mix because it enables companies to talk to consumers through platforms, but also consumers to directly talk to one another. In the traditional paradigm of Integrated Marketing Communication, content, frequency and timing are dictated top-down; while in the social media era, information about product or service is based on consumer experiences shared online. Social networks can be classified in terms of objective and functionality. Some media, given their contents, are **generalistic** like Facebook, Twitter and Google+. The first one is mainly used by women from 24 to 40 years of age; while Twitter and Google+ by men of 40 years old. On the other hand, social networks which build relationships among people based on interests, activities and tastes are **specialistic** or vertical. Examples are Linkedin for job applications, Instagram for pictures and YouTube for videos. Each company has to understand and carefully select which are the most suitable vertical social media for its business: it is not enough having a page or an account, but it is necessary to continuously update, comment and give feedbacks.

- A *blog* can be defined as "a personalized webpage, kept by the author in reverse chronological form"[23].

  Most blogs offer the reader the opportunity to leave comments, which may be moderated or delated by the owner. Bloggers do not allow the readers to start posts on their own; therefore, all the discussions are usually dominated by the point of view of the blogger, just supported by some commentators[24]. It can be used for self-expression associated with the ability to create personal space for learning, quiet reflection and developing relationships. While, a *forum* is a dedicated web application facilitating asynchronous discussions and instructional interaction. The forums are monitored by administrators who have

---

[22] Blackshaw, P., & Nazzaro, M. (2004). Consumer-Generated Media (CGM) 101: Word-of-mouth in the age of the Web-fortified consumer. Retrieved July 25, 2008.

[23] Du, H. S., & Wagner, C. (2005, January). Learning with weblogs: An empirical investigation. In *System Sciences, 2005. HICSS'05. Proceedings of the 38th Annual Hawaii International Conference on* (pp. 7b-7b). IEEE.

[24] Poell, T. (2009). Conceptualizing forums and blogs as public spheres. *Digital Material, edited by MVT Van den Boomen et al*, 239-251.

the authority to moderate and delete any post if it is necessary. This tool seems particularly equipped to facilitate public debate and increase opportunities for consultation and collaboration with other professionals on a national or even international level[25]. Everyone can make contribution under a nickname and enhance discussion as long as the Internet connection.

1.3.4 Engagement

Engagement represents the most important pillar, because even if the product is useful and topflight, the company needs to attract and engage consumers toward its products. In that specific case, the Internet is at the same time a support and an enemy. In fact, it is a good tool for developing an international engagement process and thus to reach a wider consumer base. On the other hand, every company – even the smallest – is able to create its own website at low costs for selling products/services. It implies that competitors are no more contained in city or country boundaries, but technology evolution has meant that competition would develop on an international scale.

Therefore, firms are highly motivated to spend much money on online marketing because they realize the Internet will become the most popular and successful way of engagement, especially for digital natives. In 2012, worldwide digital advertising spending was $103 billion[26]: $63 billion were spent on Search Engine Marketing (SEM) and $40 billion for Display campaigns. Users can actively search for a specific product through search engines, or they can be exposed to display advertisements.

Figure 1.3 Online Advertising budget
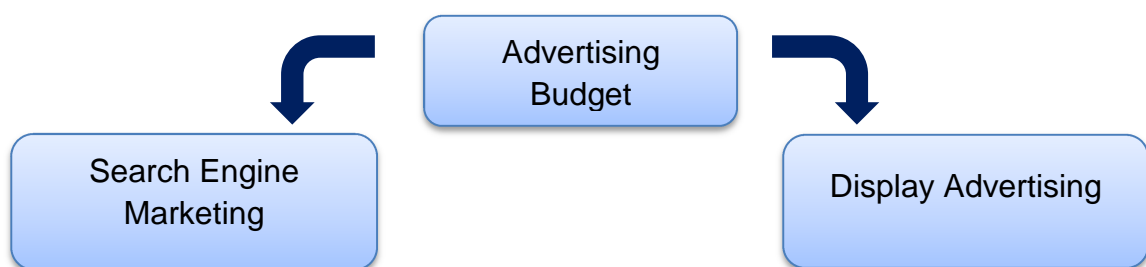
Source: Adapted from Kireyev, P., Pauwels, K., & Gupta, S. (2013). Do display ads influence search? attribution and dynamics in online advertising. Harvard Business School, Boston, MA.

---

[25] Mak, S., Williams, R., & Mackness, J. (2010). Blogs and forums as communication and learning tools in a MOOC.
[26] ZenithOptimedia (2012), "Advertising Expenditure Forecasts December 2012".

1) **Search Engine Marketing** is a way for promoting webpages and increase their visibility. In fact, if a website is rated within the first ten listings of a search engine, the traffic volume will improve ensuring an high return on investment (ROI). Two different approaches exist: Search Engine Advertising (SEA – inorganic) and Search Engine Optimization (SEO – organic). It is important to highlight that organic and inorganic strategies are not opposite; ideally, they should coexist, although SEO would be more cost-effective if it was done properly.

   Search Engine Advertising is a form of advertisement on the Internet where advertisers pay a fee to appear alongside organic search results.[27] The phenomenon of sponsored search advertising is gaining ground as the largest source of revenues for search engines. The global paid search advertising has a 37% annual growth rate with $33 billion of revenues in 2010.[28] This tool is based on consumers' queries and, indeed, it is considered less intrusive than online banner or pop-up advertisements.[29] The position of one specific webpage is determined by an auction allotting a monetary value to each single keyword. The choice of keywords for a company is critical: too generic keywords bring high but non-qualified traffic.

   Search Engine Optimization is an organic method of making a search engine friendly website.[30] SEO is a set of practices to improve the ranking of the page thanks to the quality and relevance of contents. Improving one's position can be accomplished either by making the site more relevant for consumers or by investing in techniques that affect the search engine's quality ranking the process solely. These two SEO techniques are called white hat SEO and black hat SEO[31]. The main difference is that white hat SEO improves the contents, thus increasing user satisfaction and making

---

[27] Joshi, A., & Motwani, R. (2006, December). Keyword generation for search engine advertising. In *Data Mining Workshops, 2006. ICDM Workshops 2006. Sixth IEEE International Conference on* (pp. 490-496). IEEE.
[28] Ghose, A., & Yang, S. (2009). An empirical analysis of search engine advertising: Sponsored search in electronic markets. *Management Science,55*(10), 1605-1622.
[29] Ghose, A., & Yang, S. (2009). An empirical analysis of search engine advertising: Sponsored search in electronic markets. *Management Science,55*(10), 1605-1622.
[30] Parikh, A., & Deshmukh, S. (2013, November). Search Engine Optimization. *International Journal of Engineering Research and Technology* (Vol. 2, No. 11 (November-2013)). ESRSA Publications.
[31] Berman, R., & Katona, Z. (2013). The role of search engine optimization in search marketing. *Marketing Science, 32*(4), 644-651.

the website more relevant; black hat SEO only improves the ranking without affecting its quality. Since 91% of online adults use search engines to find information on the web[32], SEO is an important tool for reaching online users and turn them into consumers. Google is the biggest search engine with 66.80%[33] market share and it uses an algorithm to assign numerical weight to the URL and measure its relevance. The formula[34] used by Google is the following:

$$PR(A) = (1 - d) + d\frac{PR(t_1)}{C(t_1)} + \cdots + \frac{PR(t_n)}{C(t_n)}$$

PR(A) : page Rank

d : damping factor considers to be 0.85

SEO is the basic ingredient to a successful online campaign even if technologies continue to evolve and develop new online channels.

2) **Display Advertising** is a passive form of advertising exposure which may influence the consumer's choice. In the simplest case of display advertising, the advertiser purchases an impression on a publisher's webpage. The impression occurs every time users load the publisher's web page and see the advertisement as a part of the page.[35] **Programmatic display campaigns** is based on different approach: the company is not just looking for the right website in which the advertisement will be broadcasted, but also for the right lifestyle segment. In the latter case, the advertising campaign will be more expensive since both the spaces and segments will be chosen. Branding value represents the first objective for a display campaign, "top-funnel metric". One of the metrics used for the evaluation is the *brand recall*: the company will commission an online brand study to compare the increase

---

[32] Purcell, K., Brenner, J. (2012) Main Findings, Search engine use over time, *PewResearchCenter Internet, Science & Tech.*

[33] Digital Sales Development, Search Engine Optimization.

[34] Parikh, A., & Deshmukh, S. (2013, November). Search Engine Optimization. In *International Journal of Engineering Research and Technology* (Vol. 2, No. 11 (November-2013)). ESRSA Publications.

[35] Papadimitriou, P., Garcia-Molina, H., Krishnamurthy, P., Lewis, R. A., & Reiley, D. H. (2011, August). Display advertising impact: Search lift and social influence. In *Proceedings of the 17th ACM SIGKDD international conference on Knowledge discovery and data mining* (pp. 1019-1027). ACM

in brand awareness among people who have seen the advertisement and people who have not seen it.

In addition, display advertising can be used for educating and engaging prospects, "mid-funnel metric". *Cost per new website visitor* is a ratio between the total campaign cost and the number of new visitors. This bandwagon effect can be influenced by social influence: everyone, who was already exposed to the campaign, can make other users interested in the advertised product.

The last, but not least, objective of "bottom-funnel metric" concerns turning previous prospects into loyal consumers. The *revenues per visitor* shows the direct revenue achieved per visit originating from the display advertising. It is computed as Revenues generated from display advertisement divided by total visits.[36]

1.3.5 Business Models

"A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities".[37]   However, developing a successful business model is not enough to assure a competitive advantage, what makes it relevant is a differentiate and hard to replicate business model. The Internet represents a new channel of distribution; thus, many companies should rethink about their distribution strategies, or worse, the overall business models.   There are multiple business models:

➢ **Free Business Model:** "Free" is a word with an extraordinary ability to reset consumer psychology, create new markets, break old ones, and make almost any product more attractive. "Free" does not mean profitless: the route from product to revenue is indirect[38].

The free business model is based on the assumption of making money by providing free contents to consumer, forcing them to see the advertisements. This kind of Business Model is not so easy to manage because companies need to prove how to be profitable and sustainable. At the beginning, it is useful

---

[36] Hausman A (2015), Metrics for Top of Funnel Marketing Matter, *Hausman Marketing Letter.*
[37] Amit, R., & Zott, C. (2000). *Value creation in e-business*. INSEAD.
[38] Anderson, C. (2009). *Free: The future of a radical price*. Random House.

or even necessary that the company is going to satisfy an unexploited market without any competitors, highlighting its first-mover and competitive advantage. Facebook is the best example of free business model. Revenue for the fourth quarter 2012 totaled $ 1.59 billion: $ 1.33 billion came from advertising, while $256 from payments and other fees[39]. More in detail, companies create advertisements on Facebook and the latter gets paid to deliver the advertisements to users based on their likes and activities.

- **Freemium**: the term is coined by the venture capitalist Fred Wilson in 2006[40]. The product or service is provided free, generally for 95% of consumers; a small percentage (5%) decides to pay a premium fee for unlimited time of use (3RealRacing), advance features (Skype, CandyCrush) and advance functionalities (AVG). The most common freemium model is feature-limited freemium, which involves offering a basic version of the product with limited functionalities for free, while charging additional features in the premium version. Skype, an Internet-based telecommunications company, allows free Pc-to-Pc voice communication and text messaging, but charges users for voice calls to landline or mobile phone numbers. Time-limited feature allows users free access to the full version of the software product, but only for a limited period of time. At the end of trial period, the software locks itself and users have to purchase a registration in order to continue. This kind of business model is generally used by companies that sell pure digital goods with negligible marginal reproduction cost that can be provided in unlimited supply and can be shipped via cheap online distribution channels. Moreover, by trying the product or service before committing to any purchase, consumers could learn more about its quality and other relevant attributes. Considering that the premium option is chosen by a limited number of consumers, companies should find different ways to make money and remain profitable.
- **Subscription:** companies periodically charge consumers for a product or service according to a predefined cost and schedule. Two sub-models apply to subscription model: "monthly fee" and "pay as you go".
  "Monthly" subscription, which enjoys widespread consumer acceptance, is popular for online site that offer dating, news, music, gaming, video and both

---

[39] Facebook, Inc. (2013) Reports Fourth Quarter and Full Year 2012 Results.
[40] Wilson, Fred; *My Favorite Business Model; AVC (Blog),* March 23rd 2006.

digital and physical services. The main benefits are that consumer acquisition is well-defined and revenues are predictable and regular. Notable companies are Infinity and Xbox Live.

"Pay as you go" model charges consumers when they are looking for contents in that site. This sub model is characterized by less transaction frequency and lower transaction volume, both aimed to create more manageable customer base. SkyOnline and PlayStationPlus use this kind of business model.

1.3.6 Platforms

Industry platforms are building blocks (they can be products, technologies or services) that act as a foundation upon which an array of firms (sometimes called a business ecosystem) can develop complementary products, technologies or services[41]. Traditional platforms are no more able to support online communities given the shift from face-to-face and synchronous to virtual and asynchronous means of communication. For that reason, it emerges the necessity of platforms which are able to support online communities (DPsOC). Architecture plays an important role in organizing a growing set of core components, complements and interfaces into a relatively well-bounded and controlled system[42]. In the case of digital platforms, the architecture should provide multiple IT capabilities and applications and it should be flexible enough to support unplanned functionalities in the near future. Based on the social interaction structures, online communities can be classified following:

1) Information sharing where actors make contents available on the Internet and it is characterized by free participation and spontaneous action;
2) Collaboration requires an alignment between the individual objectives and the collective ones;
3) Collective action with the goal of identifying the individual with the social unit.

The explosion of digital platforms, mobile devices and social networks has given rise to large amount of information, called Big Data. Its volume is growing

---

[41] Gawer, A. (Ed.). (2011). *Platforms, markets and innovation.* Edward Elgar Publishing.
[42] Spagnoletti, P., Resca, A., & Lee, G. (2015). A design theory for digital platforms supporting online communities: a multiple case study. *Journal of Information Technology.*

exponentially: in 2014 the amount of information stored worldwide exceeded 5 ZetaBytes, while in 2020 the total amount is expected to be 50x larger than today.[43]
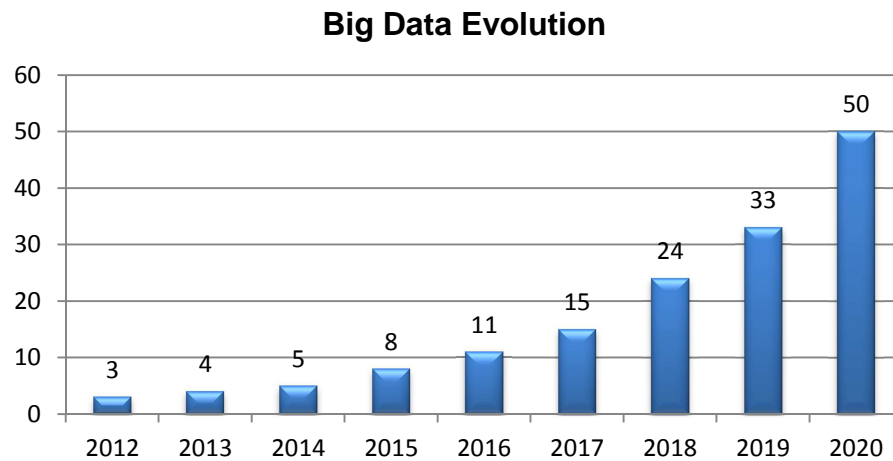
Big Data Evolution

Table 1.2 Big Data Evolution (2014)
Source: ADEC Group

Organizations can exploit these information for increasing consumer value or improving its operational efficiency; companies that already use Big Data and Business Analytics to guide the decision-making process are more productive and experience higher returns on equity (ROE). The process[44] starts with the generation of Digital Data Genesis; then, the Streaming stage concerns the manner and the format in which the data is made available. The final stage, Harvest, includes the process of adding context to the data to augment the information acquired.
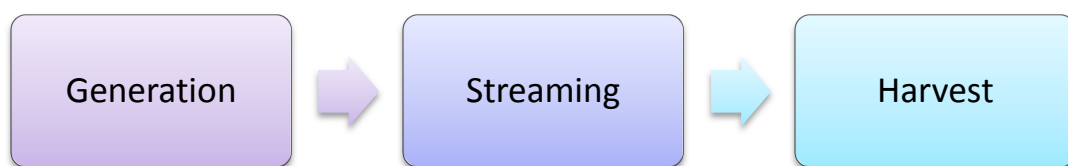
Figure 1.4 Three Stages of a Digital
Source: Piccoli, G., & Pigni, F. (2013). Harvesting external data: the potential of digital data
streams. *MIS Quarterly Executive*, *12*(1), 143-154

---

[43] Big Data Journal ADEC Group (2014).
[44] Piccoli, G., & Pigni, F. (2013). Harvesting external data: the potential of digital data streams. *MIS Quarterly Executive*, *12*(1), 143-154.

1.4 The evolution of consumer purchasing process

The pillars described until now and which are still evolving are able to influence the consumer purchasing process. "Consumer behaviour includes mental activity, emotional and physical that people use during selection, purchase, use and dispose of products and services that satisfy their needs and desires"[45]. The proliferation of media choices ensures that Generation X, Generation Y and Digital Natives can develop different consumer behaviours and shopping styles. The underlying figure highlights how some features – shopping channels/hours, credit and advertisement - have changed over the years.[46]

Generation X
- fewer and conventional shopping channels and restricted shopping hours (Saturday or Sunday);
- enviroment of restricted credit;
- advertising from traditional media.

Generation Y
- many shopping channels and limited shopping hours due to working experiences;
- enviroment of unrestricted and creative credit;
- advertising information from increasing sources.

Digital Natives
- high-quality stores and online shopping activites;
- price sensitiviness due to comparisons;
- development of web and mobile marketing.

Figure 1.5 Consumer decision-making style based on generations
Source: Adapted from Bakewell, C., & Mitchell, V. W. (2003). Generation Y female consumer decision-making styles. *International Journal of Retail & Distribution Management*, *31*(2), 95-106.
.

---

[45] Kotler, P., & Armstrong, G. (2010). *Principles of marketing*. Pearson Education.
[46] Bakewell, C., & Mitchell, V. W. (2003). Generation Y female consumer decision-making styles. *International Journal of Retail & Distribution Management*, *31*(2), 95-106.

Even though it is not possible inspecting the behaviour of a specific consumer because each one grows mentally, physically and emotionally based on internal and external factors, there are numerous conceptual models trying to explain more in general the consumer behaviour.

External Factors:
- Culture
- Subculture
- Demographics
- Social Status
- Reference groups
- Family
- Marketing activities

Internal Factors:
- Learning
- Perception
- Memory
- Motives
- Personality
- Emotions
- Attitudes

Self-concept and Lifestyle

Need

Identification of Need

Information search

Alternative evaluation and selection

Purchase

Experience

Sharing of Experience

Figure 1.6 Consumer Behaviour
Source: Adapted from Hawkins, D., & Mothersbaugh, D. (2009). *Consumer behavior building marketing strategy*. McGraw-Hill.

The figure overhead shows that purchases are influenced by cultural, social, personal and psychological factors. Despite that, digital evolution is also changing the decision-making process and in particular the way in which

companies and consumers interact, facilitating access to information and reducing transaction costs. In a nutshell, the first step concerns the emergence of an unsatisfied need. Then, as the traditional theory predicts, consumers are rational and, therefore, they look for information from different sources. After completing the search process, consumers will get a lot of alternatives and they will select the best one. Consumer evaluation could be ground on price, quality, advertising or brand. Therefore, the purchase will take place. At least, post-purchase step allows consumers to express their satisfaction after having experienced the product. Consumers do not need to pass during all steps of buying decision; however, some purchases, for example luxury ones, are so significant that consumers are forced to follow this path carefully and meticulously.[47] From a recent study, it results evident that forty percent[48] of European consumers had purchased goods or services online in a 12 month period in 2009/2010, and the number of people that use interactive media for both pre-purchase information and online shopping is still increasing. Considering the high number of online shoppers and users, it results inevitable to analyze each step more in details.

1.4.1 Identification of Need and Information Search

Consumers start thinking about purchasing a product or a service because a **need** or desire has emerged for that particular product or for certain attributes. The cost of **searching and obtaining information** may be high due to the asymmetric information theory: sellers have more and better access to information about the quality of the product compared to the consumers. Therefore, goods can be classified as[49]:

- Search Goods whose quality can be confidently evaluated by consumers before the purchase;
- Experience Goods whose quality can be evaluated once the product is consumed or serviced;

---

[47] Jeddi S., Atefi Z., Jalali M., Poureisa A., Haghi H. (2013) Consumer behavior and Consumer decision process, *International Journal of Business and Behavioral Sciences* Vol. 3, No. 5.
[48] Eurostat (isoc_ec_ibuy).
[49] Ford, G. T., Smith, D. B., & Swasy, J. L. (1988). An empirical test of the search, experience and credence attributes framework. *Advances in consumer research*, *15*(1), 239-243.

- Credence Goods whose quality can be evaluated even a long time after the purchase.

Although the Internet provides much more information to users at lower cost, consumers have to spend their time searching and accessing information. Lower time costs lead to do further researches, while higher time costs turn the situation around[50]. The difficulty of accessing information online is directly and indirectly recognized by the number of different tools available[51]: search engines, manufacturer and supplier websites, comparison sites, forums&blogs and social networks. Search engines are generally the most suitable for consumers who do not know the search terminology. Users often need to refine search queries to get more relevant results. Price comparison sites include only information from sellers and they can be used to filter online contents and compare goods/services from different sellers. Social influence allows consumers to gain recommendations and information from a wider group, including people who have already purchased the product. 90%[52] of online shoppers read reviews and 83% of them believe that online reviews influence their purchase decision. Since online reviews influence consumers in decision-making process, it should be noted that they play two roles: informant and recommender[53]. As an informant, online consumer reviews deliver additional product-oriented information such as product attributes, technical specifications and performance results in relation to technical standards. As a recommender, they provide consumer-oriented information describing product attributes in terms of usage situations and measuring the product performance from users' perspectives. Informant reviews are rational, objective and concrete based on product features; on the other hand, recommender reviews are emotional, subjective and abstract based on consumers' feelings for the product. Past researches in the area of consumer behaviour have shown that consumers pay more attention to negative reviews than positive ones: users tend to weight negative information more than positive

---

[50] Punj, G. (2012). Consumer decision making on the web: A theoretical analysis and research guidelines. *Psychology & Marketing*, *29*(10), 791-803.
[51] European Parliament (2011) Consumer behavior in a digital environment, pg. 61
[52] Channel Advisor, 2011 Consumer Survey: Global Consumer Shopping Habits.
[53] Park, D. H., & Lee, J. (2009). eWOM overload and its effect on consumer behavioral intention depending on consumer involvement. *Electronic Commerce Research and Applications*, *7*(4), 386-398.

during the evaluation and decision making process. An increase of just one negative consumer review increases the riskiness and decreases the desire for the product[54]. In the online context, it is inevitable to find a way to evaluate reviews; quality, quantity and source credibility seem to be the most appropriate variables. *Quality*[55] of online consumer review includes several dimensions such as relevance, reliability, understandability and sufficiency. Obviously, high-quality reviews are more persuasive because they contain understandable, reliable and relevant information for the evaluation. The greater the *quantity*[56] of online reviews, the greater the perceived product popularity: if a large number of people makes the same choice, then the perceived risk of regret after the purchase is minimized. *Source credibility*[57] refers to the receiver's perception of the credibility of a message source, reflecting nothing about the message itself. Each source should be believable, competent and trustworthy by the receiver.

1.4.2 Alternative Evaluation and Selection

Based on the information gathered, the consumer has to evaluate which type of product or service to buy and from which seller. At this point, consumer's ability to **assess and analyze information** can be affected by cognitive limitation: the user becomes unable due to the massive amount of collected information and several desirable alternatives[58]. Moreover, the consumer has difficulties to assess the quality and trustworthiness of sellers because there is not personal contact with a sales representative[59]. In most cases, results on the first search page are actually more relevant, because the consumer may rationally have the desire to minimize search costs. The presence of new information sources such

---

[54] Lee, J., Park, D. H., & Han, I. (2008). The effect of negative online consumer reviews on product attitude: An information processing view. *Electronic Commerce Research and Applications*, *7*(3), 341-352.
[55] Lee, J., Park, D. H., & Han, I. (2008). The effect of negative online consumer reviews on product attitude: An information processing view. *Electronic Commerce Research and Applications*, *7*(3), 341-352.
[56] Lee, J., Park, D. H., & Han, I. (2008). The effect of negative online consumer reviews on product attitude: An information processing view. *Electronic Commerce Research and Applications*, *7*(3), 341-352.
[57] Cheung, C. M., & Thadani, D. R. (2012). The impact of electronic word-of-mouth communication: A literature analysis and integrative model. *Decision Support Systems*, *54*(1), 461-470.
[58] Park, D. H., & Lee, J. (2009). eWOM overload and its effect on consumer behavioral intention depending on consumer involvement. *Electronic Commerce Research and Applications*, *7*(4), 386-398.
[59] European Parliament (2011) Consumer behavior in a digital environment, pg. 70.

as recommender systems and intelligent-agent-based systems may modify and simplify the consumer purchase journey[60]. If a product recommendation is available to the consumer, she can either decide not to consult it, to consult and follow it, or to consult but not to follow it. If she decides not to consult the product recommendation, the consumer would rely only on their prior knowledge to make the decision; it is an *own-based decision-making process*. If she decides to consult and follow the product recommendation, she would delegate either part or all of their purchase to others; it will be an *other-based decision-making process*. If the consumer decides to consult the product recommendation, but not to follow it, it represents an *hybrid decision-making process*. Thus, the shopping behaviour of someone who does not consult a product recommendation is significantly less complex than who consults it. Whereas, no differences are found between the subject that consults and follow a product recommendation and that who consults but does not follow it. Online recommendation sources can be originated from other consumers, human experts (e.g. salespeople) or expert systems and customer decision support systems.

1.4.3 Purchase

Once an alternative is chosen and a final decision has been made, the consumer moves to the **purchase** phase. It is generally believed that consumer can go through three fundamentals sequences when making a purchase decision. The first sequence comes into play when a consumer selects a site first then followed by a brand. The opposite of the latter would refer to the second sequence, whilst the third deals with a simultaneously selection of the two.[61] Although the attributes that can influence the selection of one site over others are dependent on the shopping purpose and differ by consumer segment, price is one of the most critical factor. The site that implements a cost-leadership strategy using promotions and low prices attracts more price-sensitive consumers who are generally less loyal. The consumers who come

---

[60] Senecal, S., Kalczynski, P. J., & Nantel, J. (2005). Consumers' decision-making and their online shopping behavior: a clickstream analysis.*Journal of Business Research*, *58*(11), 1599-1608.
[61] Personal interpretation of Hawkins, D., & Mothersbaugh, D. (2009). *Consumer behavior building marketing strategy*. McGraw-Hill.

from low prices are just as likely to go to another site which provides lower prices. Retention task in such digital environment is rather impossible because of the ease of switching and the ability to quickly gather near-perfect information. Once the consumer has selected both the site and the brand, she is able to complete the purchasing action. The consumer exchanges money with the use of a credit card in return for a product.

1.4.4 Post-purchase

The **post purchase** evaluation concerns the moment in which the consumer evaluates the product/service after having experienced it; it can take two forms: customer satisfaction or customer dissatisfaction. "Satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire".[62] Consumers usually base their expectations on functional and symbolic performances. Functional performance relates to the physical functioning of the product. It refers to its durability and ease of use, depending on the type of the product (Does it work properly?). Whereas, symbolic performance refers to a "psychological level of performance". It does not pertain to the direct properties of the physical product, but it concerns the consumer's response. In this new digital environment consumers are more inclined to share their personal experiences, giving birth to the so-called electronic word-of-mouth (eWOM) which contains positive or negative statements made by former, actual and potential customers about a product or a company via the Internet.[63] It is possible identifying several types of electronic media based on two variables. Electronic media can be *synchronous* such as Instant Messaging or *asynchronous* such as mails. Moreover, some means of communication are able to link *one consumer with another*, while others flow within a new marketing paradigm, the "*many-to-many* communications". Considering the dimensions described above (synchronous/asynchronous and one-to-one/many-to-may), it makes possible building up a matrix.

---

[62] Hansemark, O. C., & Albinsson, M. (2004). Customer satisfaction and retention: the experiences of individual employees. *Managing Service Quality: An International Journal*, *14*(1), 40-57.

Many-to-many

Communication

Scope

One-to-many

One-to-one

Blogs and Virtual Communities

Newsgroups

Websites, Product Review & Hate Sites

Chatrooms

Instant Messaging

Email

Asynchronous
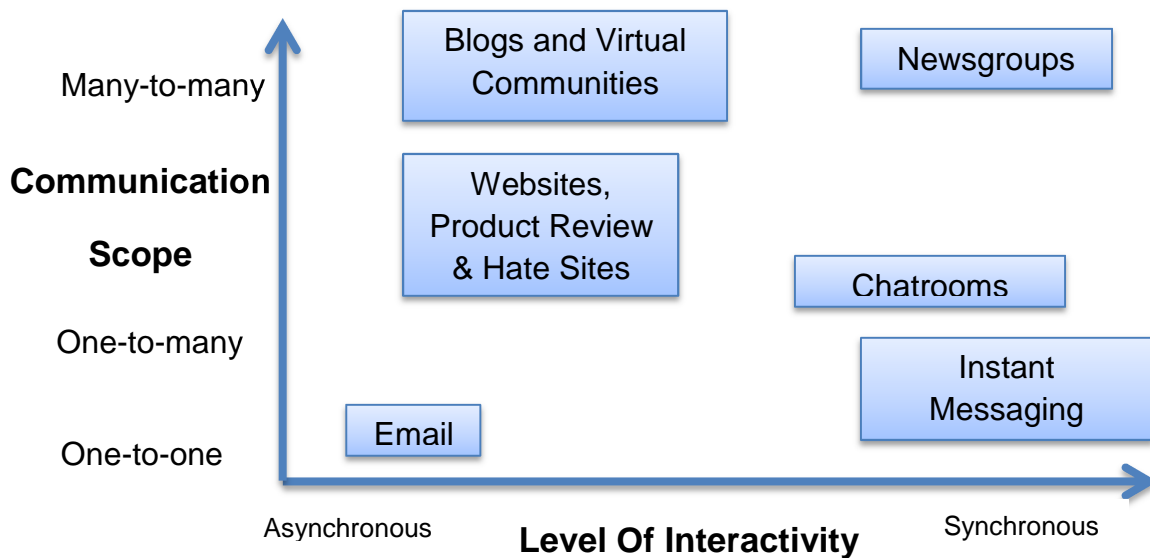
Level Of Interactivity

Synchronous

Figure 1.7 Electronic word-of-mouth
Source: Jalilvand, M. R., Esfahani, S. S., & Samiei, N. (2011). Electronic word-of-mouth:
Challenges and opportunities. *Procedia Computer Science*, *3*, 42-46.

Even though eWOM communication has few elements in common with traditional WOM (word-of-mouth), they differ with each other. First of all, eWOM has unprecedented scalability and speed of diffusion. It allows consumers not only to share opinions with few people you know, but with a vast, geographical dispersed group of people on a global scale[64]. Thanks to eWOM, consumers can overcome most information asymmetries that characterized traditional markets[65]. eWOM is more persistent and accessible: most of the text-based information presented on the Internet is archived and thus would be made available for an indefinite period of time. Finally, eWOM communications are more measurable than traditional WOM: the presentation format, quantity and persistence made them more observable[66].

---

[64] Cheung, C. M., & Thadani, D. R. (2012). The impact of electronic word-of-mouth communication: A literature analysis and integrative model. *Decision Support Systems*, *54*(1), 461-470.
[65] Park, D. H., & Kim, S. (2009). The effects of consumer knowledge on message processing of electronic word-of-mouth via online consumer reviews. *Electronic Commerce Research and Applications*, *7*(4), 399-410.
[66] Cheung, C. M., & Thadani, D. R. (2012). The impact of electronic word-of-mouth communication: A literature analysis and integrative model. *Decision Support Systems*, *54*(1), 461-470.

1.5 Focus on Luxury Consumer

"Le luxe n'est pas le conctraire de la pauvreté

mais le contraire de la vulgarité"

Coco Chanel

Luxury consumers are primarily human beings and such are involved in digital evolution; their decision-making journeys are evolving as well. Luxury products have traditionally been associated with exclusivity, expressed by premium quality, high prices, craftsmanship, heritage, uniqueness.[67] Taking into account those considerations, it seems that the Internet and new technologies are not suitable for such prestigious items; these channels are used by mass products and the risk is to alter, or ruin in the worst cases, the brand's image and company positioning. However, the reality seems not in line with this rule. The Internet could be exploited for different and simultaneous objectives: to *educate new clients* and to *reinforce the company positioning*. Some consumers of emerging countries are not accustomed to luxury products; thus, it is necessary explaining to them which are the most important features that justify the high price. In any event, if a luxury brand is not be able to offer its products on a global scale, it will disappear: it is better to have a small nucleus of clients in every country than a large nucleus in just one country. Moreover, the Internet and mobile devices represent the only *means of communication* for digital natives, even luxury ones. They do not watch more TV nor read newspaper and magazines; it is essential that companies put in action strategies based on their habits to attract and retain them. Social networks, for example, provide an unprecedented and powerful tools because they give to the company the opportunity to interact, engage and influence consumers' choices. Everything is confirmed by the existence of a social media for the world's wealthy and successful "happy few": A Small World. The social network was created in 2004

---

[67] Heine, K. (2009). Using personal and online repertory grid methods for the development of a luxury brand personality. In *Proceedings of the 8th European Conference on Research Methodology for Business and Management Studies, Valetta, Malta* (pp. 160-170).

and relaunched in 2013; nowadays, it counts over 250,000 members with an average household income of $330,000 from all the world's regions. It is a paid subscription and to join, each member must receive the invitation from the governing board. Multiple categorizations were made to classify luxury consumers, but the most traditional one concerns the distinction between "Old Money" and "Excursionists". It gives the opportunity to look at their attitudes and spending habits and to understand how these two segments should be engaged by companies in the most effective and efficient way. **Old Money** consumers, for whom luxury is an "art de vivre"[68], are people with more than US$1 million in assets, excluding their principal residence. The global population of HNWI (High Net Worth Individual) grew strongly in 2012, reaching 12 million.
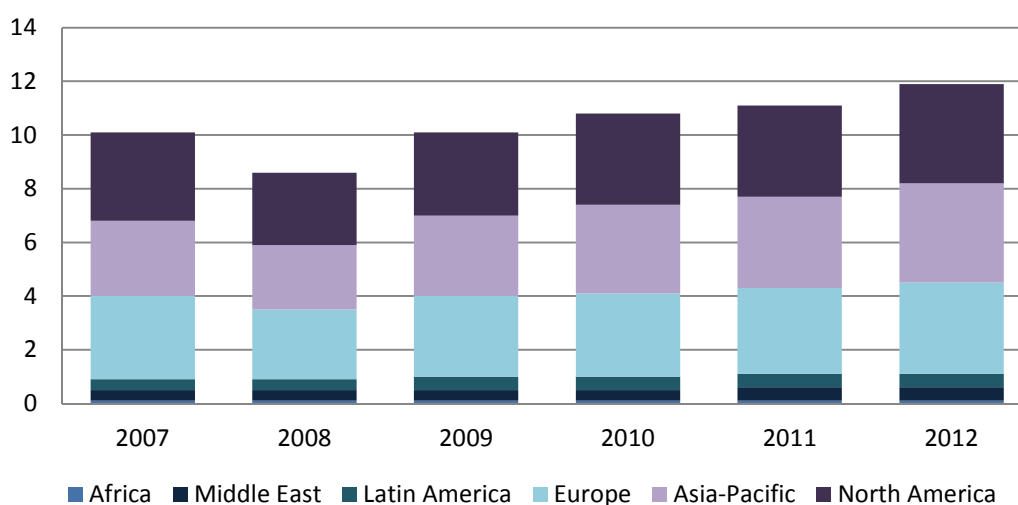
HNWI Population 2007-2012 (by region)

Table 1.3 HNWI Population 2007-2012
Source: Capgemini Lorenz Curve Analysis, 2013

North America and Asia-Pacific were the two largest regions expanding 11.5% and 9.4%. North America reclaimed its position with 3.73 million of HNWIs overtook Asia-Pacific's 3.68 million. However, Asia-Pacific is the fastest-growing country market and it is expected to surpass North America in the near future.

---

[68] Dubois, B., & Laurent, G. (1995). Luxury possessions and practices: an empirical scale. *European Advances in Consumer Research*, 2, 69-77.

In the last century, powerful drivers[69] such as democratization, globalization and increase in spending power pushed the emergence of a new category: the **Excursionists**, causing that luxury ceased to be a world apart. However, in contrast to Old Money, their acquisition and consumption of luxury items is intermittent, often linked to exceptional situations or circumstances[70]. Before describing how these two segments differ in terms of shopping habits and their different approaches to communication channels, it results worthwhile to make a list of the values that drive the purchase of a luxury good. People can be encouraged by financial, functional, individual and social dimensions.[71]

- *Financial dimension* relates closely to monetary aspects such as price or investment and to what is given up or scarified to obtain a product;
- *Functional dimension* refers to the benefits and basic utilities that drive the consumer to make the purchase such as the quality, uniqueness, usability, reliability, and durability of the product[72];
- *Individual dimension* focuses on consumer's consumption and addresses personal matters such as materialism, hedonistic and self-identity value;
- *Social dimension* refers to the perceived utility individuals acquire by consuming products such as conspicuousness and prestige value: these can significantly affect the evaluation and the tendency to purchase or consume luxury brands.

Old Money consumers, given their high disposable incomes, are familiar with luxury products from generations. They expect that the purchased items are of outstanding quality both in the material used and in the service. Therefore, the functional dimension represents the most important one; quality is the crucial driver that encourages them to make the final purchase. On the other hand, Excursionists belong to the new generation and therefore they present a limited disposable income. Despite the fact that they tend to buy accessories or

---

[69] Kapferer, J. N. (2012). *The luxury strategy: break the rules of marketing to build luxury brands.* Kogan Page Publishers.
[70] Laurent, G., & Dubois, B. (1996). The functions of luxury: A situational approach to excursionism. *Advances in consumer research*, *23*, 470-477.
[71] Wiedmann, K.-P., Hennigs, N., & Klarmann, C. (2012). Luxury consumption in the trade-off between genuine and counterfeit goods: What are the consumers' underlying motives and value-based drivers? Journal of Brand Management, 19, 544–566.
[72] Sheth , J . N . , Newman , B . I .and Gross , B . L .(1991) Why we buy what we buy: A theory of consumption values . Journal of Business Research 22 (2) : 159 – 170.

products which are brand or line extensions, Excursionists expect that the items are scares and difficult to obtain. It implies that individual dimension is of utmost importance since the luxury good allows them to stress their status symbol and success. Taking into account those considerations, also communication mediums could be different among these two categories. Given that Excursionists are often young people, they can be engaged also by digital and mobile touchpoints. Obviously, it does not mean that Old Money consumers are not moving with the times; in fact, they are involved in digital evolution as all other people. The following analysis aims at classifying the markets in which luxury companies could operate or currently do. The average age of buyers, the gender and the average number of luxury items purchased are useful to understand more in detail the shopping habits among different regions. The "new markets" of China, Brazil and Russia are fast-growing markets where trendiness and newness are key factors. Luxury buyers are mostly women, they are quite young and frequent buyers who conduct online researches along the path to purchase. The "mature markets" of United State, Germany, England, France and Italy are historically established and traditional luxury markets where buyers skew older and purchase semi-frequently. Finally, Japanese market is composed mostly by male buyers driven by luxury being a symbol of sophistication and a way to boost self-esteem.

	New Markets	Mature Markets	Japanese Market
Buyers	56% women	50% women	36% women
Average age of buyers	37	46	49
Average number of luxury items purchased in last two years	22.7	12.9	5.7

Table 1.4 Luxury Shopping Habits
Source: Google and Ipsos MediaCT (2013) How Affluent Shoppers Buy Luxury Goods

Even though luxury buyers are extremely tech-savvy (two-times higher smartphone penetration that the general population), 81% of the most luxury purchases were done offline in a store and just 19% are made online. This, however, does not mean the purchase decisions are actually made in the store. In fact, 92% of luxury consumers who make researches before purchasing use the Internet to find information. The desire to physically see and touch the product (mentioned by 65%) and the risk of counterfeit item (35%) represent two huge barriers for online and mobile purchases, mainly for high-end products. Nevertheless, 53% of luxury buyers believe it is more convenient and it can be done anywhere, anytime.[73] In general, consumers who have already established a committed relationship with the brand become the first adopters of the electronic commerce. Their acquaintance with the brand represents the reassurance for shopping in a digital environment. Meanwhile, as mentioned before, the Internet and mobile devices can be used as channels for brand discovery [74] or to increase the company-consumer relationship. To conclude, considering the global and evolving environment in which luxury companies operate, it is worthwhile sketching out some relevant features of the current luxury consumer. The core characteristic is based on her position in the international scene, not only on the material wealth. In fact, the majority are multiple home owners with several addresses in different countries and they also easily have multiple credit cards links to banks and financial institutions around the world. Since this *international* clientele has its own specific attitudes and expectations, luxury brands need to remember tastes and preferences for a refined and integrated shopping experiences wherever they are. Since they are tech-savvy, the luxury clients of today are real-time *informed* knowing the ins and outs of their favorite brands and they are inclined to share their personal experiences. Therefore, by simply evoking an online conversation or debate, luxury clients are able to *influence* the perceptions of millions of people, both positively and negatively. They are not looking anymore for an intimate relationship with only one brand, but they are prone to define their own styles *mixing* and matching both luxury and fashion brands according to their personal tastes. Whereas in the traditional world people select a specific brand for its

---

[73] Google and Ipsos MediaCT (2013) How Affluent Shoppers Buy Luxury Goods.
[74] Okonkwo, U. (2010). *Luxury online: Styles, systems, strategies.* Palgrave Macmillan, pg. 262.

reputation, product/service offering and the overall offline experience; in such digital environment, consumers' preferences depend on what the company is able to provide through the official website and social media management. It results that luxury clientele is *more website loyal and less brand loyal*. Although the luxury consumer has evolves and still evolves, luxury needs to be true to itself by retaining an inflexible stance to quality and craftsmanship. However, at the same time, luxury companies should implement the appropriate strategies in order to be competitive and fulfill consumer expectations[75].

---

[75] Okonkwo U. (2010) *Luxury Online Styles, Systems, Strategies*, Palgrave Macmillan Pg. 263-277.

2. Mobile Marketing

2.1 Introduction

Mobile devices are becoming essential tools in the current digital era and their spread exceeds, by far, that of any other communication mediums. Just for providing a brief global overview – it will be carefully examined in the next section - the number of unique mobile subscriptions in 2014 were around 3.5 billion[76]. By the end of 2020, the majority of world's population is expected to have its own mobile subscription. Italy seems in line with this trend: its penetration rate (60%) is over the global average (42%)[77]. The underlying table highlights the increase of unique mobile subscriptions until nowadays and its forecast for the near future.
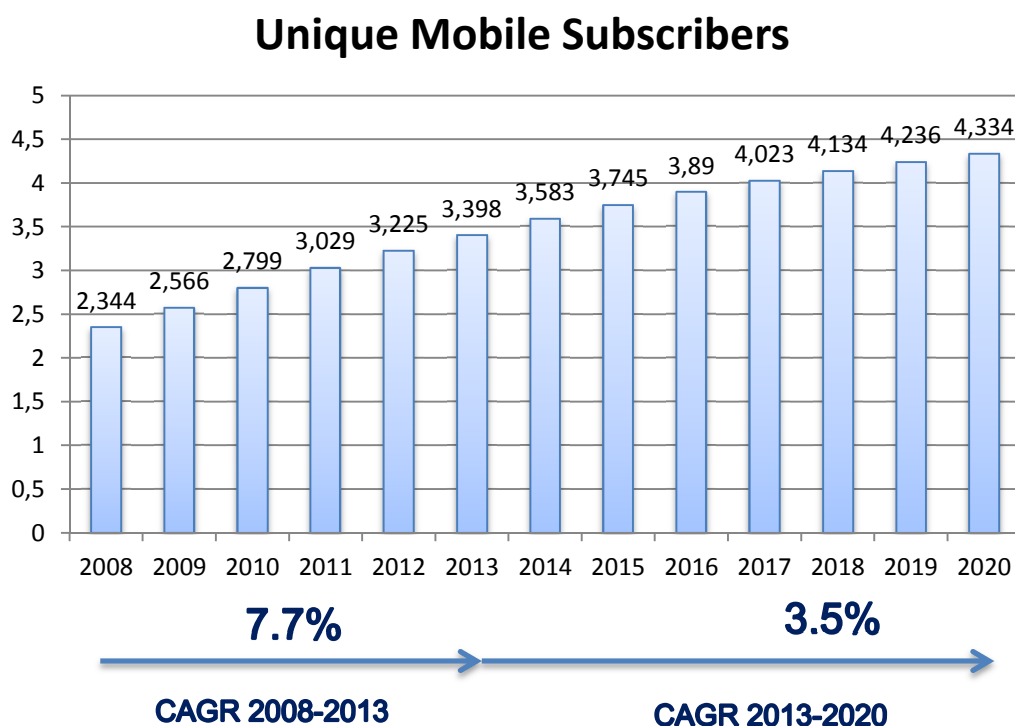
Table 2.1 Unique Mobile Subscribers
Source: GSMA, The mobile Economy 2014

---

[76] GSMA (2014), The mobile Economy 2014

[77] We are social (2015), Digital, Social and Mobile in 2015

Given the mobile popularity and its overwhelming growth, companies should realize how to exploit this mean of communication in the most efficient way. Every practice put in action by companies or organizations through any mobile device concerns the mobile marketing field. The Mobile Marketing Association defines mobile marketing as "*a set of practices that enable organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network*".[78] The mobile phone is *personal*: it is always attributable to one single person allowing for highly personalized marketing measures.[79] Because of its personal nature, the mobile phone is not just a technological device, but a cultural object as well.[80] It is part of everyday life and it may represent a communication medium extremely targeted. Mobile marketing is the most *targeted* way of web marketing: considering the smartphone brand and the way it is used, it is possible providing demographic, psychographic and geographic signals. Many mobile devices have GPS capabilities to identify the physical location: this technology enables companies to localize a potential consumer and to adapt the advertisement to its current position. Since the mobile phone is always with its owner, it makes possible receiving a message and reply to it immediately; thus, mobile marketing is highly *interactive* and *real-time*. Once all the mobile features are listed, it results advantageous to classify mobile marketing applications. Kaplan identifies two variables for the classification: *the degree of consumer knowledge* and the *trigger of communication*.[81] The first variable, the degree of consumer knowledge, concerns the company ability to know its consumers and then to create a one-to-one marketing program. It does not mean that each activity will be personal, but it is possible to group consumers together by preferences and interests. An high degree of knowledge allows to personalize the message in order to reflect consumers' values and needs.[82] Whereas, the trigger of

---

[78] www.mmaglobal.com/**wiki/mobile-marketing**

[79] Bauer, H. H., Barnes, S. J., Reichardt, T., & Neumann, M. M. (2005). Driving consumer acceptance of mobile marketing: A theoretical framework and empirical study. *Journal of electronic commerce research*, *6*(3), 181-192.

[80] Shankar, V., Venkatesh, A., Hofacker, C., & Naik, P. (2010). Mobile marketing in the retailing environment: current insights and future research avenues.*Journal of interactive marketing*, *24*(2), 111-120.

[81] Kaplan, A. M. (2012). If you love something, let it go mobile: Mobile marketing and mobile social media 4x4. *Business Horizons*, *55*(2), 129-139.

[82] Peppers, D., Rogers, M., & Dorf, B. (1999). Is your company ready for one-to-one marketing. *Harvard Business Review*, *77*(1), 151-160.

communication variable takes into account the difference between push and pull approaches. In the first case, the communication is initiated by the company and the recipients did not ask for information. Whereas, if consumers proactively retrieve company information or advertisements, that is considered pull communication.

		Trigger of Communication	
		Push	**Pull**
Degree of Knowledge	**High**	Direct Marketing	Application
	Medium	Mobile Advertising	QR Code

Figure 2.1 Type of Mobile Marketing Applications
Source: Adapted from Kaplan, A. M. (2012). If you love something, let it go mobile: Mobile marketing and mobile social media 4x4.

The figure above summarizes four types of mobile marketing applications: direct marketing (e.g. mails, SMS/IM and phone calls), application, mobile advertising and QR code. However, this classification is going to disappear in the near future. Indeed, the continuous advancement of technology allows that also mobile advertising could be personalized and tailored based on consumer preferences (red arrow in Figure 2.1). In addition, direct marketing tools could be turned into push mediums (green arrow in Figure 2.1): consumers actively decide to receive mails or text messages just from the companies they like or trust.

2.2 Global Overview

The previous paragraph touched on few words about mobile global overview, but a deeper analysis is necessary given its success. Although the number of unique mobile subscriptions is still increasing, it considers worthwhile to deepen the analysis among regions. Europe discloses the highest penetration rate, followed by North America, whereas Sub-Saharan Africa displays the lowest penetration rate, but it exhibits the fastest subscriber growth.
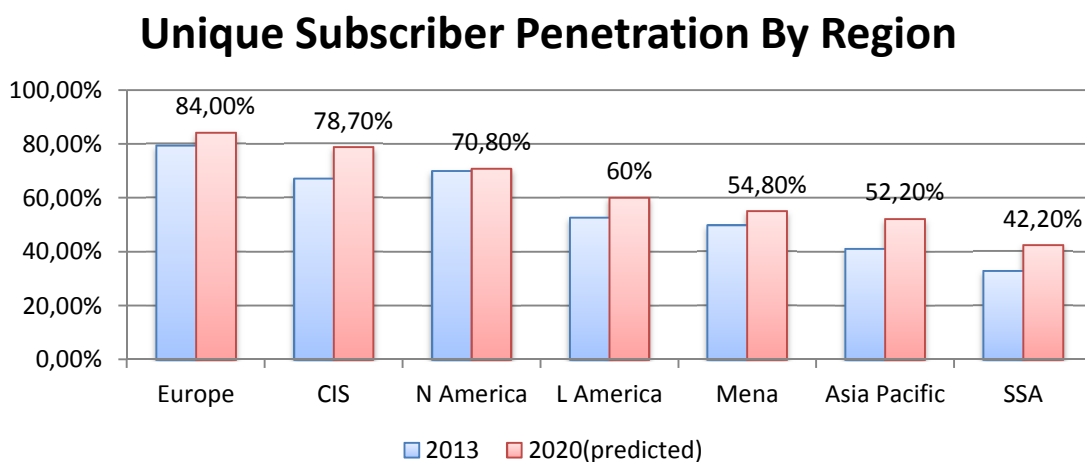

Table 2.2 Unique Subscriber Penetration By Region
Source: GSMA (2014), The Mobile Economy 2014[83]

Smartphones can do everything a personal computer can do and much more because of its mobility. Although screen size is a limitation, the increasingly higher resolutions make viewing pleasurable, and voice recognition can eliminate a fair amount of typing. A smartphone combines a cellphone with e-mail and Web, music, movie player, camera and camcorder, GPS navigation, voice dictation for messaging and a voice search for asking question about anything[84]. The number of smartphone users will surpass 2 billion in 2016 and by 2018 more than 2.56 billion people will use smartphones. The reason for this remarkable growth can be attributable to inexpensive smartphones which give the opportunity to satisfy even emerging and underdeveloped markets. In 2018,

---

[83] Europe, Commonwealth Of Independent States, North America, Latin America, Middle East and North Africa, Asia Pacific and Sub-Saharan Africa.
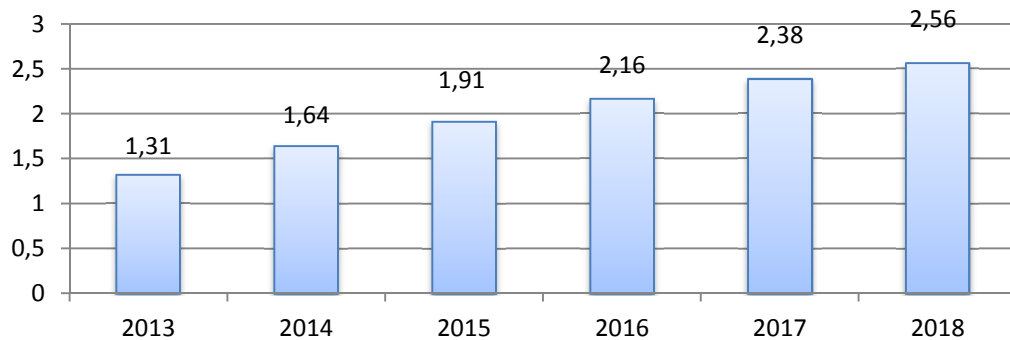[84] PC Magazine (2011). Smartphone definition from PC magazine encyclopedia. *PC Magazine*.

Indonesia will pass 100 million smartphone users, firmly established as the fourth-largest smartphone user population[85].

Smartphone Users, 2013-2018
billions

11.8%   CAGR 2013-2018

Table 2.3 Smartphone Users
Source: eMarketer (2014)

Notwithstanding the emergence of cheap smartphones, the iPhone, launched in 2007, dramatically changed the mobile landscape becoming both a cultural and economic phenomenon. The many features and the usability of the device appealed to a variety of psychograph groups, which are grouped according to their personalities, values, attitudes, interests, and lifestyles. Early adopters, "Apple enthusiasts", and technophiles were the first group to embrace the iPhone; they were followed by business users, and, lastly, gamers and the college crowd. What makes the iPhone different from any other smartphones is how they are used. According to Nielsen Mobile, an iPhone user is 10 times more likely to watch video on their phone, nine times more likely to play games on their phone, seven times more likely to stream music on their phone, five times more likely to access the Internet, and three times more likely to use an instant messaging service[86].

---

[85] www.eMarketer.com
[86] Krum, C. (2010). *Mobile marketing: Finding your customers no matter where they are*. Pearson Education.
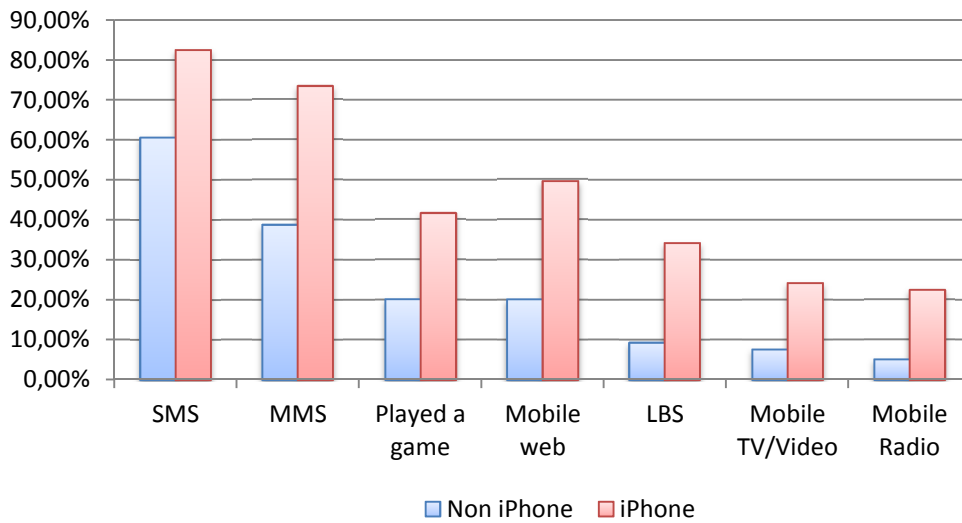
Use of Mobile Services by phone type

Table 2.4 Use of Mobile Services by phone type
Source: Adapted from Q4 2008 Mobile Advertising Report based on survey by Limbo and
GfK Technology

After analyzing the mobile market, it is essential to highlight that the cellphone is only the physical vehicle. Good operative system and the Internet connection are essential to make every mobile marketing campaign successful and profitable. Global network speeds are increasing steadily with the built out of 3G and more recently 4G networks. Cisco forecast that the average connection will increase at a compound annual growth rate of almost 50% by 2017. Europe and North America will continue to have the highest connections speed, even though the most remarkable increase will come from emerging markets.

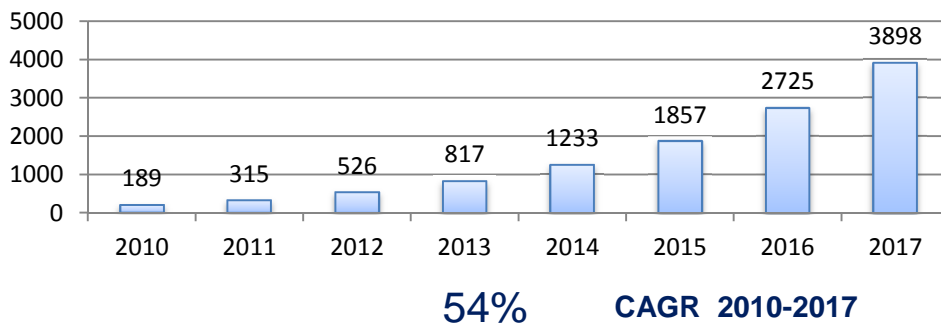## Average Global Connection Speed (Kbps)

Table 2.5 Average Global Connection Speed

Source: GSMA (2014), The Mobile Economy 2014

2.3 Mobile Marketing

2.3.1 Direct Marketing

Direct marketing includes mails, SMS or instant messaging and phone calls. As mentioned before, these means of communication are highly personalized, aimed at satisfying specific needs. Several researches have indicated that personalized advertising can increase the user involvement and thus its effectiveness[87]. In addition, direct marketing is *interactive*: it allows an immediate dialogue between the company and the consumer, aimed to build a one-to-one relationship[88]. Notwithstanding its distinctive features, it is appropriate to analyze how consumers react when they receive a mobile mail, text message or phone call, especially from companies.

People prefer to receive mobile texts and calls from friends rather than from companies	94.2%
People consider texts and mobile adverts from company to be annoying	87.2%
People tend to delete or ignore most text messages from companies	90.4%
Email Open Rate[89] for General B2C Marketing	22.82%
Email Click-Through Rate[90] for General B2C Marketing	3.25%

Table 2.6 Consumers' reactions toward direct marketing tools

Source: Personal Adaptation from Watson, C., McCarthy, J., & Rowley, J. (2013). Consumer attitudes towards mobile marketing in the smart phone era and Sign-up. To, 2015 Email Marketing Benchmark Report

Table 2.6 shows how people reply to some general questions regarding their attitudes to text messages and phone calls. 94.7% of respondents agree that they prefer to receive information from friends rather than from companies.

---

[87] O'Leary, C., Rao, S., & Perry, C. (2004). Improving customer relationship management through database/Internet marketing: A theory-building action research project. *European journal of marketing*, *38*(3/4), 338-354.
[88] Armstrong, G., Adam, S., Denize, S., & Kotler, P. (2014). *Principles of marketing*. Pearson Australia.
[89] Open rate is the number of recipients who opened (that is, viewed) the email divided by the total delivered.
[90] Click- through rate is defined as the number of unique clicks divided by the total delivered.

87.2% of interviewees consider every mobile advertisements from companies annoying and 90.4% tend to ignore or delate the message. Even though open rate cannot be considered as a true measure of the campaign engagement, 22.82% of recipients open mails from companies. Click-through rate is generally a better measure of the campaign engagement since it requires both a successful open, followed by a conscious completion action by the recipient. In this case, only 3.25% of recipients go on to click one or more links in the campaign. Therefore, it is possible to figure out that most of consumers are willing to receive messages, phone calls or mails just from companies they like or trust. To overcome that intrusiveness and annoyance, companies should turn these push tools into pull communication mediums; in this way, consumers will receive only relevant messages, increasing the purchase intentions or other desired activities[91]. For this reason, companies need to encourage potential consumers to opt-in and accept the advertising messages[92]:

➢ *Text message opt-in*: the consumer initiates the opt-in process by texting a keyword to a short code;

➢ *Invitation opt-in:* if the company already has a database with consumer phone numbers, it seems acceptable to send just one message; after that, if the consumer does not opt-in, no more messages should be sent.

➢ *Online opt-in:* people sign up to receive marketing messages, promotions and advertisements through the company official website;

➢ *Point of sale opt-in*: retailers and shop assistants can ask consumers to provide personal information;

➢ *Phone call opt-in:* the consumer can be asked to opt-in during a phone call.

---

[91] Pavlou, P. A., & Stewart, D. W. (2000). Measuring the effects and effectiveness of interactive advertising: A research agenda. *Journal of Interactive Advertising*, *1*(1), 61-77.
[92] Krum, C. (2010). *Mobile marketing: Finding your customers no matter where they are*. Pearson Education.

- *Email Marketing*:

Mails are an useful tools used by companies to test and distribute sales and promotional messages to existing consumers and prospects[93]. The number of worldwide accounts continues to grow from over 4.1 billion accounts in 2014 to over 5.2 billion accounts by the end of 2018. In 2014, 196.3 billion emails are sent/received worldwide per day; the majority of mail traffic comes from the business world, which accounts for over 108.7 billion. In fact, email remains the most pervasive and ubiquitous form of communication in the business world. Even though consumer email traffic shows a retrained increase, consumers prefer other forms of communications such as social networks, instant messaging or text messages.

	2014	2015	2016	2017	2018
Worldwide Email Accounts	4.116	4.353	4.626	4.920	5.235
Total Worldwide Emails Sent/Received per Day	196.3	204.1	212.1	220.4	227.7
Business Emails Sent/Received per Day	108.7	116.2	123.9	132.1	139.4
Consumer Emails Sent/Received per Day	87.6	87.9	88.2	88.3	88.3

Table 2.7 Mail Marketing
Source: Adapted from The Radicati Group, INC, (April 2014) Email Statistics Report, 2014-2018

When a person receives a mail, the first point of contact between the sender and the recipient is the subject line and it should encourage her to open it[94]. The subject line is composed by two components: the sender and the subject

---

[93] Marinova, A., Murphy, J., & Massey, B. L. (2002). Permission e-mail marketing as a means of targeted promotion. *Cornell Hotel and Restaurant Administration Quarterly*, *43*(1), 61-69.
[94] Ellis-Chadwick, F., & Doherty, N. F. (2012). Web advertising: The role of e-mail marketing. *Journal of Business Research*, *65*(6), 843-848.

matter. Generally, the mail sender has to include the name of the company (LVMH Group); while, the brand should be mentioned in the subject matter (Moët et Chandon, Bulgari or Marc Jacobs).

To develop a good email campaign, it is important to understand its advantages and disadvantages. A mailing list provides the ability to distribute information to a wide range of current and potential consumers at low costs[95]. Companies can easily track mails and verify which ones are received, which accounts are no longer active and which people prefer not to receive emails anymore. Despite the efforts that go into designing and writing a direct and personalized mail package, many companies send unsolicited bulk e-mails, known as "spam". Moreover, consumers are inundated with mails for everyone, everywhere and every time. It is quite impossible to estimate the response rate without a specific context or a particular campaign. Generally, brands get 1% response rate when mailing to prospects and 2% when the target is composed by current consumers[96].

Advantages	Disadvantages
Wider Public	Spam Filters
Cost Saving	Massive Amount
Highly Targeted	Response Rate
Ease to Track	

Figure 2.2 Mail Marketing Pros and Cons
Source: Personal Elaboration

- *SMS/MMS and Instant Messaging Marketing*:

SMS/MMS technology allows marketers to send messages through mobile devices. The graph below reports that SMS traffic worldwide hit its all-time high in 2012, when it came at 7.8 trillion, and forecast that the volume would decline annually through at least 2018, falling to 6.4 trillion.

---

[95] Vasudevan, R. (2013). E-mail Marketing. *Journal of Contemporary Research in Management*, *5*(3).
[96] http://www.gaebler.com/Direct-Mail-Response-Rates.htm

Worlswide SMS Traffic Gowth
(in Billion, 2004-2018)
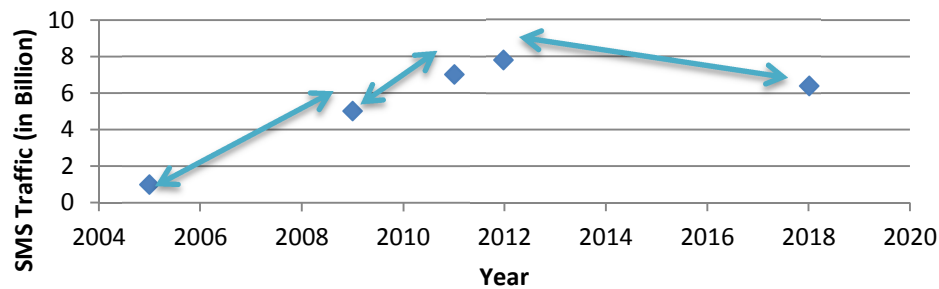
Table 2.8 Worldwide SMS Traffic Growth
Source: Mobile Messaging Futures 2014-2018, PortioResaearch

Mobile messaging (also known as Mobile IM or Mobile Chat) has emerged in recent years as a very popular form of communication, which has shown explosive growth[97].

Mobile Messaging services provide a feature-rich alternative to SMS or MMS texting services, as they bypass SMS fees by sending messages through a mobile device's Internet data plan. Mobile IM services require significantly less data than SMS, which benefits users who send large messages with pictures, videos, or other non-text data[98].

WhatsApp, launched in 2009 and acquired by Facebook in 2014, represents one of the most popular mobile messaging applications worldwide. Currently, the mobile messaging service has more than 600 million monthly active users and the ease of sharing multimedia is the reason why users prefer mobile messaging to SMS. As of April 2014, users of the mobile messaging app were generated 64 billion messages each day, 20 billion of them sent and 44 billion received.

---

[97] The Radicati Group, INC (2015). Instant Messaging Market 2015-2019.
[98] The Radicati Group, INC (2015). Mobile Statics Report, 2015-2019.

Daily mobile message volume of WhatsApp, 2011-2014 (billion)
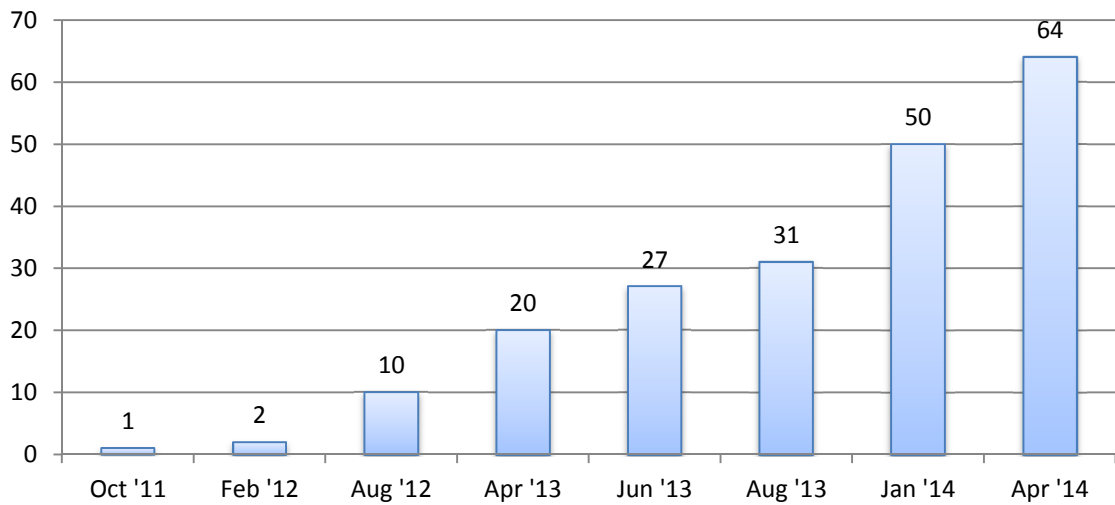
Table 2.9 Daily mobile message volume of WhatsApp
Source: Statista 2015

SMS/IM approach is attractive because it generates higher response and conversion rate than direct mail. In addition, SMS/IM messages are the perfect communication medium for Net Generation: they are constantly surrounded by mobile devices, so it seems quite impossible reaching them just through traditional media such as print, billboard, TV or radio. On the other hand, SMS/IM communication strategy has some drawbacks. Notwithstanding the fact that consumers can read the message when they want and choose if and when they want to reply to it, they feel that text messages are irritating and intrusive. Given consumers' negative attitudes in respect of their intrusiveness and annoyance, there has been growing interest in developing permission-based marketing strategies[99]. The frequency is another crucial factor because brands have to understand when consumers could be bored with the massive number of received texts.

---

[99] Watson, C., McCarthy, J., & Rowley, J. (2013). Consumer attitudes towards mobile marketing in the smart phone era. *International Journal of Information Management*, *33*(5), 840-849.

Advantages	Disadvantages
Highly targeted	Intrusive and irritating
High response and conversion rates	Permission-based marketing strategy
Communication medium for Net Generation	Frequency

Figure 2.3 SMS/IM Pros and Cons
Source: Personal Elaboration

- *Telephone Calls:*

The term "telephone solicitation" means the initiation of a telephone call for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, which is transmitted to any person, but such term does not include a call to any person with that person's prior express invitation or permission, to any person with whom the caller has established business relationship, or by a tax exempt nonprofit organization[100]. Telemarketing refers also to the process of providing technical supports over the phone to current and potential consumers. Companies use inbound or outbound telemarketing, or both. Inbound telemarketing refers to calls made by consumers to the business for assistance. Outbound telemarketing is a proactive form: companies call potential consumers for selling their products/services or conducting pools or surveys to gather information. In that particular case, companies have to collect contacts of potential consumers from their own databases or buy expensive lead lists from other companies. Telemarketing has experienced a remarkable growth in recent years. Much of the growth has been due to the simplicity by which a sales call can be made by telephone versus sending an actual representative[101]. Telemarketing allows companies to expand the campaign whether locally or nationally without employing an outside sales force. Moreover, staying in contact with consumers gives the opportunity to build a committed relationships and improve their satisfaction. On the other hand, consumers reactions are not always friendly since phone calls are much

---

[100] Telephone Consumer Protection Act 47 U.S.C. (1991)
[101] Luke, R. H. (2015). Characteristics of Successful Telemarketing Associates. In *Proceedings of the 1993 Academy of Marketing Science (AMS) Annual Conference* (pp. 261-267). Springer International Publishing.

more annoying and intrusive than mails or text messages. More people decide to place themselves on the "Do Not Call" list to protect themselves against unwanted telemarketers. In general, personalized advertising delivered via a phone call generates the most negative response as well as privacy concerns[102]. Another disadvantage of telemarketing is that the consumer lists are expensive to purchase and may not be updated, including people who do not want unsolicited sales calls.

Advantages	Disadvantages
Simplicity	Consumers Reactions
Cost Saving	Privacy Policy
Costumer Relation Management	Expensive Lists

Figure 2.4 Telemarketing Pros and Cons
Source: Personal Elaboration

2.3.2 Application

Mobile applications are a rapidly developing segment of the global mobile market. They consist of software that runs on a mobile device and performs certain tasks for the user of the mobile phone[103]. Applications allow people to communicate and exchange instant messages at no cost (WhatsApp), they recommend the best roads and low traffic (Waze), they can help users for travel-planning (TripAdvisor) and much more. Several applications can be developed for different objectives and for satisfying specific needs; therefore, it is worthwhile to make a classification[104]:

- *Phone utilities*: flashlights, carpenter levels, additional security and memory, phone usage statistics, password keepers, unit conversion charts, and so on;

---

[102] Yu, J. H., & Cude, B. (2009). 'Hello, Mrs. Sarah Jones! We recommend this product!'Consumers' perceptions about personalized advertising: comparisons across advertisements delivered via three different types of media.*International journal of consumer studies*, *33*(4), 503-514.
[103] Mobile Marketing Association (2008), Mobile Applications
[104] Adapted from Krum, C. (2010). *Mobile marketing: Finding your customers no matter where they are*. Pearson Education, p. 135.

- *Mobile Learning:* the mobile learning refers to the possibility of teaching and learning across multiple domains, using different mobile devices (smartphone, tablet or e-reader). E-learning provides the set of creative and interactive processes, it is able to overcome geographical isolation and it saves time and money. Mobile learning includes all main features of e-learning, but it presents its own elements: portable devices, small screens and individual/social distribution;

- *News*: financial, celebrity gossip, sports scores, wheatear, navigation and travel;

- *Social networking*: Facebook and MySpace applications, Twitter feeds, social shopping tools, and so on;

- *Shopping & Lifestyle*: official brands App, comparison-shopping tools, nutritional facts, gym assistants;

- *Multimedia*: music, white noise, photography tools, photo-editing programs, radio, musical instruments, and so on;

- *Business Productivity*: checklists, spreadsheet programs, PDF reader, voice recording, expense tracking, remote meetings, time tracking, and so on.

- *Games*: games should be so exciting to be greeted by a large audience. Obviously, first of all it is necessary making a market analysis so as to present a product which has something significantly different from competitors.

The mobile application distribution is a process by which an application is developed, brought to the market and delivered to users or purchased by customers. This process involves three main components as depicted by the model in the figure below[105].

---

[105] Holzer, A., & Ondrus, J. (2011). Mobile application market: A developer's perspective. *Telematics and informatics*, *28*(1), 22-31.
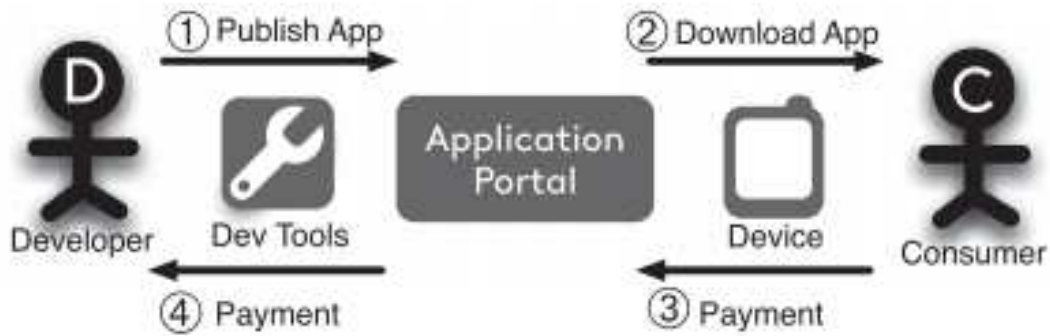
Figure 2.5 Mobile Application Distribution

Source: Holzer, A., & Ondrus, J. (2011). Mobile application market: A developer's perspective.

Developing mobile applications can be quite an undertaking: different versions of the application must be created for each mobile operating system and each mobile application store has different requirements for submission and upkeep of the application[106]. The current market is dominated by four big operating systems: Android with 83.1% of market share, followed by iOS (12.7%), Windows (3.0%), Blackberry (0.8%)[107]. The first step is the analysis of the lifestyle segment to which the application is addressed so as to understand their unsatisfied needs and requirements. Once that is done, it is possible to figure out if the business requires a native application or if a web application can be used, almost at the beginning. *Native apps* live on the device and are accessed through icons on the device home screen. They are specifically developed for one platform, and can take full advantage of all the device features — they can use the camera, the GPS, the accelerometer, the compass, the list of contacts, and so on. They can also incorporate gestures (either standard operating-system gestures or new, app-defined gestures) and native apps can use the device's notification system and can work offline. *Web apps* are not real applications; they are really websites that, in many ways, look and feel like native applications, but are not implemented as such. They are run by a browser and typically written in HTML5. Users first access them as they would access any web page: they navigate to a special URL and then have the option

---

[106] Krum, C. (2010). *Mobile marketing: Finding your customers no matter where they are*. Pearson Education, p. 137.
[107] Worldwide Smartphone Sales to End Users by Operating System in 3Q14 (Thousands of Units) http://www.gartner.com/newsroom/id/2944819

of "installing" them on their home screen by creating a bookmark to that page."[108]

| Native Apps		Web Apps	
Pros	Cons	Pros	Cons
Localized push notifications	Expensive	Quick to develop	No push notifications
Application stores	Longer Update	Easy to update	No application stores
Offline Mode	Only for specific devices	Everywhere accessible	Online Mode (only)

Figure 2.6 Native and Web Application Pros and Cons

Source: iLab Luiss, User Experience seminar – Tania Di Mascio

Obviously, once the developer creates the mobile application, the latter should be launched on the application markets. The description should briefly explain the reason for which the application has been developed; compelling and persuasive information can help convincing people who are evaluating the application download. The logo has to be well designed and it should be a good representation of what the application does, without crowding too many ideas into the small icon. Applications can be available in two forms: free with advertisements and paid without ads. The chart below shows how the proportion of free versus paid apps has changed over the years. Between 2010 and 2012 the percentage of free apps were 82.5% on average, whereas by 2013 90% of apps were free.

---

[108]Budiu R. (2014), Mobile: Native Apps, Web Apps, and Hybrid Apps, Nielsen Norman Group
http://www.nngroup.com/articles/mobile-native-apps/

Increasingly the Price of Apps is Free
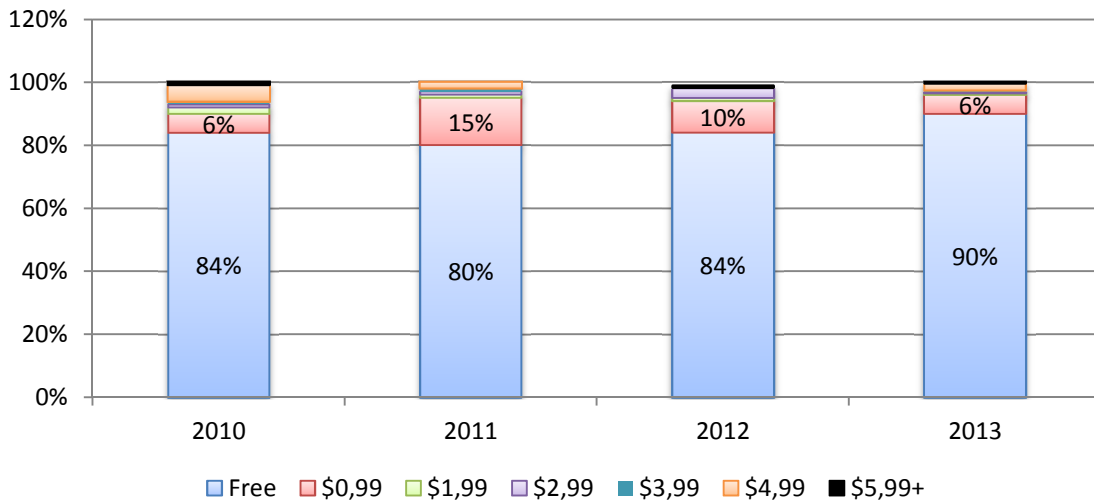
Table 2.10 Increasingly the Price of Apps is Free
Source: Flurry (2013) The History of App Pricing, and Why Most Apps are free

The main reason is that people prefer free contents more than they want to avoid advertising or to have the highest contents in terms of quality. Moreover, developers who understand this propensity create new and powerful applications which have the same functionalities and objectives of other paid applications. Faced with this choice, consumers are likely to download the free applications. Anyway, the company must promote its mobile application and, in this way, it has the opportunity to bring traffic to the application market. The existence of the App should be pointed out in the **official website**, highlighting how much the mobile app could be useful. Another effective method concerns the **blogging community** involvement. In that specific case, the company would face two alternatives: the application bloggers or the bloggers in the business niche. Application bloggers love applications, try them and write down online reviews. Generally, it is a good idea to contact bloggers with a "free trial" before the application is available online. Bloggers within the business niche should be reached by a more targeted message. It is important to focus the attention on the most popular blogs and highlight what makes the app different from those developed by competitors. Thirdly, the application could be

promoted through **social networks**[109] both generalistic and vertical: a person who has already downloaded the application can recommend it to her friends making it a viral element. The last way of promotion refers to **display advertising** which includes compelling images and texts with a call of action such as "download now"; the objective is to create a sense of urgency and improve conversion rate. Once the App has been developed and promoted, the work is not finished yet: the mobile application has to be regularly updated. If the company develops a gaming app, more levels or more functionalities should be added; while, if the application represents a mobile fashion catalogue, the product offering must be updated based on new collections and arrivals. To conclude, the mobile application development is quite expensive in terms of time and money. However, the mobile application is useful to deliver relevant information about products or services or nothing more than entertainment in which users are interested. This tool, which belongs to pull communication medium, cannot be considered intrusive because users decide to download the application of their own free will.

Advantages	Disadvantages
Relevant information or funny entertainment	Expensive for the company
Non-intrusive tool	To be regularly updated
Free (in most cases)	

Figure 2.7 Application Pros and Cons
Source: Personal Elaboration

---

[109] See Chapter 1 (pg. 12)

2.3.3 Mobile Advertising

Mobile advertising is the subset of mobile marketing that involves promoting products or services with text and graphical messages displayed on mobile devices[110]. The continuous advancement of network technology makes possible to create tailor-made campaigns according to where users are, their needs of the moment and the devices they are using[111]. Therefore, programmatic mobile advertising presents an higher degree of consumer knowledge and it is considered the most popular and efficient communication medium due to its peculiar features such as interactivity, ubiquity and personalization. Essentially three types of mobile advertising models are used:

- *Mobile banners and display* are graphic tools placed in any location on games and downloadable applications . They must be clickable by the end users; then, the person to whom the advertisement appears and that clicks on it will be linked to a specific offer or a full-page advertisement. In most cases, they can be animated in order to convey an interactive and rich user experience. Audio and animation can stimulate both vision and hearing. For the limited screen of mobile phone, audio could be an effective way to deliver more information and advertising[112]. The Mobile Marketing Association[113] provides useful guidelines to implement a good Mobile Web Banner strategy. Mobile banners and display are usually sold on a CPM (cost per thousand impressions) basis, and the average price is between US$25 and US$75. Mobile site owners agree to show the message on their sites in return for payment from the mobile advertising network.
- *Contextual Mobile Advertising* is a form of targeted advertising where the advertisements are offered and selected by the mobile search engine through a bidding model that combines the advertiser's willingness to pay for position with its relevance to a search query. Thus, the system should be

---

[110] Krum, C. (2010). *Mobile marketing: Finding your customers no matter where they are.* Pearson Education, p. 83

[111] Yuan, S. T., & Tsao, Y. W. (2003). A recommendation mechanism for contextualized mobile advertising. *Expert Systems with Applications*, *24*(4), 399-414.

[112] Rau, P. L. P., Chen, J., & Chen, D. (2006). A study of presentations of mobile web banners for location-based information and entertainment information websites. *Behaviour & Information Technology*, *25*(03), 253-261.

[113] Mobile Marketing Association (2011), Mobile Advertising Guidelines, Version 5.0

able to understand what information the user is going to search and fetch the most relevant ads based on those keywords. Contextual advertising can be in the form of text or images and they are generally served alongside organic mobile search results. The most common form of payment used for contextual mobile advertising is CPC (cost-per-click): the advertiser is going to pay only when someone clicks on the advertisement.

- *Idle screen advertising*: advertisements appear while the user is waiting on a page or application download.

Notwithstanding its popularity and efficiency, mobile advertising is quite intrusive because the messages are displayed while the user is searching relevant information, while she is waiting on a page or application download or while she is gaming. Forcing the user to see the overall advertisement or disturbing her immediate information needs by occupying too much space on the screen, this could be considered as a violation of users privacy. On the other hand, the mobile advertising strategy can be easily evaluated by the company. If the objective of the campaign is just to increase brand awareness, its efficiency can be measured by the number of impressions and the click-through rate. A different approach should be implemented if the company goal consists in user action or purchase. In that specific case, success should be evaluated in terms of ROI (return on investment):

ROI= (Gain from Investment – Cost of Investment)/ Cost of Investment

Advantages	Disadvantages
Ease of evaluation	Violation of user privacy
Efficiency	Irrelevant information
Targeted campaigns	

Figure 2.8 Mobile Advertising Pros and Cons
Source: Personal Elaboration

2.3.4 QR Codes

Quick response (QR) codes are two-dimensional bar codes that are placed on books, leaflets, posters, billboards and other public objects. The user actively decides to scan the black modules, arranged in a square grid on a white background, through smartphone cameras or phones installed with QR reader software. These codes can be redirected to a variety of content, including website, social media sites, blogs, testimonial, videos, contact information and coupons[114]. The QR code system was invented in 1994 by Denso Wave for industrial purposes to track vehicles during manufacture; despite that, it becomes an useful marketing tool to bridge the gap between print and electronic media. QR codes are used in many advertisements of various products and brands offering the way to access information more rapidly and easily than manually entering the URL. QR codes are very effective in enhancing the consumer involvement and they accentuate the content by delivering refined and valuable information. QR code is not tied to a certain country, but it can be scanned on global scale; anyway, the place should be strictly chosen in relation to the lifestyle segment. The success of QR code is embedded in its simplicity, ease of use and cost effectiveness: codes are almost free and the turnover generated could be hundreds percent greater than its cost. One of the biggest QR code downside concerns its inability to provide personalized message. Moreover, it may happen that some customers are not familiar with the existence of this tool and it is hard and expensive training them to read the codes. In spite of everything, others respond more positively toward QR code marketing tool than SMS or phone call approaches due to its pull nature. In fact, the user can opt in or out and excise control over the message or the content.

Figure 2.9 QR Code

---

[114] Tossell, I. (2011). QR codes are suddenly everywhere. *published online Sep,26*, 4.

Advantages	Disadvantages
Ease of use	Not highly targeted
Cost effectiveness	Unaware public
International base	
Less intrusive	

Figure 2.10 QR codes Pros and Cons
Source: Personal Elaboration

According to the study undertaken by Pitney Bowes in 2012, American young adults were more likely to report having scanned QR codes every medium by which the codes were delivered compared to French, German and English consumers.

	Magazine	Poster	Mail	Packaging	Website	TV
France	19.5%	15%	13.5%	18.5%	9%	3%
Germany	25%	18%	16%	18%	12%	4.5%
UK	24.5%	19.5%	17%	17.5%	13.5%	8.5%
US	37.5%	30%	37%	31.5%	19%	10.5%

Table 2.11 QR code familiarity among countries
Source: Adapted from Pitney Bowes, Getting Ahead Of Emerging QR Code Marketing Trend, Jan 15, 2015

Despite that, the European usage of QR codes by smartphone has doubled in 12 months. Product information was by far the most popular result of a QR code scan (48.3%); 21.4% of scanners resulted in event information; 13.1% for receiving coupons or offers. The remaining scanners were done for application downloads or charity information.

2.4 Mobile Customer Relationship Management

All the tools described above – direct marketing, applications, mobile advertising and QR codes- are useful to improve the company Consumer Relationship Management. CRM is a strategic approach to improve shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of IT and relationship marketing strategies to deliver profitable, long term relationships. Importantly, CRM provides enhanced opportunities to use data and information both to understand customers and implement relationship marketing strategies better. This requires a cross-functional integration of people, operations and marketing capabilities enabled through information technology and applications.[115] Because of the ever-growing of the Internet, the term e-CRM is used more frequently. Electronic consumer relationship management enables companies to offer consumers the advantage of a one-to-one relationship through the exploitation of personal tools such as mail, chat room, interactive website and e-forum. The rapid development in mobile technologies becomes a noteworthy tool in CRM strategies. Mobile CRM is defined as customer relationship management of any kind including interactive communication between an organization and a customer using a mobile device[116]. Traditional CRM, e-CRM and mobile CRM should target the right consumer with the right product or service through the right channel at the right time[117]. The final objective is to create and maintain personalized relationships with each customer through

---

[115] Christopher, M., Payne, A., & Ballantyne D. (2002). Relationship marketing: Creating stakeholder value. Woburn, MA; ButterworthHeinemann

[116] Helenius, J., & Liljander, V. (2005). Developing brand assets with wireless devices. *Advances in Electronic Marketing, Idea Group Publishing, Hershey PA*, 176-192.
Lam, J., & Chan, S. S. (2003). Exploring CRM implementation on the internet and mobile channels.
Mort, G. S., & Drennan, J. (2005). Marketing mservices: Establishing a usage benefit typology related to mobile user characteristics. Database Marketing & Customer Strategy Management, 12(4), 327-341

[117] Swift, R. S. (2001). *Accelerating customer relationships: Using CRM and relationship technologies.* Prentice Hall Professional.

individualized, interactive and value-added contacts[118]. It must be emphasized that CRM is not confined to sales management but spans over the entire customer life cycle, covering marketing, sales and after sale service activities[119]. The personal nature of mobile device, its ubiquity and its 24/7 reachability give consumers the opportunity of accessing services whenever and wherever required. Through mobile phones, companies can learn more about consumer needs, preferences and lifetime values and increase consumer acquisition, satisfaction and loyalty. CRM facilitates tracking consumer behaviour to gain insight into costumer tastes and evolving needs. If the company is able to identify unsatisfied and latent needs, consumers will be more satisfied and they are willing to purchase or repurchase products of the same brand. Consumer satisfaction has a significant implications for the economic performance of the firm[120]. Increased consumer loyalty may increase usage levels[121], secure future revenues[122] and minimize the likelihood of consumer defection[123]. With the implementation of a good mobile CRM strategy, the company will improve its brand awareness and image. Brand image is largely a subjective and perceptual phenomenon that is formed through consumer interpretation, whether reasoned or emotional and it is hold by the consumer[124]. Several studies indicate that the superior brand equity has a significant influence on the purchasing and repurchasing intentions of consumers.

---

[118]Shani D. and Chalasani S., (1992) "Exploiting Niches using Relationship Marketing", Journal of Consumer Marketing, vol. 9, no. 3, 1992, pp. 33-42

[119] T. Levitt, "After the sale is over", Harvard Business Review, vol. 63, no. 5, 1983, pp. 87-93 Zeng, Y. E., Wen, H. J., & Yen, D. C. (2003). Customer relationship management (CRM) in business-to-business (B2B) e-commerce. *Information Management & Computer Security, 11*(1), 39-44

[120] Bolton, Ruth N., Katherine N. Lemon, and Peter C. Verhoef (2004), "The Theoretical Underpinnings of Customer Asset Management: A Framework and Propositions for Future Research," Journal of the Academy of Marketing Science, 32 (July), 271–292

[121] Bolton, Ruth N., P.K. Kannan, and Matthew D. Bramlett (2000), "Implications of Loyalty Program Membership and Service Experiences for Customer Retention and Value," Journal of the Academy of Marketing Science, 28 (1), 95–108

[122] Rust, Roland T., Christine Moorman, and Peter R. Dickson (2002), "Getting Return on Quality: Revenue Expansion, Cost Reduction, or Both?" Journal of Marketing, 66 (October), 7–24

[123] Mithas, S., Jones, J., & Mitchell, W. (2002). Non-contractible factors as determinants of electronic market adoption. *ICIS 2002 Proceedings*, 76.

[124] Dobni, D., & Zinkhan, G. M. (1990). In search of brand image: A foundation analysis. *Advances in consumer research, 17*(1), 110-119.

Consumer point of view	Company point of view
Increase of satisfaction	Increase of consumer knowledge
Increase of loyalty	Increase of revenues
	Increase of brand image

Figure 2.11 Consumer and Company Benefits from CRM
Source: Personal Elaboration

Companies should develop and implement successful and profitable marketing campaigns, presenting appealing and tempting promotions. The most attractive and profitable way consists in sending promotions through mobile coupons. Mobile coupons are digital coupons sent to mobile devices such as mobile phone, smart phone, or personal digital assistant. They can carry messages including text, pictures, audio, and, more recently, even videos[125]. Typically, a retailer invites consumer through other media (e.g., in store, print media, outdoor media) to send a text message to the retailer, asking for mobile coupons. The retailer then sends to those who had responded, mobile coupons can be redeemed at the retailer's stores at the time of purchase [126]. Mobile coupons serve several objectives[127] in the communication medium similar to paper-based coupons.

- Company can *increase sales* triggered by the price reductions offered by the coupons' face values;
- Coupons are considered as effective *promotional tools*: companies should be able to exploit the time or location characteristics and, then, target the right consumer;
- M-coupons can be used to improve the *company-consumer relationships*. The m-coupons can be used to gather useful information about a specific consumer. Once understood which promotion is more effective and if/when she uses coupons, it is possible replacing the

---

[125] Dickinger, A., & Kleijnen, M. (2008). Coupons going wireless: Determinants of consumer intentions to redeem mobile coupons. *Journal of Interactive Marketing*, *22*(3), 23-39.
[126] Shankar, V., Venkatesh, A., Hofacker, C., & Naik, P. (2010). Mobile marketing in the retailing environment: current insights and future research avenues.*Journal of interactive marketing*, *24*(2), 111-120.
[127] Dickinger, A., & Kleijnen, M. (2008). Coupons going wireless: Determinants of consumer intentions to redeem mobile coupons. *Journal of Interactive Marketing*, *22*(3), 23-39.

coupon that has not convinced with other which seems to be more effective[128];

- The mobile couponing strategy is *less expensive* than paper-based one: it is especially convenient because consumer should not cut coupons and remember to take them during the shopping experience.

The great majority of mobile coupons are sent by SMS. The text message can include a maximum of 160 characters and it should present a clear offer with a specific deadline. Simple offers with short deadline present faster replies, while offers with long deadline have an higher redemption rate. Haig[129] differentiates between *impulse coupo*ns and *pre-selected coupons*. Impulse coupons represent a communication medium pushed from the company to consumers; while pre-selected coupons are pulled by consumers because of their interest in the product or the promotional offer.

[128] Krum, C. (2010). *Mobile marketing: Finding your customers no matter where they are*. Pearson Education.
[129] Haig, M. (2002). *Mobile marketing: The message revolution*. Kogan Page Publishers

2.5 Mobile Marketing in Luxury Industry

"Utility is when you have one telephone,

luxury is when you have two,

opulence is when you have three

and paradise is when you have none."

Doug Larson

Not surprisingly, also the luxury industry has realized that mobile will become the most popular and personalized communication medium. At the beginning, luxury companies started launching mobile phones in collaboration with manufactures: in 2006, Dolce & Gabbana collaborated with Motorola to create the Razr Gold and other brands such as Giorgio Armani, Prada, Hugo Boss and Christian Dior followed the same path. On an higher level of positioning, Boucheron collaborated with high-end phone company, Vertu, and they created just 8 limited-edition phones retailed for $310,000 per piece. After some years, luxury companies have understood that mobile technologies could be useful to provide a targeted and richer user experience. The Hotel Plaza-Athenée in Paris offered its guests a mobile phone with a GPS system application containing the addresses to the most exclusive boutiques and restaurants in Paris. Chanel created its own application to display the Fall-Winter 2008-2009 Haute Couture Show. It was developed for female, young and sophisticated Chanel affiliates and it gave the opportunity to window-shop future collections and zoom in on details. On the other hand, Armani Exchange undertook a SMS marketing campaign: users were invited to send "AX" to a short code to win $1,000 shopping spree. At the same time, Ralph Lauren shook up the pre-existing system by launching a mobile commerce service which allowed clients to buy products from their personal mobile devices through a dedicated mobile site that was powered by Quick Response (QR) codes in advertisements. All the strategies described above are closely related to mobile devices; however, it is not the only way to exploit the full potentiality of mobile marketing. The evolution of new technologies made sure that smartphones could be used for more complex and integrated functionalities such as social media marketing, which is a two-way communication aimed to seek empathy with young users

and reduce misunderstanding and prejudice toward brands. The first brand to develop a social marketing campaign was Gucci in 2009 which created a multicultural social network site "Guccieyeweb.com" and it constantly updated its Facebook and Twitter accounts. More recently, in 2013, Gucci rolled out the mobile-optimized web site and it quadrupled mobile revenues and experienced a 70% growth in mobile conversion. The company has rightly believed that the undertaken path could be profitable and, nowadays, it is continuously improving its mobile marketing strategy. All the examples reported above shows how mobile marketing is still evolving and it currently represents an unexploited communication medium especially for luxury industry. The mobile marketing is considered risky in terms of damaging the brand's positioning. Considering the fact that luxury goods are characterized by exclusivity, heritage and craftsmanship, also the overall marketing strategy should be chosen following this path. In particular, mobile marketing is not in line with the previous features because it is a mass marketing tool due to its popularity and overwhelming growth. Notwithstanding this debate, a recent research from Forrest Research Inc. shows that 51% of luxury shoppers expect to have a mobile site; 49% expect to have the mobile app and 43% desire to make purchases on mobile site or app. These percentages can be justified by the emergence of digital natives in the marketplace. If Generation X and Generation Y are more reluctant to make online purchases, Digital Natives are completely absorbed in such digital and interactive environment, where just one click is enough to purchase the selected item. It may happen that a thirty-year-old young woman has purchased a luxury item of brand "X" in the physical store. Assume further that she has been felt good both in terms of brand and in terms of single item. Then, if she desires to purchase the same item of the same brand but in different color, she will be forced to reach the physical store. It is not convenient neither for the company nor for the consumer; since the purchase cannot be comfortably made from home, the young girl may desist from the idea of a new purchase. The example reported above is short but effective: all the companies aimed to address youngers are going to lose consumers if they choose on purpose to do not integrate the traditional marketing and distribution channel with a digital one. In general, none of those who belongs to the Net generation would feel confident making purchases in a physical store without first

consulting the online catalogue and selecting which items could be eventually purchased. Taking into account the previous considerations, luxury companies need to rethink about consumer's attraction and engagement providing a coherent and exclusive experience of the brand's universe across multiple channels. In order that the advertisement is really efficient and effective, there are some simple but useful guidelines for the campaign development. The contents should be presented in short *episodes*, so that the audience has the reason to keep coming back. The messages should be *cryptic* about what awaits the audience if they choose to opt-in and actively participate. Moreover, the application should include a *location finder* that makes easy for consumers to find the closest location. This element is essential for luxury shoppers who want to see the products in person before spending money and for people who are not familiar with digital evolution. In conclusion, luxury industry has some elements which are not in line with the mobile marketing. The existence of consumers who prefer to taste, smell and touch the physical products does not imply that luxury companies have to remain in a static and inactive environment. In the near future, things could be quite different: the majority of consumers will be digital natives and so, developing and implementing an effective and profitable mobile marketing could be too late.

3. The Longchamp case study

3.1 Longchamp History

[130]In 1948 Jean Cassegrain had inherited his tobacco shop, *Au Sultan*, from his father and the core products were leather-sheathed pipes. Considering that Parisians and Allied Forces were its biggest clientele, when the troops left and the company had too much extra stocks of pipes, J. Cassegrain decided to produce leather coverings for pipes and cigarettes cases. The name of the company turned
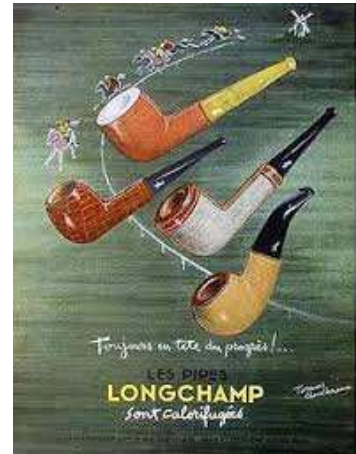

Figure 3.1 Le Pipes Longchamp
Source: Marie Aucouturier (2008), Longchamp, Editions de La Martinière.

into *Longchamp* in tribute to mill industry from which casse-grain (grain mill) derived. The name had the advantage of being easily pronounceable in all languages and he commissioned a logo depicted a spirit horse from the illustrator, Turenne Chevallereau. Cassegrain started introducing small leather goods into his collections such as men's wallets and clutch cases; at this point, he needed to find the perfect supplier and he was amazed by the special skill of Emile and Marie-Louise Allet, craftsmen in Segré where, at the end, the first Longchamp factory was built. In 1971, the brand launched its first handbag for women and Longchamp *began to take on the allure of a true luxury brand, affirming its style at an ever-accelerating pace while developing a finer, more precise iconographic vocabulary[131]*. The smoking line gradually disappeared until 1978 when the last pipes were listed in the catalogue. On December 16, 1972 Jean Cassegrain was killed in an automobile accident, but the other family members refused to give up in favour of competitors. After the brand's success at Orly airport, everyone believed that an international expansion should be undertaken. The company joined forces with Johnny Shum, a Chinese agent who introduced Longchamp to this new market. It was an incredible success, proven by the

---

[130] Aucouturier M, (2008) *Longchamp*, Editions de La Martinière.
[131] Aucouturier M, (2008) *Longchamp*, Editions de La Martinière.

opening ceremony of its first single-brand store in Hong Kong in 1979. Longchamp was able to attract a substantial Japanese clientele thanks to LM collection which represents the perfect embodiment of elegance à la française.

Figure 3.2 LM Collection
Source: Aucouturier M, (2008) *Longchamp*, Editions de La Martinière.

While in Europe, it was the introduction of drummed calfskin in 1980 that appealed to women: its soft and sensual natural skin became inseparable from brand's image.


Figure 3.3 Drummed Calfskin
Source: Aucouturier M, (2008) *Longchamp*, Editions de La Martinière.

On July 5th 1988, Longchamp inaugurated its first flagship store in Paris at 390 rue Saint-Honoré. Therefore, in addition to department stores and airport shops, the company decided to improve its worldwide network of mono-branded boutiques. In 1993, Philippe Cassegrain designed the first Le Pliage made of heavy nylon fabric, with flap pocket, two gracefully curved handles and two tanned Russian leather lugs, all tied together by a snap fastener on the back. Ten years later, from 2003 Le Pliage line can be ordered on the Internet and the product became fully customizable. Consumers can personalize the length of the handles, the color combination, the finish of the accessories, the marking of the flap and the calligraphy and colors of the personal initials embroidered on the bag.

Figure 3.4 Le Pliage Line
Source: Longchamp Official Website

Notwithstanding its success and popularity, Longchamp business remained the manufacturing and thus it was forced to make larger the existing factories and implement new ones in Morocco and Tunisia in 2001. In 2006, Longchamp decided to diversify, including ready-to-wear line for women designed to accessorize its bags. In the same year, Longchamp opened its American flagship store in the SoHo district in New York City. It represents the most spectacular store with the collaboration of the English designer, Thomas Heatherwick. He was able to create an imaginary landscapes where the ground curves up to meet the sky. Finally, in 2006 the 60th anniversary of Longchamp happened and for that event a new model of LM was produced.
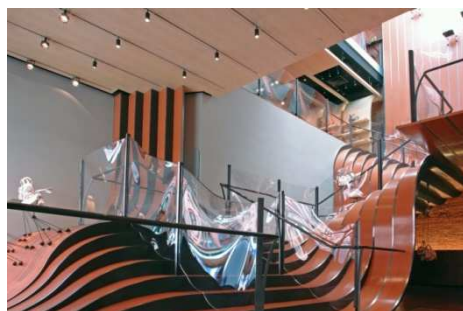
Figure 3.5 and 3.6 Longchamp Flagship Store (NYC)
Source: Marie Aucouturier (2008), Longchamp, Editions de La Martinière.

3.2 Affordable Luxury Market and Longchamp Positioning

Longchamp is one of the most popular brands in affordable luxury industry. Economic crises and emerging economies are the drivers that lead to the expansion of this market. In fact, consumers are no more willing to spend hundreds of dollars for an high-end handbag, but they prefer to acquire more affordable items, meanwhile characterized by premium quality and craftsmanship. Middle class members and excursionists are emerging from developing economies; obviously, at the beginning they do not have the suitable income to afford a luxury item, but they want to show their status symbol, generally through premium goods. The difference between luxury and premium products depends on the individual's relationship to luxury and the personal feeling for a specific brand. In theory, premium brands are less ostentatious, more accessible, more modern, more rational, best in class, sleeker in design and have precision in fabrication[132]. Longchamp products respect all the previous characteristics, therefore its items can be considered premium goods. Porter's Five Forces analysis[133] is useful to understand the market in which affordable luxury companies operate:

1) **Threats of new entrants** (LOW-MEDIUM): it is quite difficult to penetrate the affordable luxury market because new entrants require significant capital expenditures without benefitting from brand recognition and loyal consumers, at the beginning. On the other hand, incumbents can take advantages of their competitive positions and minimize risk through diversification of their portfolio;

2) **Rivalry** (HIGH): affordable luxury market is huge and still increasing due to emerging economies. After the crisis, premium brands become also competitors of luxury ones;

3) **Threat of substitutes** (MEDIUM): although competition is intense, counterfeits goods represent the major risk. "Grade A" counterfeit items are identical products and quality is still improving so that only experts are able to recognize the difference between the original and its

---

[132] Herrera, C. Brand equity meets private equity, Investing in premium and luxury brands, *Growthgate Capital*

[133] Cheong D., Yang M., Peng D., Ong J. (2014), Fundamental Analysis Department Consumer Industry Report On U.S. Luxury Goods, *NUS Investment Society.*

counterfeit copy. In particular, Le Pliage collection is not so hard to be replicated because it is composed by few and simple components;

4) **Bargaining power of Buyers** (MEDIUM): since Longchamp adopts a mixed distribution strategy (as it will explained ahead in details), the end consumer does not represent the only buyer, because also the retailer comes into play. The latter has the ability to switch between whichever brand it chooses, as switching costs are inexistent. On the other end, final consumer should be attracted and retained because her emotional attachment to the brand pushes the purchase of other items;

5) **Bargaining power of suppliers** (HIGH): since Longchamp was founded in 1948, solid and trust-based relationships with suppliers were established longtime ago. The company calls on the best tanners to guarantee the highest level of quality and excellence; it has received the "Enterprise du Patrimoine Vivant" (Living Heritage Company) label from the French state. Eventually, considering that, new suppliers should be closely selected because product quality represents the essential driver.
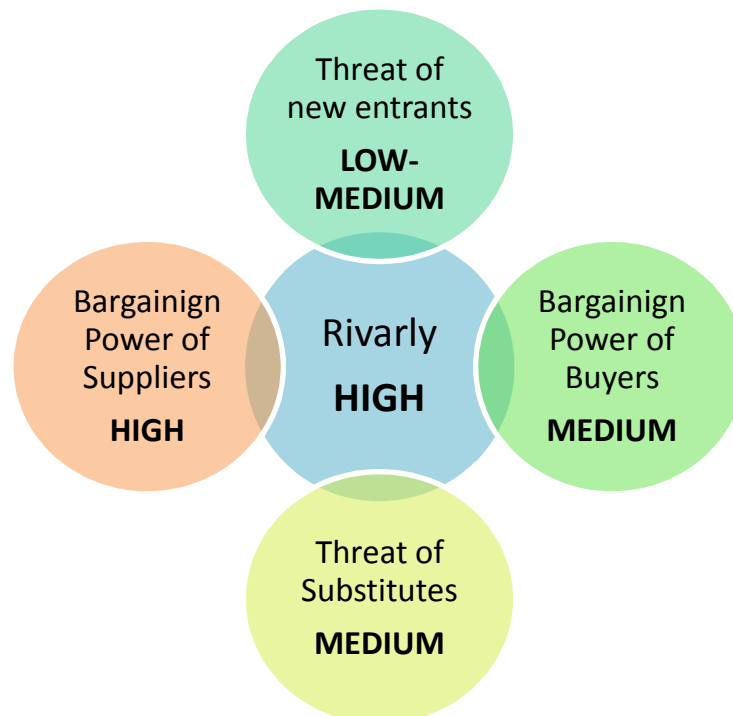

Figure 3.7 Porter's Five Forces analysis on affordable luxury industry
Source: Personal Elaboration

Once the affordable luxury market has been analyzed, it results worthwhile positioning Longchamp among its main competitors. The "World Handbag Report"[134] ranks the most sought-after handbag brands on a global scale, highlighting the existence of four different categories: Premium, Prestige, High-End and Powerhouse. Even though numerous companies are private and thus they are not forced to publish all the financial data, this research discloses the worldwide market share for the first ten brands.

Rank	Brand	Category	Market Share
1	Louis Vuitton	Powerhouse	15.37%
2	Coach	Premium	12.42%
3	Chanel	Powerhouse	11.92%
4	Gucci	Powerhouse	6.61%
5	**Longchamp**	**Premium**	**5.72%**
6	Hermés	Powerhouse	5.58%
7	Michael Kors	Prestige	4.69%
8	Prada	Powerhouse	4.26%
9	Céline	High-End	3.27%
10	Mulberry	Prestige	2.89%

Table 3.1 The most sought-after handbag brands globally
Source: Digital Luxury Group in partnership with Luxury Society (2012), The World Handbag Report

Nevertheless Longchamp ranks fifth, the brand shows a relevant percentage on a global level (5.72%) and it ranks second considering the Premium brands category. Therefore, the French company is well positioned and it competes also with Powerhouse companies, which should be considered as indirect competitors. More in details, the following figure illustrates the most searched luxury handbag brands by category:

---

[134] Digital Luxury Group in partnership with Luxury Society (2012), The World Handbag Report

	Powerhouse	High-End	Prestige	Premium
1	Louis Vuitton	Céline	Michael Kors	Coach
2	Chanel	Balenciaga	Mulberry	**Longchamp**
3	Gucci	Miu Miu	Marc Jacobs	Tory Burch

Figure 3.8 Longchamp Positioning
Source: Digital Luxury Group in partnership with Luxury Society (2012), The World
Handbag Report

It goes without saying that direct competition comes from Premium companies such as Coach and Tory Burch, which present an average price of €491[135] ($542[136]). Meanwhile, the average price of Powerhouse companies like Louis Vuitton, Chanel and Gucci is more or less €935[137].

Even though Powerhouse category is composed by only 13 brands, those prove to be the heavy-hitters in the luxury handbag market, claiming the majority of shares in the category breakdown (50.81%).
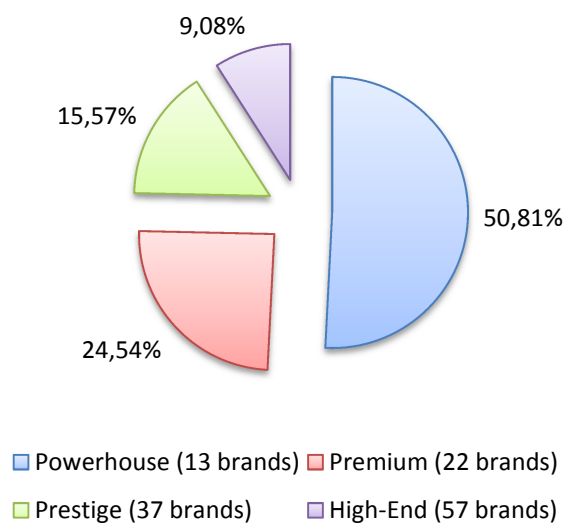

9,08%

15,57%

24,54%

50,81%

☐ Powerhouse (13 brands) ☐ Premium (22 brands)
☐ Prestige (37 brands) ☐ High-End (57 brands)
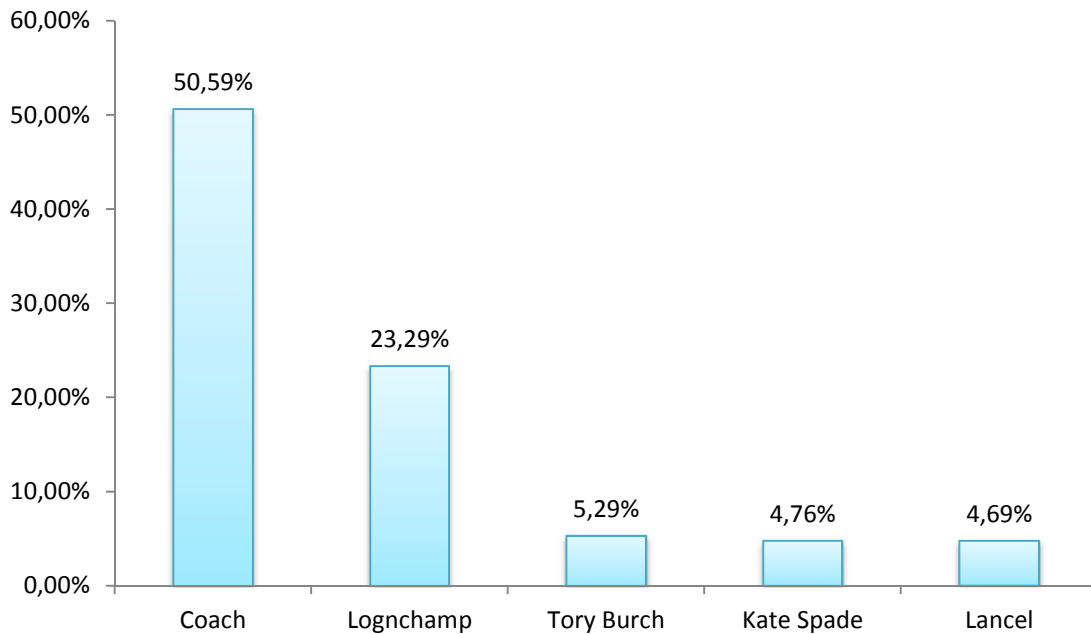
Table 3.2 Share of Handbag Searches by Category

Source: Digital Luxury Group in partnership with Luxury Society (2012), The World

Handbag Report

---

[135] Exchange Rate retrieved at Il Sole 24 Ore (2nd June 2015)
[136] Retrieved at Coach Official Site (2nd June 2015)
[137] Retrieved at Louis Vuitton Official Site (2nd June 2015)

Regarding the Premium category, it is true that Coach accounts for half of the global searches, but Longchamp discloses an higher percentage (23.29%) than other brands.

Table 3.3 Top 5 Most-Search Handbag Brands, Premium Category

Source: Digital Luxury Group in partnership with Luxury Society (2012), The World Handbag Report

Despite those considerations, the market overview differs from country to country[138]. Although Coach is the number one global handbag brand, it ranks only 19th in France; in fact, in that country, Longchamp takes advantages from the *country of origin* effect with almost twice the searches for handbags than Louis Vuitton, which comes in the second place. United Kingdom presents a similar approach: the local brand Mulberry ranks in the first place, followed by Chanel.

It implies that a global overview holds interest, but it is fundamental to develop a local market analysis in order to figure out which are the preferences of the national lifestyle segment and how to reach potential consumers.

---

[138] Digital Luxury Group in partnership with Luxury Society (2012), World Luxury Index(TM) Handbags

3.3 Longchamp Value Curves

Although Longchamp desires to become an international luxury company, its strategy is to stay true to the brand values and to keep in mind that the core activity remains the manufacturing one. Leather, Family, Fun, Quality and Creativity represent the most suitable keywords to describe that brand. The target is mainly composed by fashionable women between 15 and 60 years of age. They are known for their effortless elegance, their dynamism and their optimistic take on life. At this point, it could be useful recalling the classification[139] between Old Money and Excursionists. **Old Money** consumers, generally from 40 to 60 years of age, distinguish themselves by the high disposable income and they are interested in the most exclusive and high-end items, which should be of outstanding quality both in the material used and in the service. On the other hand, the **Excursionists** are people from 25 to 40 years old, who are at the beginning of their working lives. Given their restricted spending power, they make occasional luxury purchases, motivated by self-indulgence or hedonism or to celebrate a person or a moment. A luxury handbag for a woman and a luxury watch for a man is considered the right way to display her/his advanced status symbol especially in emerging markets. In addition, it is possible to rough out a new lifestyle segment composed by **college and university students**. They are younger, from 15 to 25 years of age, and they mostly represent the current buyers for the cheapest collection line, "Le Pliage" (the average prices is €120). They come in contact with Longchamp because it is fashionable and stylish, but at the same time affordable. Taking into account those considerations, it is possible to depict the company values curves based on the following dimensions:

- **Price** represents a crucial variable mainly for college and university Students since they do not have their own economic independence. Even though the Excursionists are not wealthy people from generations, they are involved in their first working experiences. The economic problem does not arise for Old Money individuals since they always have enough money to acquire luxury items.

---

[139] See Chapter One (pg.29).

- **Quality** refers to craftsmanship and materials used; in that specific case, Old Money consumers attach greater importance to the product quality than Excursionists and college/university Students.

- **Brand recognition** entails the extent to which the general public is able to identify the brand by its attributes; this variable is particularity relevant for Excursionists, given the fact that they want to exhibit their status symbol. Old Money, on the other hand, prefer luxury items without a visible logo, in fact the purchased good should be recognized just by few individuals who are familiar with this world.

- The *bandwagon* effect occurs when consumers buy a certain luxury product because of its **popularity** - that triggers further demand. For Excursionists and young Students, popularity means both a prestigious and must-have product because of the value derived from the interaction with other consumers[140]. Old Money clientele does not care for popularity, they expect to acquire a product which is in line with their requirements whatever it takes.

- **Customization** refers to the opportunity that the luxury company gives to consumers of designing personalized products or adding some personal elements. While Old Money consumers can afford limited-edition or better they can directly demand to design one single item for themselves, the customization variable represents a competitive advantage for the other lifestyle segments. Longchamp, for example, allows each consumer to personalize a "Le Pliage" handbag on its official site since 2006.

- Handbags are also appreciated if they are **multipurpose**. "Le Pliage" line denotes this peculiarity: it is enough capacious to be exploit for university or working purposes, but at the same time they are so stylish to be worn for evening and fashion events. It seems quite impossible that Old Money consumers may experience that feature given their high disposable income, which allows them to acquire several items for every circumstance.

---

[140] Leibenstein H. Bandwagon, Snob, and Veblen effects in the theory of consumers' demand. Quarterly Journal of Economics 1950;64:183–207.

Longchamp Value Curves
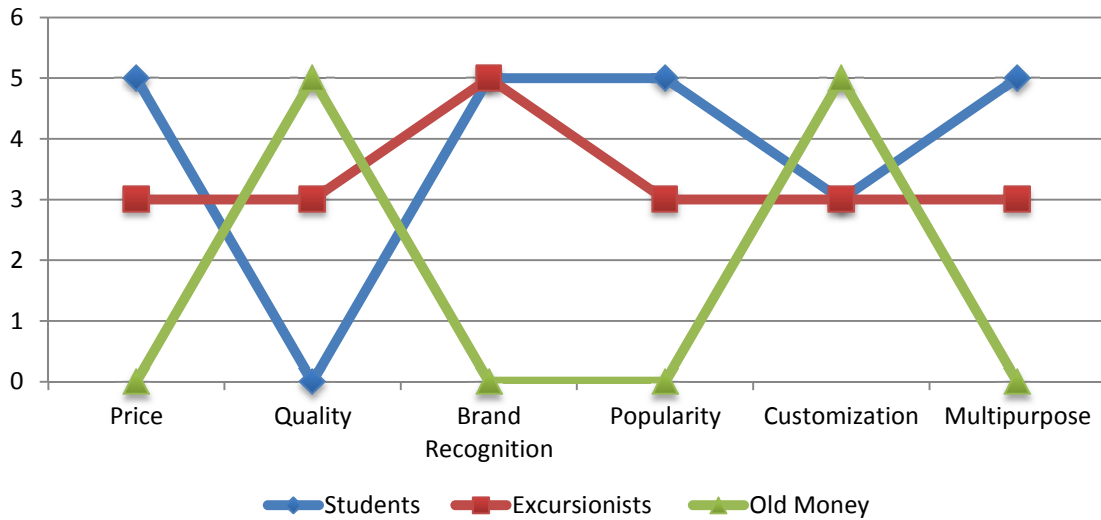
Table 3.4 Longchamp Value Curves
Source: Personal Elaboration

The graph above highlights that Longchamp presents an heterogeneous consumer base. Each lifestyle segment is well defined but it definitely differs from the others. Old Money consumers attribute an high score to quality and customization, while price, brand recognition and popularity have lower prominence. College and university Students reveal an opposite attitude, given the fact that price, popularity and brand recognition represent the most important variables. The Excursionists, instead, are positioned in the middle; despite that, the brand recognition attribute is the most valuable. In spite of everything, Longchamp company offers a wider range of products and it is able to satisfy all consumers' needs.

3.4   Longchamp's Evolution

Longchamp's DNA lies on contemporaneity and dynamism; the business moved from fine pipes for the young men of the '50s to women's handbags and ready to wear. To the question about the secret behind the brand's longevity Jean Cassegrain, Longchamp CEO, answered:

" It's consistency. As a family business, we are stable. My father has headed this company since 1972. I joined in 1991 and my brother has been in New York for almost 15 years. So this gives a lot of stability to our policies. We don't change strategy often – we like the idea of building slowly and we are always moving in the same direction. So the quality of our products is a very important factor. Also, we are still manufacturers. There are not many brands around the world in our field of leather goods that are the manufacturers of their own products. The fact that we have our own workshops gives a lot of integrity to the product; we know our business and stand behind the quality of our products."[141]

He proudly highlights that Longchamp core business remains manufacturing, and leather which comes from Brazil, Uruguay, France and Italy is subject to a strict scrutiny. Although it holds fast to product quality, Longchamp made great strides from its foundation in 1948, becoming an international but still family-run business. Nowadays, the company counts more or less 2200 employees, and more than 50% are employed in France. The country of origin remains the heart of the production and also the first market in terms of revenues.

"France is still our largest market and the U.S. is our number-one market outside of France."[142]
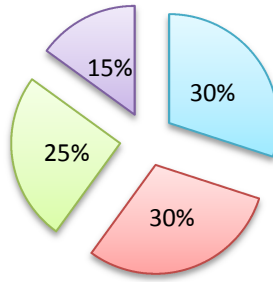
In 2012[143], the company reached 454 million of euro with 16% percentage growth rate from the previous year. The sales were distributed as followed:

---

[141] Leaders Online (2013), Longchamp Evolution
[142] Leaders Online (2013), Longchamp Evolution
[143] Lebreton, F. (2013) Longchamp parie sur la generation à venir, *la Criox*

15% 30% 25% 30%

☐ France ☐ Europe, Middle-East and Africa ☐ Asia ☐ America

Table 3.5 Longchamp Revenues by region
Source: Lebreton, F. (2013) Longchamp parie sur la generation à venir, *la Criox*

In matter of distribution strategy, Longchamp implements a mixed one.

"Our distribution has evolved over the years. In the beginning, we were purely a manufacturer and distributed our products exclusively through retailers. Taking the U.S. as an example, we have been distributing through retailers in the U.S. since the 1950s. Saks Fifth Avenue and Nordstrom were the first major U.S. retailers to carry the brand. We then launched with Bloomingdale's in 2005. These are all longstanding customers of the brand. We are still in business with them, and these retailers continue to cater to loyal Longchamp customers. More recently, we have opened distribution with Neiman Marcus and Holt Renfrew in Canada. Alongside this wholesale network and the department stores, we now have our own retail stores, which we have developed over the past 20 years. During this time, we have built a significant retail network and, until recently, we had 13 stores in the U.S. Just this past month, we opened an additional store in Aventura, Florida. We will open a second location in Miami later this year in the Miami Design District."[144]

As Jean Cassegrain explained, Longchamp products are present around the world in 250 boutiques, 1800 points of sale in more than a hundred of countries. Department stores, multi-brand fine leather goods dealers, airport shops are allowed to sell original items. In spite of everything, Longchamp is still opening mono-brand boutiques (2014 April, Rome) and flagship stores (2013, London).

---

[144] Leaders Online (2013), Longchamp Evolution

Therefore, its distribution system includes both direct and indirect channels; whereas, other luxury companies such as Hérmes or Louis Vuitton prefer a network of directly controlled mono-brand stores. It is possible to figure out some advantages and disadvantages for each strategy, bearing in mind that direct distribution channel is not the best option but it depends on the specific case and the lifestyle segment to which the company refers.

Direct Channel		Indirect Channel	
Pros	Cons	Pros	Cons
High level of control	High investments	Greater market coverage	Lower level of control
Direct sales force	High level of risk	Opportunity for local adaptation	Low managerial approach
Increase brand equity	Long-term objectives		Short-term objectives
CRM			

Figure 3.9 Direct and Indirect distribution strategy

Source: Personal Adaptation from Barry, B. (2003). *Retail management: a strategic approach*. Pearson Education India.

To conclude, a mixed strategy seems to be the most suitable way to attract and retain consumers in the affordable luxury industry. For a middle-range brand, visibility and accessibility are essential, because people are more willing to purchase products if they are available in the local department store. Of course, the company has to be careful in the selection of wholesale stores and prices must be often monitored. However, the choice of not providing neither the electronic nor the mobile commerce is not in line with the company's retailing strategy. Always more frequently, less consumers are inclined to reach the nearest store or retailer just for an handbag purchase. If there was the opportunity to buy items from the comfort of home, the store traffic would decrease but not the company revenues. It implies that the Internet and mobile devices would become other sources of revenues.

3.5 Marketing Strategy

Luxury communication completely differs from that used for the universe of classical consumption goods. Every campaign aims at retaining existing consumers and acquiring new ones; however, a new problem may emerge: people can be unfamiliar with the brand and therefore it results essential to educate them before. Moreover, each advertisement should improve the brand's equity in line with its heritage and values.

Jean Cassegrain declared in a recent interview[145] that Leather, Family, Fun, Quality and Creativity are the most suitable keywords to define his brand. In spite of everything, a long path was undertaken by the company before the brand identity became recognizable in such clear and defined words.

At the beginning, advertisements were strongly linked to the equestrian world; forward in time, Longchamp creations aspired to appeal to women. This gradual shift of lifestyle segment forced the company to develop an alternative advertising campaign, in which handbags were in the spotlight. Gradually, a number of fashion brands began to develop their own leather accessories; Longchamp responded to this offensive by proving that its products could also engage in "fashion-speak". Later on, the choice of brand's ambassador came up. Since acting is not necessary synonymous of fashion, the company opted for a fashion model, who perfectly fitted all the expectations. **Kate Moss** incarnated all the requirements, given the fact that she is a fashion icon recognizable from New York to Tokyo. During an interview, Jean Cassegrain commented upon the choice of Kate Moss as Longchamp ambassador:

"The idea came naturally. We were looking for somebody internationally recognized and obviously the world knows and likes her. There are not that many faces which correspond to that criteria. She brings a lot of attention to the brand. Everyone looks at how she dresses, what she's wearing. It helped us to bring the spotlight on things. At Longchamp, we have a tendency of being discrete, subtle, something we have in common with Hermes. That's good, we like that, but sometimes we need to express ourselves more loudly, make ourselves known, so that people see us. Kate helps bring attention to

---

[145] Buisiness Insight (2015), Jean Cassegrain, CEO, Longchamp (27th April 2015)

Longchamp. It's been going on for six years now. We have done special collections with her"[146]

Figure 3.10 Kate Moss Advertising Campaign
Source: Marie Aucouturier (2008), Longchamp, Editions de La Martinière.

In 2006, her first advertising campaign appeared and the public's reaction was very positive. Once she was involved in the communication strategy, another opportunity emerged: the design and the launch of a new collection coming out from the collaboration between Kate Moss and Longchamp.

After her, another Canadian model was chosen for Longchamp advertising campaigns; the fall advertisements show **Coco Rocha** looming over New York skyline and stepping through traffic in high-heeled ankle boots, sporting three styles of handbag, including the new Quadri tote. According to Longchamp International Communication Director, Marie-Sabine Leclercq, this "Bigger than Life" campaign was thought up to communicate feelings of energy, optimism and joie de vivre.

---

[146] ISBN Magazine, Just for the pleasure of it.

Figure 3.11 Coco Rocha Advertising Campaign
Source: Marie Aucouturier (2008), Longchamp, Editions de La Martinière.

From 2014 until nowadays, **Alexa Chung** becomes the new ambassador for the French brand; her relationship with Longchamp started during the London flagship opening party in September 2013.

Figure 3.12 Alexa Chung Advertising Campaign (2015)
Source: Longchamp Official Website

The 30-year-old British model is both chic and romantic and these features are required for the new Escales collection. Marie-Sabine Leclercq[147] declared:

"Alexa Chung is the woman who embodies it the best. Her enchanting gaze, which is very strong and very present, gives the campaign a lot of personality. She has energy and confidence."

---

[147] Owoseje, T. (2013), Alexa Chung Unveiled as New Face of Longchamp, *IBTIMES*

3.5.1 Offline Touchpoints

Once the contents have been analyzed, it results essential to select where the advertisements will be broadcasted. In that specific case, luxury companies have to choose only the channels[148] that reflect the brand's exclusivity and prestige.

- **Fashion magazine** represents the most useful communication medium. Some magazines such as Vogue and Elle allows companies to reach an international consumer base and, above all, they are printed for the right lifestyle segment. In fact, people who often read fashion magazines are generally interested both in fashion and luxury world, rather they can be turned into loyal consumers. While advertising of complementary products such as fragrance or cosmetics can be spread continuously over the year, those on handbags and clothing follow a seasonal path. The consumers discover the new campaigns in February/March and September/October.

- **Street advertising** becomes an efficient medium; moreover, digital screen and special films applied on buses, cars and buildings have added a new dimension to the more traditional billboards, posters or bus stops. The location selection must be done very carefully; advertisements should appeared on the most crowded and fashionable streets.

- **Television** is suitable for certain product categories because of its costs and wide coverage. In general, luxury companies make systematic use of television for their complementary products such as fragrance or cosmetics.

- **Radio** is rarely used because sounds and voices do not excite consumers as well as pictures and images are able to do.

Longchamp below-the-line advertising is perfectly in line with the previous theoretical considerations given its luxury nature. The French company does not send its advertisements via television or radio because these tools do not fit the company needs, given their inappropriateness. On the other hand, street advertising and fashion magazines are exploited in an very efficient way.

---

[148] Chevalier, M., & Mazzalovo, G. (2008). *Luxury brand management: a world of privilege*. John Wiley & Sons.

- **Events** represent an alternative way to promote the brand or to create the "buzz", defined as the magical momentum that gets everybody talking about the most fashionable products or brands. The opening of a store, or better a flagship, is considered the major event for luxury brands and it is directly organized by the company.

Recently on December 2014, Longchamp inaugurates its largest store in Europe which spans over 500 square meters at number 77 on the prestigious Avenue des Champs-Élysées in Paris. The new flagship presents all of house's collections, including ready to wear and shoes as men's collections, luggage and all iconic bags. A Twitter talk with Alexa Chung, events festivities and celebrity appearances help the company to involve consumers and draw a crowd for the store opening. Longchamp CEO, and grandson of the House's founder, Jean Cassegrain states about the opening:

"Paris is the capital of fashion and the Champs-Elysées the most beautiful avenue in the world. This store opening is marking a big step in our history and is particularly exciting for us on an emotional level. Paris is our home. It is where the Longchamp brand began and is an important part of our heritage. In many ways the personality of Paris is also a reflection of Longchamp – vibrant, stylish, elegant, ever-changing yet constant, exciting and surprising. In addition, the Champs Elysees is Paris's most visited shopping destination. The avenue's expression of French flair and style provide the perfect environment for Longchamp".[149]

- Careful **product placement** in movies, television and music videos can influence brand perception; through this strategy, the company is able to remove the appearance of selling the products.

According to Jean Cassegrain's statement[150], in the 1950's and 60's Longchamp products were displayed in several movies of Jean Gabin, the French actor. Over years, the company continues to follow this path, given that

---

[149] Longchamp Official Website (2014), http://it.longchamp.com/letsplay/news#longchamp_opens_flagship_store
[150] ISBN Magazine, Just for the pleasure of it.

the wardrobes and accessories worn by the actresses represent a relevant part of the movie's storytelling. There are some examples shown below:

- *Gossip Girl* (2009): Leighton Marissa Meester and Blake Lively both carry the Longchamp Gatsby bags;

- *Morning Glory* (2010): Rachel McAdams wears a Le Pliage handbag;

- *Tears Always Win* (2013): Alicia Keys in her music video displays Le Pliage Cuir bag;

- *Side Effects* (2013): Catherine Zeta-Jones wears a Longchamp bag.

3.5.2 Digital and Mobile Touchpoints

While print advertising and event marketing remain important in luxury retail, digital assets like commercial websites, content microsites, social media accounts, digital advertisements, and web publications have become crucial tools for brands to tell their stories[151].

- The **Official Website**, which was launched in 2001, is directly run by the headquarter in France. It is an useful tool for displaying all the collections from accessories to luggage and travel products. The website appears usable, clear and user-friendly: it can be easily understood by a person of average skills. The section dedicated to "Le Pliage personnalisé" makes the website interactive and appealing for women; each female consumer has the opportunity to design her own handbag. She can choose between "Le Plaige Cuir" and "Le Pliage Nylon"; later on, she can select the color of the bag, flap & handles, tabs, shoulder strap and lining color. Moreover, it opens the possibility of engraving the initials on the handbag before starting the purchasing process. Although it represents an amazing medium to attract and engage consumers, it is not considered by the company as a source of revenues. It is important to highlight that the e-commerce works only for certain product categories. Moreover, the items available on the online store are not the same among all countries in which Longchamp operates; for example, in Italy the online purchase can be made

---

[151] Radiumore, Wbr Digital, Luxury Interactive (2015), LUXURY RETAIL'S DIGITAL MOMENT How Luxury Brands Are Taking Advantage of the Digital Age.

only for "Le Pliage personnalisé" line. This strategy is implemented for the purpose of inviting consumers to reach the nearest boutique for the purchase and in this way they can live the real shopping experience, having the chance of touching and smelling the product.

- Longchamp is present in major **social networks**: Facebook, Twitter and Google+ which are generalistic and Instragram, Pinterest and YouTube which are specilistic[152]. The final decision of creating its own accounts was forced by the presence and popularity of competitors. Given the fact that social media can be used to promote products, increase brand's identity and attract or educate new consumers, Longchamp decided to follow this bandwagon effect. If the French company had not taken advantages of these means of communication, it would probably reduce its visibility. As the official website, all social networks are directly managed and updated by the headquarter; this centralized social media marketing strategy presents inevitable drawbacks.

- The Italian Longchamp page on **Facebook**, aimed to target the national lifestyle segment, counts 1.2 million[153] of likes and it is just updated every five days more or less. This trend is not fulfilling; probably, if the page was run by a national division or function, it would be more efficient both in terms of brand awareness and return on revenue.

- Regarding **Twitter**, the same problem emerges. The international account @Longchamp counts 1271 tweets and 14200 followers[154], but all information and news are written in English. Therefore, Italian consumers who are not familiar with the foreign language are not able to understand the contents and eventually reply if they want. On the other hand, @Longchamp_ITA, founded on March 2013, barely counts 7 followers and the last tweet dated back to March 2014. At this point, there are two opposite alternatives: the Italian account should be deleted or the company should implement a viral marketing campaign to get more traffic on it.

---

[152] See Chapter 1 (pg. 12)
[153] Official Longchamp Facebook Page as on 14th May 2015.
[154] Official Longchamp Twitter Account as on 14th May 2015.

- **Google+** Official Longchamp Page includes 3 million of visualizations[155] and it is updated twice a week. The biggest problem concerns the language: all the posts are written in English, although there is a specific option of translating.

- **Pinterest** stands with the idea to connect people around the world based on shared tastes and interests through images[156]. Its monthly usage time per visitor is 98 minutes, which makes Pinterest the second most used online social media in term of dedication[157]. Women, who are more active in terms of content generation than men, represent the great majority[158]. More in detail, *Women's fashion* represents the first talking point; therefore, there are users who could be interested in Longchamp culture and values. The French company counts 959 pins, 5697 followers and 16 boards[159]; each board concerns a specific product category and replicates the same structure used for the official website.

- **Instagram** allows companies to build direct relationships with consumers and communicate in an immediate and visual way. In a recent research[160], Instagram is largely made up of urban, youthful demographics, with a significant skew toward women. Therefore, Instagram users are in line with the target sought after Longchamp. Its account counts 507 posts and 142000 followers[161] and it is updated every day; given that Instagram is a mobile photo and video sharing, users are not limited by the language issue because they can appreciate and comment everything in their own language.

- Longchamp Official **YouTube** channel, which was launched on January 2008, counts more than 5 thousand subscribers and 7 million of visualizations[162]. The language used in the videos can represent a huge boundary, but images, sounds and colors are able to balance out.

[155] Official Longchamp Google+ Account as on 14th May 2015.
[156] Ottoni, R., Pesce, J. P., Las Casas, D. B., Franciscani Jr, G., Meira Jr, W., Kumaraguru, P., & Almeida, V. (2013, July). Ladies First: Analyzing Gender Roles and Behaviors in Pinterest. In *ICWSM*.
[157] Statista.com
[158] Alexa http://www.alexa.com/siteinfo/pinterest.com
[159] Official Longchamp Pinterest Account as on 14th May 2015
[160] Smith C. (17th August 2014), Here's Why Instagram's Demographics Are So Attractive To Brands, Business Insider.
[161] Official Longchamp Instagram Account as on 14th May 2015
[162] Official Longchamp YouTube Channel as on 14th May 2015

Even though Longchamp is currently involved in digital evolution, the brand exploits just few mobile tools. As described in the previous chapter[163], mobile touchpoints can be divided into direct marketing tools (mail, SMS/instant message and phone call), application, mobile advertising and QR code. Regarding **direct marketing**, Longchamp approach is restricted to the use of direct mails, also these are addressed to a selected target. Mails are sent with the purpose of inviting loyal consumers to the nearest boutique for several reasons such as the launch of new products, the store openings or the collection promotions. Only once, in 2012, **QR codes** were included in direct mails aimed at attracting consumers to admire the Spring-Summer 2012 collection. The QR code itself was specifically personalized in terms of color and Longchamp logo was inserted in the middle.

Figure 3.13 Longchamp QR Code
Source: Longchamp Newsletter

The **Application** development remained just a proposal without going further. The reason for which this tool is not still exploited lies on Longchamp target. The company believes that the greatest majority of its consumer base is composed by Old Money consumers from 40 and 60 years of age, who are not accustomed to digital devices, but with high disposable income. Finally, **mobile advertising** is not used because this communication medium is not in line with the brand's exclusivity and prestige.

---

[163] See Chapter 2 (pg. 36)

3.6   Critical Thinking

Once the company has been analyzed both in terms of positioning and current marketing strategy, it results appropriate to recap some focal points and then suggest the next steps that the French company should undertake. In fact, if Longchamp desires to remain one of the leaders in the affordable luxury industry, it should move with the times. The analysis made above identifies a wider consumer base, nonrestrictive to Old Money consumers as the company still believes. Therefore, Longchamp should implement, or better integrate, different marketing strategies aimed at attracting and retaining all the lifestyle segments.

1) **Old Money consumers** belong to Generation X; they are not accustomed to online purchases or mobile devices. They come in contact with the brand from traditional touchpoints and they let themselves be influenced by relatives and trustworthy acquaintances. Despite that, some of them could be enchanted by digital evolution and therefore they can exploit electronic or mobile tools just for searching information without completing an effective purchase. In fact, they prefer to reach the nearest store and proceed with an offline and more traditional buying experience. The products to which they are more interested are high-end; it implies that a careful and upper-grade evaluation of the product is generally required. To engage them, the company should follow its historical path carrying on with strengthening traditional touchpoints such as fashion magazines and exclusive events to which Old Money should be invited.

2) **Excursionists** can be considered as hybrid consumers: they are not fully immersed in digital revolution as digital natives are, but they are more willing to accept this gradual change rather than Old Money. More specifically, they are open to be influenced not only by relatives and friends, but also by strangers, who share their opinions on the Internet (e-WOM). Generation Y consumers, to which the Excursionists belong, are characterized by several shopping channels but limited shopping hours, given that they are totally absorbed in their first working

experiences. Therefore, they are prone to make online or mobile purchases wherever and whenever they are, especially if they have an emotional attachment with the brand. Regarding those consumers, an hybrid marketing strategy will be the perfect solution. They should be directly captivated by traditional touchpoints as GenX consumers, but also mobile and digital communication mediums could be efficient.

3) Prime importance must be attached to college and university **Students**, who mostly represent the buyers for "Le Pliage" line, but they may afford more high-end items in the near future. They are digital natives, familiar with mobile and online shopping experiences. The current strategy of Longchamp is not able to satisfy the expected requirements of this lifestyle segment. In Italy, the electronic commerce is limited to "Le Pliage personalissé" line, whereas the mobile commerce is not contemplated at all. To attract and retain digital natives in the most efficient way, implementing a fully-digital marketing strategy will be the solution. All things considered, the French company should invest on electronic commerce giving the chance of purchasing a much wider product offering, nonrestrictive to one single item. In fact, even though students attribute the highest score to the personalization dimension, they could be prone to buy also standard products. Longchamp should regularly send mails or texts to get in touch with this lifestyle segment or involve them in talks on social networks. In any case, social media have to be managed in a more efficient way, so that consumers could actively participate in. The use of mobile coupons should be carefully evaluated; in fact, these tools could alter the brand's image built up until now, but, at the same time, they could be strongly appreciated by students who are not economically independent yet.

Once the lifestyle segments have been examined, it results useful to analyze digital and mobile strategies implemented by competitors; at this stage, the major risk is to lose consumers and market share. The underlying figure summarizes how direct (Premium category) and indirect (Prestige category) competitors are being proactive in digital revolution based on electronic and mobile commerce.

Premium	E-commerce	M-commerce
Coach	Available	Not Available
Longchamp	Not Available	Not Available
Tory Burch	Available	Available
Prestige		
Michael Kors	Available	Not Available
Mulberry	Available	Available
Marc Jacobs	Available	Not Available

Figure 3.14 Electronic and Mobile commerce
Source: Personal Elaboration

It goes without saying that the French company has remained the only one not to have developed the electronic commerce (except for "Le Pliage personnalisé"). Each competitor provides the opportunity to purchase every single item from handbags to shoes on its official website. Furthermore, Tory Burch and Mulberry have already developed and launched the applications. "Tory Daily" application represents a communication medium to exhibit the brand's values and culture. In addition, there is a special section dedicated to mobile shopping. At the beginning, the application may result confused and not intuitive due to its multiple functionalities. On the other side, the application developed and launched by Mulberry in 2010 is clear and easily understood; it is available for iPhone and iPad (not for Android or Windows). The application aims at passing down the brand culture and values, but also increasing company revenues through the mobile commerce option. Some companies which belong to High-end and Powerhouse categories are following the same path. For example, Louis Vuitton's Pass application allows consumers to experience advertisements in new ways behind-the-scenes content. This interactive elements enables to build up a personal and deep relationship with consumers. In addition, it is appropriate to examine also the competitors' social media management strategies.

The table below highlights few social networks and then, after computing the average[164], it is possible to figure out which brand is implementing a good and effective strategy or not.

	TWITTER Tweets	INSTAGRAM Posts	YOUTUBE Videos	UP or DOWN GRADE
COACH	6270	1498	124	↓
LONGCHAMP	1303	533	133	↓
TORY BURCH	4111	896	134	↓
MICHAEL KORS	7556	1558	149	↑
MULBERRY	2808	581	105	↓
MARC JABOBS	17000	1522	180	↑

Table 3.6 Competitors' Social Media Marketing Strategies
Source: Data Elaborated from Facebook, Instagram, YouTube

All Premium brands exhibits a negative trend; the main reason concerns the outstanding performance of Michael Kors and Marc Jacobs, which contribute to increase the overall average. Marc Jacobs represents the most active in social media marketing campaigns with 17000 twits, 1522 posts on Instagram and 180 videos published on its YouTube channel. Therefore, if Longchamp decided to redesign its strategy, it could pattern after Michael Kors or Marc Jacobs and it could benefit from first-mover advantage among its direct competitors (Premium category).

---

[164] Based on: Facebook likes, Twiteer tweets, Google+ visualizations, Instagram posts, Pinterest pins, Youtube videos

3.7 Future Perspectives

It is clear to deduce that Longchamp is not exploited neither the mobile advertising nor the application; thus, in this section, it will be provided a brief overview about these two means of communication and how they should be used. In particular, **mobile advertising** seems to be not in line with the brand's exclusivity and prestige; however, it may be advantageous implementing a mobile programmatic display campaigns, so that banners, broadcasted on fashion applications such as Vogue or Elle, will be based on personal tastes and preferences. Moreover, the **application development** should be reconsidered, given that "Most people that buy luxury [goods] have smartphones anyway, so if brands don't have an application where consumers can buy their products, they're missing out on a sale". These words were pronounced by Mark Beccue, senior analyst of mobile commerce and banking at AB Research, Oyster Bay, NY. The company should develop the application for each operating system; given that Longchamp is already present on social networks, it is possible implementing a social login. The application should be updated for the Spring-Summer and Autumn-Winter collection presentations, therefore at least twice a year. The application is provided for free, and its developing costs amount to $81,600[165]. At this point, two alternatives may emerge:

1) **"Longchamp" Application**: all the collections are displayed but consumers have the chance of purchasing certain product categories. The home page should include four sections:
   - *Collections* which includes multiple subsections: Le Pliage line, Women's Bags, Men's Bags, Small Leather Goods, Luggage and Travel, Accessories, Shoes, Ready To Wear and Gift Ideas. It replicates the same structure from the official website; in that way, it will be easier for users getting in touch with this new communication medium;
   - *Le Pliage personnalisé*, which gives consumers the opportunity to design and purchase their own creations;

---

[165] How Much to Make An App (May 2015), http://howmuchtomakeanapp.com/estimator

- Longchamp Spirit: in this section the company can include relevant articles about the company and the current advertising campaign (Spring-Summer 2015)

- Store Locator: mobile geolocation service allows consumers to find the nearest boutique or store based on location.

Bottom left, a personal profile should be embedded with the purpose of presenting some special offers based on previous purchases and consumer's tastes. Bottom right, a bag image represents the classical option "Add to Cart" and it summarizes all the purchases made by the consumer from the mobile device.

Figure 3.15 Longchamp Application
Source: Personal Elaboration

2) The second alternative can be called **"Le Pliage" application** because it refers to one specific collection which includes the most popular items among college and university students. As described above, they belong to digital generation, it implies greater level of confidence in mobile purchases that can be made wherever and whenever. As before, the

home page is composed by four sections, but greater relevance should be attached to the personalization option given that the application is addressed to young users who are willing and able to personalize the items. Instead of presenting the overall product offering, the app is limited to Le Pliage collection. The other sections replicate the same features described for the first alternative.
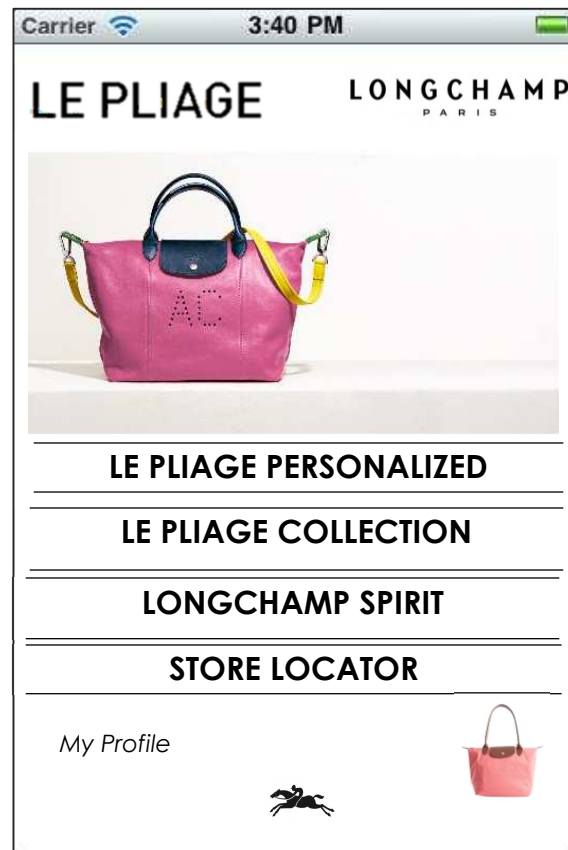

Figure 3.16 Le Pliage Application
Source: Personal Elaboration

The main difference concerns the product offering and then the lifestyle segment to which each alternative is addressed. Even though the Longchamp App gives the chance of purchasing just few items, it allows to admire the overall collection lines. On the other hand, the second alternative is not complete and it seems developed just for Le Pliage consumers. It follows that the first alternative presents a wide user base given that it is suitable for all

lifestyle segments (Students, Excursionists and Old Money) , while Le Pliage application is preferred by college and university students.

To summarize all the considerations made above, it results convenient to evaluate pros and cons of each alternative:

Longchamp Application		Le Pliage Application	
Pros	Cons	Pros	Cons
Complete product offering	Purchases of few items	Purchases of all items	Limited user base
Wider user base			Incomplete product offering
Brand equity strengthening			Brand equity alteration

Figure 3.17 Longchamp Application Versus Le Pliage Application
Source: Personal Elaboration

It goes without saying that Longchamp Application advantages exceed its and Le Pliage application disadvantages. Moreover, as explained better above, some current consumers can shift from Le Pliage line to more high-end items of the same brand in the near future. Therefore, to conclude the best alternative seems to be the first one. In fact, since the company will invest in the application development, it might as well do it for a communication medium as durable as possible.

Conclusion

The research points out that also luxury companies should move with times, starting exploiting means of communications such as the Internet and mobile devices, even though the latter are considered mass tools. The Longchamp case study reinforces this theoretical consideration. More in detail, the French company is currently involved in digital marketing strategy thanks to an usable, intuitive and user-friendly website. Whereas, social networks are not exploited in the most efficient way; the reason concerns the fact that all of them are managed by the headquarter in Paris and this centralized choice does not offer the chance to satisfy the requirements expected from each national lifestyle segment. From the company analysis, it emerges the presence of three different, almost opposite, lifestyle segments: Old Money, Excursionists and college/university Students. It means that the company should develop multiple ways for engaging, attracting and retaining consumers as much as possible. For Old Money clientele, traditional touchpoints such as events and fashion magazines are enough, given they are not familiar with online or mobile shopping experiences. However, the same consideration is not suitable for Excursionists and Students. They respectively belong to Generation Y and Digital Generation and thus they are willing to make both online and mobile purchases. To date, they have the chance to personalize and then buy only one single item ("Le Pliage personnalisé") from the official website and therefore they are forced to reach the nearest boutique or retailer for other products. Even though Excursionists and Students represent the main consumers for the "Le Pliage" collection, which is the cheapest one, they may afford more high-end items in the near future. If it happened, the French companies would not be properly prepared. At the same time, competitors are making great strides in both digital and mobile marketing. Every Premium and Prestige brand provides the opportunity to purchase items on the official website. Moreover, Tory Burch and Mulberry have already developed their mobile applications. On the other hand, Michael Kors and Marc Jacobs exhibit outstanding performances in terms of social media management determining the increase of the overall average. Taking into account those considerations, it is possible to deduce few

suggestions which may help the company to overcome its downsides, aimed at remaining competitive in the current and future marketplace:

- Following the successful path undertaken by the company for traditional **offline touchpoints**;
- Expanding the **electronic commerce** available on the official website, giving the opportunity to purchase a wider range of products;
- Improving the management of **social networks** with the creation of national divisions or functions aimed at refining the company-consumer relationship;
- Enhancing the use of **direct marketing tools** such as mails or texts and QR codes - phone calls are not recommended given their intrusiveness;
- **Mobile advertising** through a programmatic display campaign, so that banners, broadcasted on fashion applications such as Vogue or Elle, will be based on personal tastes and preferences.
- **Mixed online and offline strategy:** digital and mobile tools should not be considered on their own; in fact, they represent an useful vehicle to promoting also offline events. For example, if a store opening is announced on social networks, probably its popularity and speed of diffusion will be exponential.
- Developing the mobile **Application**, offering the chance of purchasing certain product categories.

At the beginning of this work, I asked myself if it is feasible to exploit a mass tools such as mobile marketing for luxury brands; sure enough, the answer is affirmative. After having analyzed the changes related to the consumer decision-making process and the overall mobile marketing applications, Longchamp could not abstain from moving with the times. It should take the opportunities offered by mobile tools to engage all the lifestyle segments. To date, the French company is not considering that the Excursionists and Students could afford more high-end items in the near future, while Old Money consumers could become more and more digital.

Bibliography

Amit, R., & Zott, C. (2000). *Value creation in e-business.* INSEAD.

Anderson, C. (2009). *Free: The future of a radical price.* Random House.

Armstrong, G., Adam, S., Denize, S., & Kotler, P. (2014). *Principles of marketing.* Pearson Australia.

Aucouturier M, (2008) *Longchamp*, Editions de La Martinière.

Bakewell, C., & Mitchell, V. W. (2003). **Generation Y female consumer decision-making styles.** *International Journal of Retail & Distribution Management*, *31*(2), 95-106.

Barnes, S. J., & Scornavacca, E. (2004). **Mobile marketing: the role of permission and acceptance.** *International Journal of Mobile Communications*,*2*(2), 128-139.

Barry, B. (2003). *Retail management: a strategic approach.* Pearson Education India.

Bauer, H. H., Barnes, S. J., Reichardt, T., & Neumann, M. M. (2005). **Driving consumer acceptance of mobile marketing: A theoretical framework and empirical study.** *Journal of electronic commerce research*, *6*(3), 181-192.

Berman, R., & Katona, Z. (2013). **The role of search engine optimization in search marketing.** *Marketing Science*, *32*(4), 644-651.

Blackshaw, P., & Nazzaro, M. (2004). **Consumer-Generated Media (CGM) 101: Word-of-mouth in the age of the Web-fortified consumer**. Retrieved July 25, 2008.

Bolton, R. N., Kannan, P. K., & Bramlett, M. D. (2000). **Implications of loyalty program membership and service experiences for customer retention and value.** *Journal of the academy of marketing science*, *28*(1), 95-108.

Bolton, R. N., Lemon, K. N., & Verhoef, P. C. (2004). **The theoretical underpinnings of customer asset management: A framework and propositions for future research.** *Journal of the Academy of Marketing Science*, *32*(3), 271-292.

Buckingham, D. (2006). **Is there a digital generation.** *Digital generations: Children, young people, and new media*, 1-13.

Budiu R. (2013), **Mobile: Native Apps, Web Apps, and Hybrid Apps**, Nielsen Norman Group retrieved at http://www.nngroup.com/articles/mobile-native-apps/

Buisiness Insight (2015), **Jean Cassegrain, CEO, Longchamp** retrieved at
http://www.businessinsight.ae/success/jean-cassegrain-ceo-longchamp

Capgemini and RBC Wealth Management (2013) **World Wealth Report 2013**
retrieved at https://www.capgemini.com/resource-file-
access/resource/pdf/wwr_2013_0.pdf

Channel Advisor (2011) **Consumer Survey, Global Consumer Shopping
Habits** retrieved at http://go.channeladvisor.com/rs/channeladvisor/images/us-
ebook-consumer-survey-2011.pdf

Cheong D., Yang M., Peng D., Ong J. (2014), **Fundamental Analysis
Department Consumer Industry Report On U.S. Luxury Goods**, *NUS
Investment Society* retrieved at http://www.nusinvest.com/wp-
content/uploads/2014/12/FA-Consumer-Industry-Report-on-US-Luxury-Goods-
Sector-311214.pdf

Cheung, C. M., & Thadani, D. R. (2012). **The impact of electronic word-of-
mouth communication: A literature analysis and integrative
model.** *Decision Support Systems*, *54*(1), 461-470.

Chevalier, M., & Mazzalovo, G. (2008). *Luxury brand management: a world
of privilege.* John Wiley & Sons.

Coupland, D. (1991). *Generation X: Tales for an accelerated culture.*
Macmillan.

Dickinger, A., & Kleijnen, M. (2008). **Coupons going wireless: Determinants
of consumer intentions to redeem mobile coupons.** *Journal of Interactive
Marketing*, *22*(3), 23-39.

Digital Luxury Group in partnership with Luxury Society (2012), **The World
Handbag Report,** the most comprehensive market research in the luxury
handbag industry.

Digital Luxury Group in partnership with Luxury Society (2012), **World Luxury
Index**TM **Handbags** retrieved at http://www.digital-
luxury.com/reports/wli_handbags.pdf?email=elizabeth@stylitics.com

Digital Sales Development, Search Engine Optimization retrieved at
http://digitalsalesdevelopment.com/wp-
content/uploads/2014/01/digitalsalesdevelopment.com-SEO.pdf

Dobni, D., & Zinkhan, G. M. (1990**). In search of brand image: A foundation
analysis.** *Advances in consumer research*, *17*(1), 110-119.

Du, H. S., & Wagner, C. (2005, January). **Learning with weblogs: An
empirical investigation.** In *System Sciences, 2005. HICSS'05. Proceedings of
the 38th Annual Hawaii International Conference on* (pp. 7b-7b). IEEE.

Dubois, B., & Laurent, G. (1995). **Luxury possessions and practices: an empirical scale.** *European Advances in Consumer Research*, *2*, 69-77.

Edmunds, J., & Turner, B. S. (2002). *Generations, culture and society.* Open University.

Ellis-Chadwick, F., & Doherty, N. F. (2012). **Web advertising: The role of e-mail marketing.** *Journal of Business Research*, *65*(6), 843-848.

European Parliament (2011) **Consumer behaviour in a digital environment** retrieved at http://www.europarl.europa.eu/RegData/etudes/etudes/join/2011/464441/IPOL-IMCO_ET%282011%29464441_EN.pdf

Facebook, Inc. (2013) Reports Fourth Quarter and Full Year 2012 Results retrieved at http://files.shareholder.com/downloads/AMDA-NJ5DZ/292624656x0x687321/ECDB6E47-A6E0-4161-8C9F-F1B5B2B76B0B/FB_4Q12EarningsRelease.pdf

Ford, G. T., Smith, D. B., & Swasy, J. L. (1988). **An empirical test of the search, experience and credence attributes framework.** *Advances in consumer research*, *15*(1), 239-243.

Gawer, A. (Ed.). (2011). *Platforms, markets and innovation.* Edward Elgar Publishing.

Ghose, A., & Yang, S. (2009). **An empirical analysis of search engine advertising: Sponsored search in electronic markets.** *Management Science*,*55*(10), 1605-1622.

Google and Ipsos MediaCT (2013) **How Affluent Shoppers Buy Luxury Goods** retrieved at https://storage.googleapis.com/think-emea/docs/old/affluent-shoppers-luxury-goods-global_research-studies.pdf

Gordon, M. (2013) **The History of App Pricing, and Why Most Apps Are Free,** *Flurry Insights* retrieved at http://flurrymobile.tumblr.com/post/115189750715/the-history-of-app-pricing-and-why-most-apps-are

GSMA (2014), **The Mobile Economy 2014** retrieved at http://www.gsmamobileeconomy.com/GSMA_ME_Report_2014_R2_WEB.pdf

Haag, Cummings, Phillips, Carignani, Rajola, Bello, Longo (2010**) ICT e i sistemi informativi aziendali**, *McGraw-Hill,* 2nd edition, 213-251.

Haig, M. (2002). *Mobile marketing: The message revolution.* Kogan Page Publishers.

Hansemark, O. C., & Albinsson, M. (2004). **Customer satisfaction and retention: the experiences of individual employees.** *Managing Service Quality: An International Journal*, *14*(1), 40-57.

Hausman A (2015), **Metrics for Top of Funnel Marketing Matter**, *Hausman Marketing Letter* retrieved at https://www.hausmanmarketingletter.com/metrics-top-funnel-marketing-matter/

Hawkins, D., & Mothersbaugh, D. (2009). ***Consumer behavior building marketing strategy.*** McGraw-Hill.

Heine, K. (2009). **Using personal and online repertory grid methods for the development of a luxury brand personality.** In *Proceedings of the 8th European Conference on Research Methodology for Business and Management Studies, Valetta, Malta* (pp. 160-170).

Helenius, J., & Liljander, V. (2005). **Developing brand assets with wireless devices.** *Advances in Electronic Marketing, Idea Group Publishing, Hershey PA*, 176-192.

Herrera, C. **Brand equity meets private equity**, Investing in premium and luxury brands, *Growthgate Capital* retrieved at http://www.growthgate.com/imagesadmin/articles_pdf/14062410550169.pdf

Holzer, A., & Ondrus, J. (2011**). Mobile application market: A developer's perspective.** *Telematics and informatics*, *28*(1), 22-31.
International Standard Organization 9241-11.

ISBN Magazine, **Just for the pleasure of it** retrieved at http://www.isbn-magazine.com/web-exclusive/longchamp/index.html

Izvercian, M., & Alina Seran, S. (2013, August). **The Web 2.0 and the globalization impact on new consumer emergence and classification.** In *2013 International Conference on Education, Management and Social Science (ICEMSS-13)*. Atlantis Press.

Izvercianu, M., & Şeran, S. (2011). **Defining and Involving the Virtual Prosumer through Participative Marketing Strategies in the MPT Master Program**. *RMEE 2011*.

Izvercianu, M., Şeran, S., & Buciuman, C. F. (2012). **Changing Marketing Tools and Principles in Prosumer Innovation Management.** In *Proceedings of the 8th European Conference on Management, Leadership and Governance* (p. 246). Academic Conferences Limited.

Jalilvand, M. R., Esfahani, S. S., & Samiei, N. (2011). **Electronic word-of-mouth: Challenges and opportunities.** *Procedia Computer Science*, *3*, 42-46.

Jeddi S., Atefi Z., Jalali M., Poureisa A., Haghi H. (2013) **Consumer behavior and Consumer decision process**, *International Journal of Business and Behavioral Sciences* Vol. 3, No. 5

Joshi, A., & Motwani, R. (2006, December). **Keyword generation for search engine advertising.** In *Data Mining Workshops, 2006. ICDM Workshops 2006. Sixth IEEE International Conference on* (pp. 490-496). IEEE.

Kapferer, J. N. (2012). ***The luxury strategy: break the rules of marketing to build luxury brands.*** Kogan Page Publishers.

Kaplan, A. M. (2012). **If you love something, let it go mobile: Mobile marketing and mobile social media 4x4.** *Business Horizons*, *55*(2), 129-139.

Kireyev, P., Pauwels, K., & Gupta, S. (2013). **Do display ads influence search? attribution and dynamics in online advertising.** *Harvard Business School, Boston, MA*.

Kotler, P. (1986). **The prosumer movement: A new challenge for marketers**. *Advances in Consumer Research*, *13*(1), 510-513.

Kotler, P., & Armstrong, G. (2010). ***Principles of marketing***. Pearson Education.

Krug, S. (2000). ***Don't make me think!: a common sense approach to Web usability.*** Pearson Education India.

Krum, C. (2010). ***Mobile marketing: Finding your customers no matter where they are.*** Pearson Education.

Lam, J., & Chan, S. S. (2003). **Exploring CRM implementation on the internet and mobile channels.**

Laurent, G., & Dubois, B. (1996). T**he functions of luxury: A situational approach to excursionism.** *Advances in consumer research*, *23*, 470-477.

Leaders Online (2013), **Longchamp Evolution** retrieved at http://www.leadersmag.com/issues/2013.4_Oct/PDFs/LEADERS-Jean-Cassegrain-Longchamp.pdf

Lebreton, F. (2013) **Longchamp parie sur la generation à venir**, *la Criox* retrieved at http://www.la-croix.com/Famille/Parents-Enfants/On-en-parle/Longchamp-parie-sur-la-generation-a-venir-2013-08-20-1000332

Lee, J., Park, D. H., & Han, I. (2008). **The effect of negative online consumer reviews on product attitude: An information processing view.** *Electronic Commerce Research and Applications*, *7*(3), 341-352.

Leibenstein, H. (1950). **Bandwagon, snob, and Veblen effects in the theory of consumers' demand.** *The Quarterly Journal of Economics*, 183-207.
Levitt, T. (1983). **After the sale is over.** *Harvard Business Review*, *61*(5), 87-93.

Luke, R. H. (2015). **Characteristics of Successful Telemarketing Associates.** In*Proceedings of the 1993 Academy of Marketing Science (AMS) Annual Conference* (pp. 261-267). Springer International Publishing.

Mak, S., Williams, R., & Mackness, J. (2010). **Blogs and forums as communication and learning tools in a MOOC.**

Marinova, A., Murphy, J., & Massey, B. L. (2002). **Permission e-mail marketing as a means of targeted promotion.** *Cornell Hotel and Restaurant Administration Quarterly*, *43*(1), 61-69.

Mithas, S., Jones, J., & Mitchell, W. (2002). **Non-contractible factors as determinants of electronic market adoption.** *ICIS 2002 Proceedings*, 76.

Mobile Marketing Association (2008), **Mobile Applications** retrieved at https://www.mmaglobal.com/files/mobileapplications.pdf

Mobile Marketing Association (2011) **Mobile Advertising Guidelines** retrieved at http://www.mmaglobal.com/files/mobileadvertising.pdf

Moran, G., Muzellec, L., & Nolan, E. (2014). **Consumer Moments of Truth in the Digital Context: How" Search" and" E-Word of Mouth" Can Fuel Consumer Decision-Making.**

Mort, G. S., & Drennan, J. (2005). **Marketing m-services: Establishing a usage benefit typology related to mobile user characteristics.** *The Journal of Database Marketing & Customer Strategy Management*, *12*(4), 327-341.

Netcomm (2015), **Net Retail- Il ruolo del digitale negli acquisti degli italiani** retrieved at http://www.humanhighway.it/static/files_free/netretail.pdf

Okonkwo, U. (2010). *Luxury online: Styles, systems, strategies.* Palgrave Macmillan.

O'Leary, C., Rao, S., & Perry, C. (2004). **Improving customer relationship management through database/Internet marketing: A theory-building action research project.** *European journal of marketing*, *38*(3/4), 338-354.

Ottoni, R., Pesce, J. P., Las Casas, D. B., Franciscani Jr, G., Meira Jr, W., Kumaraguru, P., & Almeida, V. (2013, July). **Ladies First: Analyzing Gender Roles and Behaviors in Pinterest.** In *ICWSM*.

Owoseje, T. (2013), **Alexa Chung Unveiled as New Face of Longchamp**, *IBTIMES* retrieved at http://www.ibtimes.co.uk/alexa-chung-unveiled-new-face-longchamp-525324

Papadimitriou, P., Garcia-Molina, H., Krishnamurthy, P., Lewis, R. A., & Reiley, D. H. (2011, August). **Display advertising impact: Search lift and social influence.** In *Proceedings of the 17th ACM SIGKDD international conference on Knowledge discovery and data mining* (pp. 1019-1027). ACM

Parikh, A., & Deshmukh, S. (2013, November). **Search Engine Optimization.** In *International Journal of Engineering Research and Technology* (Vol. 2, No. 11 (November-2013)). ESRSA Publications.

Park, D. H., & Kim, S. (2009). **The effects of consumer knowledge on message processing of electronic word-of-mouth via online consumer reviews.** *Electronic Commerce Research and Applications*, *7*(4), 399-410.

Park, D. H., & Lee, J. (2009**). eWOM overload and its effect on consumer behavioral intention depending on consumer involvement.** *Electronic Commerce Research and Applications*, *7*(4), 386-398.

Pavlou, P. A., & Stewart, D. W. (2000). **Measuring the effects and effectiveness of interactive advertising: A research agenda.** *Journal of Interactive Advertising*, *1*(1), 61-77.

Peppers, D., Rogers, M., & Dorf, B. (1999). **Is your company ready for one-to-one marketing.** *Harvard Business Review*, *77*(1), 151-160.

Piccoli, G., & Pigni, F. (2013). **Harvesting external data: the potential of digital data streams.** *MIS Quarterly Executive*, *12*(1), 143-154.

Poell, T. (2009). **Conceptualizing forums and blogs as public spheres.** *Digital Material, edited by MVT Van den Boomen et al*, 239-251.

PortioReasearch (2014) **Mobile Messaging Futures 2014-2018**, Analysis and Growth Forecasts for Mobile Messaging Markets Worldwide: SMS, OTT, MMS and Email.

Prensky, M. (2005). **Listen to the natives.** *Educational leadership*, *63*(4).

Prensky, M., & Berry, B. D. (2001). **Do they really think differently.** *On the horizon*, *9*(6), 1-9.

Punj, G. (2012). **Consumer decision making on the web: A theoretical analysis and research guidelines.** *Psychology & Marketing*, *29*(10), 791-803.

Purcell, K., Brenner, J. (2012) **Main Findings, Search engine use over time**. *PewResearchCenter Internet, Science & Tech.*

Radiumore, Wbr Digital, Luxury Interactive (2015**), LUXURY RETAIL'S DIGITAL MOMENT How Luxury Brands Are Taking Advantage of the Digital Age** retrieved at http://digital.wbresearch.com/luxury-retails-digital-moment-mc

Rau, P. L. P., Chen, J., & Chen, D. (2006**). A study of presentations of mobile web banners for location-based information and entertainment information websites.** *Behaviour & Information Technology*, *25*(03), 253-261.

Rayna, T. (2008). **Understanding the challenges of the digital economy: The nature of digital goods.** *Communications & Strategies*, (71), 13-16.

Rehmani, M., & Khan, M. I. (2011). **The impact of E-media on customer purchase intention.** *International journal of advanced computer science and applications*, *2*(3).

Reisenwitz, T. H., & Iyer, R. (2009). **Differences in generation X and generation Y: Implications for the organization and marketers.** *The Marketing Management Journal*, *19*(2), 91-103.

Ritzer, G., Dean, P., & Jurgenson, N. (2012). **The coming of age of the prosumer.** *American Behavioral Scientist*, *56*(4), 379-398.

Rust, R. T., Moorman, C., & Dickson, P. R. (2002). **Getting return on quality: revenue expansion, cost reduction, or both?.** *Journal of marketing*, *66*(4), 7-24.

Scharl, A., Dickinger, A., & Murphy, J. (2005). **Diffusion and success factors of mobile marketing.** *Electronic commerce research and applications*, *4*(2), 159-173.

Senecal, S., Kalczynski, P. J., & Nantel, J. (2005). **Consumers' decision-making process and their online shopping behavior: a clickstream analysis**. *Journal of Business Research*, *58*(11), 1599-1608.

Shani D. and Chalasani S., (1992) **"Exploiting Niches using Relationship Marketing"**, Journal of Consumer Marketing, vol. 9, no. 3, 1992, pp. 33-42.

Shankar, V., Venkatesh, A., Hofacker, C., & Naik, P. (2010). **Mobile marketing in the retailing environment: current insights and future research avenues.** *Journal of interactive marketing*, *24*(2), 111-120.

Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). **Why we buy what we buy: a theory of consumption values.** *Journal of business research*, *22*(2), 159-170.

Smith, C. (2014) Here's Why Instagram's Demographics Are So Attractive To Brands, Business Insider retrieved at
http://www.businessinsider.com/instagram-demographics-2013-12?IR=T

Spagnoletti, P., Resca, A., & Lee, G. (2015). **A design theory for digital platforms supporting online communities: a multiple case study.** *Journal of Information Technology*.

Swift, R. S. (2001). *Accelerating customer relationships: Using CRM and relationship technologies.* Prentice Hall Professional.
Telephone Consumer Protection Act 47 U.S.C. (1991)

The Radicati Group, INC. (2014) **Mobile Statics Report, 2014-2018** retrieved at http://www.radicati.com/wp/wp-content/uploads/2014/01/Mobile-Statistics-Report-2014-2018-Executive-Summary.pdf

The Radicati Group, INC. (2014), **Email Statistics Report, 2014-2018** retrieved at http://www.radicati.com/wp/wp-content/uploads/2014/01/Email-Statistics-Report-2014-2018-Executive-Summary.pdf

The Radicati Group, INC. (2015) **Instant Messaging Market, 2015-2019** retrieved at http://www.radicati.com/wp/wp-content/uploads/2015/02/Instant-Messaging-Market-2014-2018-Executive-Summary.pdf

Toffler, A. (1981). *The third wave* (pp. 111-120). New York: Bantam Books.

Tossell, I. (2011). **QR codes are suddenly everywhere**. *published online Sep,26*, 4.

Vasudevan, R. (2013). **E-mail Marketing**. *Journal of Contemporary Research in Management*, *5*(3).

Watson, C., McCarthy, J., & Rowley, J. (2013). **Consumer attitudes towards mobile marketing in the smart phone era**. *International Journal of Information Management*, *33*(5), 840-849.

we are social (2015), **Digital, Social and Mobile in 2015** retrieved at http://wearesocial.net/blog/2015/01/digital-social-mobile-worldwide-2015/

Wiedmann, K. P., Hennigs, N., & Klarmann, C. (2012). **Luxury consumption in the trade-off between genuine and counterfeit goods: What are the consumers' underlying motives and value-based drivers&quest**. *Journal of Brand Management*, *19*(7), 544-566.

Wilson, F. (2006) **My Favorite Business Model**, *AVC (Blog),* retrieved at http://avc.com/2006/03/my_favorite_bus/

Yu, J. H., & Cude, B. (2009). **'Hello, Mrs. Sarah Jones! We recommend this product!'Consumers' perceptions about personalized advertising: comparisons across advertisements delivered via three different types of media**. *International journal of consumer studies*, *33*(4), 503-514.

Yuan, S. T., & Tsao, Y. W. (2003). **A recommendation mechanism for contextualized mobile advertising.** *Expert Systems with Applications*, *24*(4), 399-414.

Zeng, Y. E., Wen, H. J., & Yen, D. C. (2003). **Customer relationship management (CRM) in business-to-business (B2B) e-commerce.** *Information Management & Computer Security*, *11*(1), 39-44.

ZenithOptimedia (2012), **Advertising Expenditure Forecasts December 2012.**

Ziemba, E., & Eisenbardt, M. (2013). **Prosumption awareness among young consumers.** *Studia Ekonomiczne, Creativity Support System, Methods, and Applications*, *153*, 163-177.

Web sites

ADEC Group:

http://www.adec-group.com/

Alexa:

http://www.alexa.com/

Capgemini:

https://www.it.capgemini.com/

Coach Official Website:

http://www.coach.com/

eMarketer:

http://www.emarketer.com/

Eurostat:

http://ec.europa.eu/eurostat

Facebook:

https://www.facebook.com/

Gaebler.com, Resources For Entrepreneurs:

http://www.gaebler.com/Direct-Mail-Response-Rates.htm

Gartner:

http://www.gartner.com/newsroom/id/2944819 \

Google Plus:

https://plus.google.com/

How Much to Make An App:

http://howmuchtomakeanapp.com/estimator

Il Sole 24 Ore:

http://www.ilsole24ore.com/

Instagram:

https://instagram.com/

Longchamp Official Website:

http://www.longchamp.com/

Louis Vuitton Official Website:

http://it.louisvuitton.com/ita-it/homepage

Marc Jacobs Official Website:

http://www.marcjacobs.com/

Michael Kors Official Website:

http://www.michaelkors.com/

Mobile Marketing Association:

http://www.mmaglobal.com/wiki/mobile-marketing

Mulberry Official Website:

http://www.mulberry.com/eu/

Pinterest:

https://it.pinterest.com/

PC Magazine:

http://www.pcmag.com/encyclopedia/term/51537/smartphone

Statista:

http://www.statista.com/

Tory Burch Official Website:

http://www.toryburch.it/

Twitter:

https://twitter.com/

YouTube:

https://www.youtube.com/

Other sources:

Digital Marketing course - Maximo Ibarra- Luiss Guido Carli 2014-2015

Mobile Summit 2015 – 12th of March 2015

User Experience seminar – Tania Di Mascio – 3rd of March 2015