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

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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 the 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 mobile tools or the Internet 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 evolution of consumer purchasing process

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: the Internet gives a quite infinite amount of information. Thirdly, from alone to associated: new consumers are continuously connected with global communities and social networks in order to satisfy their information requirements. The Internet and other digital devices have transformed also marketing itself. For consumers, it gives a much wider range of products, services and prices from different, even international, suppliers and the chance to make online and mobile purchases. For companies, it gives the opportunity to expand into new markets without transferring the physical distribution, to offer new services and to implement online communication mediums. 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.
The figure overhead concerns the consumer behaviour, assuming that purchases could be 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. According to the traditional theory 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.¹ Luxury consumers are primarily human beings and therefore involved in digital evolution; their

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decision-making journeys are changing as well. 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”\(^2\), are people with more than US$1 million in assets, excluding their principal residence. In the last century, powerful drivers\(^3\) 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\(^4\). It implies that Old Money consumers generally come in contact with the brand through offline and tradition touchpoints, while the Excursionists are younger and thus they can be engaged by digital and mobile channels.

**Mobile Marketing**

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, the number of unique mobile subscriptions in 2014 was around 3.5 billion\(^5\). 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%)\(^6\). The underlying table highlights the increase of unique mobile subscriptions until nowadays and its forecast for the near future.

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\(^5\) GSMA, *The mobile Economy 2014*.

\(^6\) we are social (2015), *Digital, Social and Mobile in 2015*. 
The personal nature of mobile device allows companies to develop highly personalized and targeted marketing campaigns. Moreover, it represents a real-time and interactive mean of communication giving the chance to reply to the message as soon as it is received. 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”.

Within this definition, it results advantageous to differentiate between four types of mobile marketing applications. Kaplan identifies two variables for the classification: the degree of consumer knowledge and the trigger of communication. The first variable, the degree of consumer knowledge, concerns the company ability to customize its messages aimed at implementing a one-to-one marketing program. Starting with the segmentation process, it is possible to group consumers by preferences and interests and then personalize the advertisement. On the other hand, the trigger of communication variable takes into account the difference

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7 www.mmaglobal.com/wiki/mobile-marketing
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 consumer proactively retrieves company information or advertisements, that is considered pull communication.

<table>
<thead>
<tr>
<th>Degree of Knowledge</th>
<th>Push</th>
<th>Pull</th>
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</thead>
<tbody>
<tr>
<td>High</td>
<td>Direct Marketing</td>
<td>Application</td>
</tr>
<tr>
<td>Medium</td>
<td>Mobile Advertising</td>
<td>QR Code</td>
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*Figure 1.2 Type of Mobile Marketing Applications*


Therefore, the overhead figure distinguishes between four types of mobile marketing tools:

- **Direct marketing** includes mails, phone calls and text messages or instant messaging. To overcome their intrusiveness and annoyance, companies should turn these push tools into pull communication mediums through the opt-in option. In this way, consumers actively decide to receive messages, increasing the purchase intentions or other desired activities. Even though click-through rate for general B2C marketing is 3.25%, mails are less intrusive than text messages and phone calls; they are useful to distribute sales and promotional messages to existing consumers and prospects.

- **Mobile advertising** is the subset of mobile marketing that involves promoting products or services with text and graphical messages displayed on mobile devices[^10]. 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. Notwithstanding its popularity and efficiency, mobile advertising is considered invasive because the

advertisements are displayed while the user is searching information or while she is waiting for an application download or gaming.

- **QR codes** and **Applications**, on the other side, belong to pull communication tools. In fact, users decide of their own will to download applications or to scan QR codes because they contain information or nothing more than entrainment in which users are interested. More in detail, the application development positively influences the company’s image, taking the opportunity to spread its values and culture. Moreover, it allows consumers, mainly digital natives, to directly purchase products whenever and wherever they want without moving.

The mobile marketing applications seem not to reflect the prestige and heritage of luxury companies; however, more and more of them are realizing that mobile devices will become the main communication mediums in the near future. If a luxury company chooses on purpose not to integrate traditional marketing channels with digital and mobile ones, it will lose consumers, especially those belonging to the digital generation.

**The Longchamp Case Study**

Longchamp is a French company founded in Paris in 1948 by Jean Cassegrain. Although its international expansion and its success, it is still owned and managed by the family. Longchamp is one of the most popular brands in the affordable luxury industry. Economic crises and emerging economies are the drivers that have led to the expansion of this industry. 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. The “World Handbag Report”\(^{11}\) 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 brands.

\(^{11}\) Digital Luxury Group (2012), World Handbag Report.
Table 1.2 The most sought-after handbag brands globally
Source: Digital Luxury Group, World Handbag Report 2012

Looking at the table 1.2, Longchamp reveals a prominent role on a global scale with a remarkable market share (5.72%). It competes also with Powerhouse brands, which should be considered as indirect competitors.

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. Despite that, the market overview differs from country to country\(^\text{12}\). Although Coach is the number one global handbag brand, it ranks only 19\(^{\text{th}}\) 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.

Table 1.3 Top 5 Most-Search Handbag Brands, Premium Category
Source: Digital Luxury Group, World Handbag Report 2012

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

\(^{12}\) Digital Luxury Group in partnership with Luxury Society (June 2012) World Luxury Index™ Handbags.
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, based on the theory, it is possible to make a deep classification between two consumer profiles: 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. On the other hand, the **Excursionists** are people from 25 to 40 years old, who are at the beginning of their working lives; thus, their spending power is limited. 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”. 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 several dimensions: price, quality, brand recognition, popularity, customization and multipurpose.

![Longchamp Value Curves](image)

*Table 1.4 Longchamp Value Curves*

**Source:** Personal Elaboration

Table 1.4 highlights that Longchamp presents an heterogeneous consumer base. Each lifestyle segment is well defined but it definitely differs from the others. The presence of three different, almost opposite categories, forces Longchamp to implement, or better integrate, different marketing strategies aimed at attracting and retaining all the lifestyle segments.
Offline Marketing Strategy

Regarding traditional and offline touchpoints, Longchamp does not send its advertisements via television (except product placement) or radio because these tools do not fit the company needs, given their inappropriateness. Despite that, Longchamp implements a successful offline strategy by way of:

- **Fashion magazines** represent the most useful tool communication medium because they are printed for the right lifestyle segment.
- **Street advertising** becomes efficient, even if the location should be carefully selected.
- **Events**, directly organized by the company, represent an alternative way to promote the brand and its products; the opening of a store, or better a flagship, is considered the most exclusive one.
- Longchamp implements a careful **product placement** in movies (Side Effects), television (Gossip Girl) and music video (Tears Always Win, Alicia Keys) which enables the company to remove the appearance of selling the products.

Current Digital and Mobile Touchpoints

Considering the Longchamp internationalization strategy and the lifestyle segments described above, it is unavoidable evaluating new means of communication. In fact, while print advertising and event marketing remain important in luxury retail, digital and mobile touchpoints have become crucial and inexpensive tools for brands to tell their stories.

- The **Official Website**, which was launched in 2011, is usable, intuitive and user-friendly; however, the electronic commerce is restricted to one single item, “Le Pliage personnalisé”. This strategic choice aims at inviting consumers to reach the nearest store for the final purchase.
- Moreover, Longchamp is present in major **social networks** both generalistic such as Facebook, Twitter, Google Plus and vertical such as Instagram, Pinterest and YouTube. The decision of creating its own account was forced by the presence and success of main competitors. Given that social media can be used to promote products, increase brand’s image and attract new consumers, Longchamp decided to follow this **bandwagon** effect. Despite that, these means
of communication are not exploited in the most efficient way, since every national page or account is directly managed and updated by the headquarter.

- The company’s approach is restricted to the use of **direct mails**, also these are addressed to a selected lifestyle segment. 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 opening 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.

**Future perspectives**

It is easy to deduce that if the company desires to remain one of the leaders in the affordable luxury market, it should move with the times, starting exploiting new means of communications such mobile devices and improving others. Although they are considered mass tools, the number of unique mobile subscriptions is still increasing over the time and, at the same time, consumers are changing their purchasing process, independently from the generation to which they belong. 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** is not used because this communication medium is 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, 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.

• 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, who are not accustomed to digital devices, but with high disposable income. However, the application development should be reconsidered, offering the chance of purchasing certain product categories.

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**Figure 1.3 Longchamp Application**
*Source: Personal Elaboration*
Conclusion

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.
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