“The Shift of the Luxury Shopping Experience from Offline to Online Channels”

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Abstract

Current research for digital marketing and commercial activities of luxury brands lacks a direct analysis of major brands' websites, in particular for *Haute Joaillerie* and *Haute Horlogerie*, moreover an explanatory overview of what are the real users' interactions with luxury brands' websites.

In an analysis of digital and luxury worlds, and a detailed analysis of four among the major brands in the sector, strengths and weaknesses are researched, together with the possible improvements that can be made.

Statistical data are combined with personal research and surveys. These reveal that, on average, the possibility to move the customer luxury experience from the real store to the on-line channel is not so far as many people think. Collective culture of new generations and emerging countries expresses a significant inclination towards the digital playground in respect to what it is commonly supposed to be. Thus, the future success of luxury brands can be created on-line.
Summary

The argument I will treat in the following chapters is related to the convergence of personal attitude, deep attention to details, with the educational journey that I have chosen after my bachelor’s degree.

I consider the luxury market extremely intriguing, I believe, in fact, that it holds our country’s, and Europe in general, most powerful possibility of success and economic recovery.

In the luxury world, in which, what has low value tends to be externalized and delocalized, the market sectors with the highest added value and creativity, as *Haute Joaillerie* and *Haute Horlogerie*, are the sectors that will be left for the longest time in the West. At the same time, the new tastes of consumers and new wealth open markets that, even if remain always niche markets, become significantly bigger in relative terms. On the other hand, there is the affirmation of the Web, not only as a marketplace, but also as a pre and post sales communication channel; in spite of this double evolution, the union of the two worlds, Luxury and digital, seems to be still an exception.

The aim of this research is to study and define the possible synergies and inescapable contradictions, furthermore analyzing the eventual and potential developments also referring to new markets.

The work can be schematically divided in four main parts:

1. An overview of the actual situation of the luxury sector and the digital playground, with a detailed analysis of advantages and disadvantages of Internet commerce, considering also differences according to the different regions of the world (emerging versus developed countries).

2. A direct study of four among the major brands’ websites, this has been made taking in consideration four main categories: visual language, customer experience, purchase process and mobile version, furthermore distinguishing the purely technical factors from the emotional ones. After the brands’ analysis, a comparison with the most important marketplace in
the sector, the Net-a-Porter-Yoox group, is made, considering differences and strengths and weaknesses of brands’ websites compared to the latter.

3. After the “on field” analysis, I inserted a personal reflection and projection of possible strategies that can be implemented by brands in order to recreate a luxury customer experience also on the on-line channel. This regards customer relationship management and customer luxury services offered, conjecturing a new paradigm of contacting them exactly when they need and want to.

4. The conclusion is a reflection on the entire study and an analysis of the current situation; it is not the presentation of a new business model but a useful analysis of the future development of digital strategies and on-line brands’ presence.

Even if Luxury and digital are the two markets that are developing the most, despite the economic crisis of the past years, they are still considered as incompatible worlds from users and their main actors. My personal opinion, strengthened after this research, is that probably this depends not only on the idea that the luxury atmosphere is difficult to create on-line, the purchase experience in the real store etc., but it depends more on the fact that the main actors themselves are convinced of this stereotype.

Given these assumptions, it was interesting to study and define the possible synergies and inescapable contradictions, furthermore analyzing the eventual and potential developments also referring to new markets.

This research will concentrate on the sector of “Haute Joaillerie” and in particular “Haute Horlogerie”, the so-called “Hard Luxury”. In fact, the experiential factor for this kind of product is certainly higher among other luxury goods; How to translate this experience on the on-line channel? E-commerce in effect, is based on online transactions, so it has limitations to deliver a real experience like touch, smell and live atmosphere, thus it is regarded as not a proper channel for luxury products. In spite of this, data show an augmented inclination to buy on-line; this is not only a cultural phenomenon, but also the
result of a change that brands are making on their websites: the creation of a “smoother” process, user-friendly and the most luxurious possible, thanks to events, news, on-line assistance, apps and in-store delivery (after on-line purchase).

One of the countries in the world in which the on-line channel is stronger is China; to this I dedicated a whole chapter in the study.

Even if recent economic recession changed the buying habits of Chinese people, due to the higher taxation from the last government and the slowdown of the GDP (gross domestic product), which is continuing in the current days, hard luxury market is largely boosted by Chinese consumers.

Chinese luxury consumers buy luxury products overseas and on-line; this trend affects the global marketing strategies of the different luxury brands, that are reducing investments in local retail stores, while concentrating marketing investments both in China and in particular in the most favorite tourist destinations of Chinese customers (in terms of luxury consumption). Watches and Jewelry with tickets of about 20000 RMB remain the best gifts for men and women respectively, with Bulgari standing out as best jewelry in 2015 and Cartier as best jewelry watch for the same year. In addition to that, even in China shopping mode is slightly changing from a deal and functional based one to a status, emotional driven purchase. Moreover, the natural trend towards the acquisition of new technologies makes Chinese people the most likely to try innovative tools to be created on websites and even more on mobile sites. A customized geo-localization and a one-to-one contact between brand and consumer, enabled through mobile devices, would not be looked as invasive by a Chinese consumer, as instead it will probably happen with a European client.

To get into the practical analysis, I carried a free and anonymous participation survey starting from a list of almost 300 consumers aged between 16 and 60 years.

The two major themes emerged are:
1. the website is a fundamental showcase for a luxury brand;
2. the website is an important point of sales.

According to the first point, we can analyze the answer to the question: "where do you prefer to browse for a luxury product", for people surveyed retail stores have the same rate of PC.

Another relevant fact emerged is that almost 50% of interviewed consumers affirmed they already bought a luxury item on-line. By this, it was interesting to research why the other portion of the population answered they have never bought luxury goods on-line. Regarding the drivers that are at the basis of the minor success of on-line sales, when creating the questionnaire, I made two possible motivations:

- the perceived risk of frauds and/or privacy violations: worry is confirmed, in fact, only 30% of consumers do not feel this worry while 50% of interviewed admit they are worried half the time they browse on-line for products;
- the believed impossibility to recreate on-line “luxury shopping experience”: up to 60% of consumers answered with no doubt that is possible to have a “luxury experience” through a digital channel.

Data source: personal survey (2015)

After the survey, made to get an overall idea of the scenario, the study goes to the main part of the research, that consists in a detailed analysis “on the field”, though the observation of four websites of the major brands in the sector: Bulgari, Cartier, Rolex and Tag Heuer.
More than half of luxury consumers interact with brand sites; the aim here is to investigate the efficiency to create a luxury customer experience on-line, by the analysis of two variables of brands’ digital presence: 1) e-commerce strategic reach and 2) digital customer experience. The first, endorses all the technical aspects as cross-channel services, on-line products range, display visualization, product selection and delivery, on-line geographic coverage and other mostly functional aspects; the second instead, comprehends the personal services and emotional strength. It is fairly an extension from already known studies that take a sample of sites and evaluate some determined aspects both functional-technical and emotional; here I made an interactive analysis with selected brands’ websites, analyzing not only given aspects but also observing each single subject, in all its aspects, comprehending the buying experience.

The structure for each brand is the following:

1. Visual Image analysis: the first impression and the entire journey in the website is observed through this, in terms of images, videos, colors and themes but also, the whole range of contents (the emotional impact the user gets when opening the website).

2. Buying journey analysis: the structure of the process. The observation comprehends all the technical and functional aspects: opportunities of interactions and their speed rate (loading speed rate of images and videos), assortment of the e-boutique, products availability in the physical store, pricing display methodology, products’ information, payment’s methodologies and more.

3. Customer experience analysis: the most critical point. I underlined it since it is the most powerful tool to create the highest level of engagement with customers and actually, it is also the way through which websites can create a bundle of options and possibilities in order to build the real luxury experience, even in the online experience.

4. Mobile version of the website analysis: mobiles are a focal point since the
new face of the luxury market shows affluent customers who are more and more “connected”, smartphones are four times more effective than desktops in terms of advertising awareness, message association (though a higher level of personal contact), and higher purchase intent. Consistence and coherence between PC and mobile versions and the availability of contents offered are the core elements, while connected services as dedicated apps and Omni-channel tools are a plus to be evaluated.

The final image is given by a conversion of theoretical results, in tables and graphs, to summarize the whole work.

The analysis conducted on the four brands chosen among pure Jewelry, pure watches and both, is aimed to gather some conclusions in terms of the possibility to activate a real brand experience on-line, on which the paradigm of experiential marketing insists.

The brand experience is conceived in terms of sensations, emotions, knowledge and behaviors that the brand is able to evoke; the tools available, if properly leveraged and valorized, can turn into a real exhibition of the offer and can enhance the level of entertainment and consequently, users’ curiosity.

As this study aims to confirm, the value of on-line shopping invests luxury with no objections: what emerges is that the web, for the luxury sector, has not substituted the off-line channel but it has changed the way in which clients afford the connection with luxury brands, to the point that physical and digital channel have to be considered fully integrated. The original structure of Internet as sales channel is applied only marginally among luxury brands, anyway this doesn’t mean that the Internet is marginalized, rather the “new paradigm” puts it as an integrated system of messages and experiences that perfectly matches with physical shops and drives customers to buy here. Among the websites I have analyzed, some, as Rolex for example, perfectly embodies this approach and, in fact, they are information oriented: meaning aimed to drive the purchase in the retail store after browsing on the website and having got the “virtual tour”
through the brand’s world; others instead are conceived as distributive channels as important as the physical ones, as Bulgari for USA and Japan.

The survey that opens the paragraph reinforces the thesis according to which result depends not only on technical performances or special effects, but also on clients’ personal attitude; they can conceive the web as a primary shopping channel or as a simple tank of information. Despite all these affirmations, websites are captivating motors and can generate relevant effects on users’ purchases’ intentions and inclinations towards luxury goods, independently from their hedonistic nature. Results are evaluated and compared in terms of interface characteristics: colors, music, videos, text and dimensions, these are basic but they have a core importance since they influence the first impression of users and their emotional connection, according to the “Stimulus Organic Response” paradigm of Mehrabian and Russel\(^1\). The other aspect I observed is the one of informative properties, though the website’s ability to give information needed by clients, not only in a timely way, but if possible before the user asks for these, in a way accurate and adequate to a luxury brand; it is not the amount of information that influences users’ actions, rather their effectiveness.

The user expects the website to do the same mannerly proposing work that the well-informed salespeople do when entering a store (obviously the information must be present but not invasive at all, no pop-up or banners continuously remembering new products or events). In addition to these, the entertaining capability, enjoyment, imagination and excitement are cardinal: customers’ emotions come before their perceptions of the atmospherics of the sites. Websites’ involvement is the way through which brands connect with users: the more interactive the functions, the more users would be involved and consequently, their attitudes to purchase enhanced. To evaluate and compare the brands, I related the emotional factor mainly to videos and mini-films, but also to the presence on the websites of events and the whole world that is around the brand, in which users have to immerse and feel to be part of it, as when they

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\(^1\) Mehrabian and Russel Stimuli-Organism-Response, model in environmental psychology, 1974.
enter in a *atelier* and they live a unique luxury experience.

According to Mehrabian and Russel’s *PAD*\(^2\), “*pleasure, arousal and dominance model*”, these feelings are the three kinds of emotions used to measure emotional responses and the model is the most suitable method of analysis for the on-line context. *Pleasure* is connected with the degree of website’s likeability, *arousal* is the capacity of stimulation, while *dominance* is related to the power of the website to let people feel free and autonomous or to control their actions. This last point could seem irrelevant but it has great importance; on-line in fact, there is a higher control of processing information, so dominance assumes a relevant role in terms of emotional response.

**Graph 1:** Overall performance of websites considering: emotional strength, usability, functional strength, information effectiveness, luxury idea giving, customer service.

**Graph 2:** Overall performance of brands regarding mobile sites versions considering: video quality, m-commerce, dedicated apps, responsive design and store localization.

\(^2\) Mehrabian and Russel’s PAD is a model efficiently used in marketing studies on customers’ behaviors in stores, and to determine effect of pleasures on extra-time spent in stores.
In order to represent and measure the effectiveness of digital investments, in terms of value creation and long term sustainability, brands refer to their Digital IQ index: this assesses how good companies are in catching the added value they expect from their investments in technology. The graph below shows the 2015 Digital IQ score of the four analyzed brands, respect to Watches and Jewelry market trend (grey-sketched line). The index is observed considering website and mobile’s features, digital marketing activities and social media presence.

Data source: L2 Inc. (2015)

To have a benchmark and a comparison of brands’ own websites an observation of online multi-brands reality has been conducted. The subject taken is the successful Yoox-Net-a-Porter group, recently merged; this real independent global leader in the digital luxury world, is a platform able to satisfy even the
most sophisticated and addicted luxury consumer; since the fusion will allow the growth of revenues in the long period, the new company will cover 180 countries in the world. Both Net-a-Porter and Yoox have designed and changed the way in which people approach the luxury market, creating a new market by themselves. The differentiating point of multi-brands and department stores on-line, is the aim for which they are conceived. As Galerie Lafayette in Paris, these luxury multi-brands are for a clientele that still don’t know what product they want to buy: they are made for the same clients who want to have a walk along via Montenapoleone, in order to enter luxury by itself, and live the experience over the purchase. The final advantage is doubled: variety of choice and luxury journey at the same time. This different market has not to be considered a disturbing factor; on the contrary, since today’s clients have new habits, what is really important is to be present everywhere and every time, not only as the brand strategy and business model established, but also how the customer wants, so brands must be available on all the channels, even on multi-brand sites. Today more than ever the client chooses: how to be in contact, how to search for the product desired and how to live the buying experience.

The final result of this research does not conduct to a new business model, it is more a presentation of new opportunities and possible tools to be improved and implemented, in order to get the best economic performance with a particular focus on customer experience. The latter, in particular, could strongly benefit from the interaction between on-line and geo-localization systems, in order to dispel the most useful information for a specific client who is in a specific location at a given moment. As I explained in the chapter on the new possible opportunities for customer relationship management, privacy is not a taboo. Each of us consents to personal data treatment, to get a bundle of services that are sometimes indispensable and other times superfluous; why not try to sensitize customers to a proper use of their data with the aim to give them the best customer experience ever?
The union between digital and Luxury must be “celebrated” on the complementary playground, and with a possibility of substitution. The biggest part of sales, will always remain off-line, in the locations that permit the maximum luxury experience, as flagship and retail stores; the on-line main duty will be the extension in time and space of this experience, while at the same time, adding those distinctive features of interactivity and customization. Slightly different is the situation in emerging markets, where the territorial dispersion of luxury customers can suggest a wider presence of the on-line selling channel that, in some cases, could also be the only one.

In short, there are three channels created by websites:

1. **the on-line/on-line**;
2. **the on-line/off-line**;
3. **the on-line/off-line/on-line**.

The first one sees a 360 degree interaction with the website, meaning that a person browses on-line for a specific product, and will buy the product directly from the website (more frequent among US consumers and Chinese ones, geographically speaking, and Millennial\(^3\), demographically speaking).

The second channel is the most common: the purchase happens in a real store, after having looked on-line for a product (more frequent among European customers, that are more conservative and “accustomed to” luxury; demographically speaking instead, probably the channel characterizes clients of Generation X\(^4\), those born between the early 1960s and 1980s, who approach the digital world, but are still attached to traditional shopping).

The third channel is a particular case, which could be related to different segments. The purchase process starts with on-line navigation, passes through the real store to check and try the product but then goes back to the on-line website to complete the purchase.

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\(^3\) Also known as Generation Y, birth years between 1980 and 2000. Horovitz, Bruce (4 May 2012). “After Gen X, Millennials, what should next generation be?”. USA Today.

Reasons behind this buying journey can be different and are difficult to seize; they could depend on personal motives, price ones and more. What brands are striving to do and cannot resolve is understand if a customer who buys a product on-line has already gone to the retail store to see it or not.

After the observation made on the actual situation of digital commerce, and the luxury world, the conclusion of this research is that even if new technologies and digital development will take us to new frontiers and will open the way to always newer playgrounds, (think about marketing before the social media advent and marketing paradigm today) the luxury sector will never see the total exclusion of the off-line channel.

The real power of digital is to convey new experiences, but not to substitute the shopping experience in the retail store.

As digital technologies develop in the shop, the digital store will recreate a luxury atmosphere, giving the possibility to live it when browsing on Internet, that is the larger activity people from each age segment, use to do at our time. The reduced availability of free time and the always more frenetic lifestyle that characterizes our lives, risk to let people forget the willingness to spend time in a recreational activity as luxury shopping. I would mean that since luxury shopping, is not a necessary activity, and luxury products in particular, as explained in the first paragraphs of this study, are absolutely secondary to our needs; given this, as lives become more frenetic, people will have less and less time to go browse around via Montenapoleone, via Condotti or Fifth avenue, but, if people could live a luxury experience online, during their lunch break, before starting work again, they could find the goods they were looking for, or even simply get excited after navigating on the Rolex website and so decide to buy a Rolex submariner model watch.

The role of the luxury brands websites is to enable the luxury experience also in the digital playground, because this is the most relevant reality of our times.
This will not constitute a substitution, but simply the creation of an additional channel, that have to be always implemented, in order to create the “white glove” experience of the future.
**Introduction**

The argument I will treat in the following chapters is related to the convergence of personal attitude, deep attention to details, with the educational journey that I have chosen after my bachelor’s degree.

Personally I consider the luxury market extremely intriguing, I believe, in fact, that it holds our country’s most powerful possibility of success and economic recovery, and for Europe in general. Along with this sector, as we all know, Internet and the digital world in general, are englobing all the activities of our everyday life, first of all with the revolution of the commerce, which is continuing to develop towards untrodden limits.

In a world as the luxury one, in which, what has low value tends to be externalized and delocalized, the market sectors with the highest added value and creativity, as *Haute Joaillerie* and *Haute Horlogerie*, are the sectors that will be left for the longest time in the West.

The new tastes of consumers and new wealth open markets that, even if remain always niche markets, become significantly bigger in relative terms; though these represent a fast growing business in expansion, notwithstanding the economic crisis.

On the other side, there is the affirmation of the Web, not only as a marketplace, but also as a pre and post sales communication channel; even here the expansion is, among the sectors, amid the biggest or definitively the biggest.

In spite of this double evolution, the union of the two worlds, Luxury and digital, seems to be still an exception: Luxury is still not sold a lot through the Internet, and scarce attention is paid, or seems to be paid by high end brands; this fueled my interest on these sectors and on their “union”, if it all possible.

Given these assumptions, it was interesting to study and define the possible synergies and inescapable contradictions, furthermore analyzing the eventual and potential developments also referring to new markets. The latter can present
different conditions as the unavoidable difficulties with a strictly traditional distributional circuit like the luxury goods’ one (it is not worth proposing that Ferrari buys a retail point in Shao-yang, if the production is at thousands of kilometers of distance).

In order to have a direct experience in the sector, I chosen to have the internship required by our University, at Artemest, an e-commerce start-up selling high-end design objects and jewels. Thanks to this experience, I had the opportunity to see directly the difficulties and dynamics that a luxury company can come across, operating on-line, though I conduct the research in parallel with a personal opinion got from the working experience.
1. Internet and the e-commerce

1.2 Definition

The phenomenal growth of the Internet since the mid 1990s has literally changed the economy: the Internet has emerged as a critical backbone of commerce, with significant impact throughout the world.

Internet was created primarily for people to get information and it went in one direction only: it transferred information to its users. The so-called Web 1.0 was static and companies needed huge investments to build a digital presence, and once created, these were merely “window” sites.

Through digital development and technology innovations, the Internet developed as a bilateral means of sharing information: users started to benefit from e-mails, instant message platforms, discussion forums and much more. This became the Web 2.0, in which users not only received information, but, modified and interacted in real time with other users on the web.

Internet development has been followed by the proliferation of electronic commerce or e-commerce.

E-commerce has completely changed the way in which people approach shopping and, as this study will explore further, it could bring new opportunities for markets’ growth also for luxury goods; Rodgers et al. (2002) define e-commerce as “the buying and selling activities over the Internet”\(^5\). This includes such transactions as placing orders, making payments, and tracking delivery of orders on the Internet.


Data source: JLL, Jones Lang LaSalle, IP, Inc., through eMarketer (2016)
E-commerce factors of growth are continuously rising and also forecasted trends show that digital sales are about to double.

*Self-made graph using data from eMarketer.com (2015)*

In any case, e-commerce has still a “spotted” distribution, meaning that in some market sectors it has developed worldwide, while in others it has flourished only in certain countries and in other sectors, it has not developed at all. This is due to the fact that difficulties do not expand horizontally in any given country, but they often spread vertically. These differences exist not only in the economic sectors but they also depend on the different countries.
1.3 E-commerce key success factors and best practices

With the growth of Internet users, the World Wide Web has become a really efficient place for commercial entrepreneurs. E-commerce presents some unique factors that determine its success; it has turned the everyday shopping experience beyond recognition.

I will rapidly pass through the key success factors that defined the consistent growth of its haggles from 90s, letting e-commerce platforms become a “household staple”, and no longer just a “buzz world”.

These are:

- the anytime anywhere factor;
- the exclusion of the geographical factor; it doesn’t matter anymore whether your store is situated in New York or Paris, Shanghai or in a small town in Alabama;
- availability of modern technologies: e-commerce today gained so much popularity thanks to its underlying technologies that are evolving at the speed of light;
- greater sales’ volumes thanks to delivery at your door, that allow to overcome the problem of less and less availability of time, that is the problem affecting our everyday lives, with people always divided between work and household duties;
- the 24h/7 availability;
- shipping time planning;
- a wider offer with respect to “real” stores;
- reduced costs: no personnel costs, no store managing expenses, no rent etc.;
- possibility of selling by drop-shopping (you do not need warehouse managing);
• a favorable price-performance relation.

All of these factors are naturally part of e-commerce in general, but as I will explain through my analysis, the luxury sector must carefully leverage these; attention should be paid in order to avoid losing the exclusive positioning, basic feature of the sector, and avoiding to reach the wrong target due to excessive “eagerness”.

1.4 E-commerce weaknesses

Of course, not all that glitters is gold! E-commerce has a dark side also; it has some weaknesses that cannot be left out of a detailed analysis; let’s see which they are:

• regarding Italy in particular, and recalling the above-mentioned point, it has to be said that the digital divide is bigger there than in other countries: we are behind. This is, for the most part, due to cultural factors, (maybe even more than structural, purely technological ones) and political factors: in Italy there is no scheduled digital agenda as in other states, and this doesn’t allow Internet and technology to develop at the same rate worldwide.

• The lack of that personal touch and relationship that a customer can develop in a retail store: both the direct contact with salespersons, sharing of ideas, immediate question and answer and one to one relationship, but also physical contact with products. There are many products that we want to touch, feel, hear, taste and smell; it’s not easy to convey the same sensations on-line, leveraging those physical touch points that are determinant to create the customer experience. The 5 senses involvement is one of the main focuses on which managers operate, in order to create more than just the sale of products but a real exclusive experience of buying that becomes an occasion for entertainment.
Take sounds for example: it is scientifically proven that music while shopping can change consumers’ attitudes towards purchasing, increasing the average ticket, moreover, smell is considered among the most influential factors on people's impression and shopping attitudes.

- The anticipated payment, it must be worrying for customers that don’t trust the on-line procedures.
- The risk of identity frauds, such as phishing attacks and other hazards that happen because customers’ personal details are captured by ecommerce businesses.
- Tailored e-commerce solutions must be carefully integrated with marketing strategies to be successful. Differentiation from competitors, that’s the point. To attract more customers, e-stores’ owners will have not only to increase the number of available services, but to pay more attention to establish the proper touch points: attractive design, user-friendliness, appealing goods’ presentation, they will have to opportunely employ modern technologies for their businesses to enhance their activity and become competitive players of e-commerce’s arena. The companies need real experts in the field and must invest even huge amounts, (in the luxury sector we will see that most successful companies can invest also 60% of sales revenue) in order to create the proper strategies; the client must be driven within the site using on-line store’s functionalities.

1.5 What is luxury and how has it evolved?

*Although luxury can be defined in many ways and it changes according to society's evolution, it keeps some fundamentals*

Luxury has had many similar definitions since the concept was born, and evolved. The first definition comes from Latin “luxus”, meaning glory, hedonism
(debauchery), and luster.
Another word from which luxury derives is “lux”, meaning first of all light, that gives people the ability to be seen by others, to be enlightened, (when possessing the luxury goods), it means also taste and grace.
Moreover, the word “luxuria” stands above all meaning excess, ostentation, unusual.
Anyway, not only Latins known the word and its meaning. Egyptians were usual consumers of perfumes and jewelry and ancient Greeks used to organize rituals linked to the concept of luxury: they had orgies to celebrate the God Dionysus, abusing of alcohol and magnificent food.
However that may be, the concept naturally changes with the development of society, and varies among cultures; luxury has always existed everywhere, it has always been a characteristic of the privileged social class, even in the primitive societies, rich and wealthy people could afford something that poor people couldn’t.
According to the famous Maslow’s pyramid, known as “the hierarchy of needs”, there are 5 categories of needs that motivate people: biological and physiological needs, related to food and primary objects, safety needs, that correspond to the feeling of protection from elements, love and belonging needs, such as friendship, affection and love, esteem needs, meaning the desire of achievement and dominance, and self-actualization needs that are the top of the pyramid and round up the self-actualization personal and potential fulfillment. The change of need from a level to another is natural and intrinsic in society's development; people’s change of a need creates a change of the desired good, and the engine of the process is the product itself that changes. Though people move from the most basic goods, to essential goods up to luxury goods.
As the evolution of society grows, change moves people automatically towards luxury goods. In developed countries this is related to another aspect, that is the fact that luxury is at a higher level than it was in the past, (and obviously also in respect to emerging countries) though, it necessitates a superior level of
exclusivity: a gold watch itself is no more sufficient, people look for a meaning and for a set of values around the product. The specific intrinsic value is not merely the precious good by itself. This corresponds to so called cognitive needs.

When people rise up in the society, and look for self-affirmation and acceptance by their counterparts, what they have and how they behave is the message they send to other people. As said by Klaus Heine (lecturer at the Technical University of Berlin in luxury management) luxury brands are “images in the mind of consumers that comprises a high degree of non-functional associations”... “the best from the best for the best”.

The notorious excellence in quality, craftsmanship, know-how and raw materials is linked with the difficulty to get these products, limited production and perfection; hence limited accessibility and exclusivity from which society defines status. The fundamental characteristics of luxury products correspond widely with those of luxury brands; therefore, the actual definitions of luxury brands deal with distinct associations with product features.

Luxury distinguishes itself from the other markets and reflects the acquisition of an object that is not necessary, but rather, tends to the desire to possess a certain product, up to the point that the consumer will forget the amount spent. We can say that buying a luxury object is like a love affair, and love makes people blind.

With the development of societies, and in particular with globalization, the general attitude towards luxury evolved: in wealthier countries (mainly western) people buy luxury products less for exposing one’s wealth and more for the real intrinsic qualities and services that they bring. Luxury means perfection and people who buy luxury products want to buy them for self-affirmation, and personal willingness to conduct a defined lifestyle, with no care of show-off.

Luxury market is a culture more than a simple industry: clients want that art of living that gives them sophistication and absolute perfection of details.

During XX and XXI centuries, the importance of the brand name, became more

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6 “Identification and Motivation of Participants for Luxury Consumer Surveys Through Viral Participant Acquisition” K. Heine
relevant than the product itself. Brands’ logos and images permit to the larger companies in the luxury sector to stand out and differentiate among the whole market: logos constitute the interface between customers and brands themselves. Everything is built around a bundle of unique features characterizing the brand first then its products; there is an almost overstated attention to details, from packaging to a 360-degree commitment to clients’ needs and expectations.

As observed by Okonkwo⁷, luxury does not represent merely a good, a product, but a status, a culture and philosophy. The world of luxury conveys to customers a one of a kind experience, reserved to few; in fact, as we already said before, luxury comes from “luxus”, that means light, so not only being recognizable from others but also self-gratification and lavishness. Luxury brands let customers enter the luxury world enabling them to be part of an elitist community, treating each of them as if he would be “unique”. This community is made of a world of history, traditions and culture of the country of origin. People are interested in the merchandise but what is effectively enchanting is the universe in which products are conceived and manufactured.

Thus, luxury market nowadays is all about a selling ceremony, carefully created, which comprehends an exclusive service around the product. This experience is what stands for real luxury and not just the product itself and, as I will further explore deeper in the analysis, this will be the challenging point for luxury brands. I will discuss this, inasmuch as this seems to be the discrepancy between the two worlds of luxury and e-commerce.

The experience of a luxury brand goes over the conventional commercial expectations: 70% of customers think that a real luxury experience is given by the quality of service offered. Luxury today is no longer ostentation; it is part of a life “comfort” bundle and represents free enjoyable time, reassurance at the buying moment, constant

innovation and beauty. Given that, technologies and digital opportunities have an important role in product development, in particular in terms of communication of the luxury experience through creative and engaging websites.

Luxury brands have to be one step ahead, succeeding in satisfying the quest for uniqueness; they have to keep the inheritance of craftsmen know-how passed from generation to generation and the warranty in the mind of customers, fuelling that idea of entitlement they have as owners of these products. Luxury, considering the essence of the brands’ heritage and their past, that are what they have to leverage in order to satisfy the new consumer of today, who is always more demanding and hard to please, must succeed in dematerializing and re-formulating the luxury experience. The goal is to let customers always feel part of a unique group, which is not simply represented by the product they buy, but is much more. Client’s involvement must be continuous and always “soaring”.

1.5.1 Luxury trends map

The global luxury goods market collected revenues for 224$ billion in 2014 with a growth that overcome the results of 2013 by 3%, the performance of 2015 has seen 2-4% of growth\(^8\). The main impacts come from currency fluctuations, since this will affect tourism and people’s spending patterns. Chinese customers, that represent 30% of the total luxury clients, are the target who shows the highest level of impact: while sales in Greater China are in fact reduced, the West benefited from the euro devaluation, thanks to which Chinese touristic shopping has grown significantly and represents now one of the biggest share of the total sales, considering touristic sales in general, they stand for 50% of total luxury

\(^8\) "Worldwide Luxury Markets Monitor 2015 Spring Update", Bain & Company and Fondazione Altagamma.

Image source: euromonitor international
sales. Southeast Asia and Korea, with intra-region tourism are seeing a positive pattern of growth while US is penalized by the strong dollar, which doesn’t help touristic spending and is not sufficiently offset by local customers. A growing market especially in term of touristic flow is Japan, which together with Singapore, are today the best destinations for luxury. Anyway, other factors are emerging and data show an increase of luxury consumers who reached more than 350 million. Despite the global economic crisis, luxury market showed significant continuing sales and suffered less than many other markets the overall economic situation. Nevertheless, customers are more savvy, price conscious and really expert and exigent about products and can be really conquered only with significantly and engaging marketing strategies. In this playground, brands’ managers must take a shift from the standard paradigm of luxury management and go a step forward.

The two tables below show a representation of the luxury brands’ presence, respect to people’s wealth levels (table1), the brand presence is based on the analysis of stores’ networks on 15 luxury brands; the second image is a forecast of the distribution of UHNWI, ultra-net-high-worth-individuals (people with assets with more than 30$ million⁹), from 2014 to 2024 (table2).

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1.5.2 Hard Luxury: the heart of the business

Both traditionally, and for the society’s mindset, real luxury stands for the possession of products of a ultra-elevate intrinsic value; for this reason and following an interest, born while studying the sector during this year of studies, I will concentrate my analysis on the sector of “Haute Joaillerie” and in particular “Haute Horlogerie”, the so called “Hard Luxury”. High-end watches are not
merely luxury products, they are real masterpieces of unique craftsmen’s capabilities and they are certainly the most exclusive among jewels, since few years ago, and for a large part of consumers still today, they have a particular connotation being the only jewels for men. This aspect has not only an economic relevance in terms of marketing targets for watch brands, but also a social meaning for this unique luxury object: the collective unconscious associates high class men to high-end watches.

During 2013, the market saw a slowing down, but up to today the sector has never stopped growing and the prospect for 2016 will continue to show a rising demand both for the groups and independent brands.

While in the West men are usually the finest experts on luxury watches, and consequently they have the bigger inclination to buy, a new trend of this sector is the higher demand from women, thanks to the significant continuous rise in their buying power; led by China and Swatch groups, the phenomenon interests both Haute Horlogerie brands, led by Vacheron Constantin, and Prestige brands, with the contribution of Omega. This makes the total demand for the sector wider. Furthermore, according to a study conducted by the Hurun Report\(^\text{10}\), what is really impacting now is collecting: high-end watches two years ago were at 1st position among preferences for ultra HNWI\(^\text{11}\). During 2014 the market saw many vertical integrations and acquisitions among the biggest group of the sector as Richemont and Swatch; forecasts for the next future confirm the consolidation of the sector and probably more and more integrations.

The experiential factor for this kind of product is certainly higher among other luxury goods, not only for the complexity of the product, but also because many among usual customers are really passionate about watches, though, they

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\(^{10}\) Established in 1999 by Rupert Hoogewerf, it is a monthly magazine recognized as the foremost authority in tracking the rapid changes amongst China’s high net worth individuals. Researches also on luxury worldwide.

\(^{11}\) Ultra-High Net Worth Individuals, the richest people in the world, with an income overcoming 35 billion per year.
carefully analyze each detail meticulously. The buying journey is completely conceived as a “multisensory” experience, more than merely possession of the object: enter the shop, ask for a product and speak with the expert sales people, choose and look how the watch is, from each perspective, from the case thickness to its weight on your wrist.

Given this, the challenge for luxury e-commerce is to create a relationship between new technologies and reality of everyday, creating in each channel, both online and offline ones, a distinctive unique experience for the final customer, creating a fount of emotions and pleasure.

As introduced in the precedent paragraph, e-commerce is based on online transactions; it comes immediately to mind that it has limitations to deliver a real experience like touch, smell and live atmosphere, thus it is regarded as not a proper channel for luxury products. But to really talk about e-commerce, which part of the transaction must happen on-line? Shipping at your home, browsing to search products, purchase or shipping to a shop and then take the product by your own? Given that, it would be important to understand in which moments of e-commerce, meaning more precisely the on-line purchase, I should get the experience.

Today thanks to e-commerce and Internet, customers can buy products everywhere anytime, clients are more and more “mobile” and globalization is a huge component influencing the actual market situation; in this busy playground, the strict link with the brand must be preserved and strongly enforced. Nonetheless e-commerce represents still just 3,1% of total sales, its growth is estimated to be 23,6% per year; this is an obvious sign that today consumers are evolving, they are becoming more confident towards purchase of high ticket watches on-line, the same is for jewelry. As I will explore in the central part of my study, this augmented inclination to buy on-line is partly due to the change that brands are making on their websites: the creation of a “smoother” process, user-friendly and the most luxurious possible, thanks to events, news, on-line
assistance, apps and in-store delivery (after on-line purchase).

![Pie chart showing e-commerce enabled websites]

*Self-made graph, data source McKinsey & Company*

I build this graph to show the diffusion of one among the tools that can be available on a brand’s website: pricing transparency of products not shown on the websites. This simple on-line resource can improve the on-line experience and can also drive off-line sales, moreover it opens the way to the possibility to order on-line and pickup at home or in a specific store; furthermore, the 10% of queries search for prices of watches, though the showing of these on the website is a channel that drives directly to it.

### 1.6 The China case

I would reserve a dedicated paragraph to Chinese market, validating it with my personal working experience in Beijing, the two months before graduating. The Chinese market makes always "buzz" around the luxury sector.

At the International exhibition of *Haute Horlogerie* on 21\(^{th}\) January 2016, the Swiss information site “Le Temps” has interviewed many among the most important representatives of the major watch brands. One among the main questions was the interrogative about who will be the future clients of high-end
watches; the answers were nearly the same. Jérome Lambert, from Montblanc, Edouard Meylan (H. Moser & Cie), Sandro Reginelli (Hautlence), Philippe Léopold-Metzger from Piaget et Georges Kern from IWC, all count that the Asian market, Continental China in particular, will be the first course for the sector.

The recent economic recession changed the buying habits of Chinese people, due to the higher taxation from the last government and the slowdown of the PIL that is continuing in the current days. Despite these facts, Hard Luxury market is largely boosted by Chinese consumers, how is it possible? Chinese travelers still buy from overseas outlets that, in fact, continue to show a relevant growth. The chief researcher for the Hurun Report, Rupert Hoogewerf, affirms that “the government’s crackdown on luxury gifting continues to have its effect…” “…Travel retail continues to change the dynamics of luxury in China, with 7 out of 10 luxury goods being bought overseas”. The extremely busy Chinese luxury consumers are away on working trips, on average, almost 8 days per month and super rich people for 11 days per month; apart the business trips, they enjoy between 8 and 12 days of holidays. This trend affects the global marketing strategies of the different luxury brands, that are reducing investments in local retail stores, while concentrating marketing investments both in China and in

Self-made graph, data source: worldwatchreport.com (Dec 2015)
particular in the most favorite tourist destinations of Chinese customers, in terms of luxury consumption.

![Interest in luxury watches](image)

_Self-made graph, data source: worldwatchreport.com (Dec 2015)_

The high growth of interest in Watches and Jewelry for Chinese customers is witness of an increasing competition among the major brands. Watches and Jewelry with tickets of about 20000 RMB remain the best gifts for men and women respectively, with Bulgari standing out as best jewelry in 2015 and Cartier as best jewelry watch for the same year. Beijing ranks fourth among the top provinces in terms of online searches for watches, with the 7,6% of the total, followed by Shanghai that stands with the 7,4%. Chinese most favorite brands are Omega, Cartier and Rolex, the last one is almost always in the first positions of ranks on watch forums on the Internet; the general brands search show an impressing growth on mobile devices: 120% higher than last year. Not unexpectedly, these brands are also the most searched on Facebook.
Nowadays the shopping mode is slightly changing from a deal and functional based one to a status, emotional driven purchase. Anyhow, according to the reflections already made on different approaches to luxury, related to different countries, in China the larger search driver among customers is the brand name, more than the technical characteristics, number of complications\(^\text{12}\) or different watch’s mechanism (quartz and automatic); the most popular are Cartier, Omega and Rolex. The second driver of preferences is the model, followed by style. Marketing activities on the web are crucial in the country, in fact, most Chinese (almost 45,5\%) are convinced by the information, related to keywords, found clicking on the banners on Baidu\(^\text{13}\); as regards the paid search instead, the second source of search after Baidu is e-commerce, followed by brands’ official websites.

In conclusion, even if the last two years showed an economic slowdown in China, the *Hurun China Business Confidence Index*, that is the index calculating the confidence for the economy recovery, grew again, so 3 out of 10 are anyhow confident in the restart of the economy. Trends for 2016 are confident but according to L2\(^\text{14}\) research, APAC emerging brands could chase western brands.

\(^ {12}\) A complication is any function on a watch other than the display of the time, [http://www.tourneau.com](http://www.tourneau.com).

\(^ {13}\) Chinese main search engine.

\(^ {14}\) L2 is a member-based business intelligence firm that benchmarks the digital performance of brands.
out of China; in my personal opinion this will happen more in the fashion industry, while *Haute Joaillerie* and *Haute Horlogerie* will remain under the domain of Western brands. In the following graphs, the actual vastness of e-commerce consumer base and the prospect for 2020 are represented:

*Data source: Maosuit, business in China/e-commerce (2015)*

*Data source: Techinasia (2015)*
2020 forecast: could China reach US’s Internet and Online shopper penetration?

The question if China could reach the US in terms of online e-commerce penetration is related to the observation that US are in pole position among the
top ten countries of the world with the highest B2C e-commerce sales (graph 1).

The last observation, relevant in this study, is the higher propensity to mobile commerce among Chinese consumers.

China is among the first in class for new technology development, many devices, digital tools and innovative instruments come from China and, furthermore, are vastly used in the country. The natural trend towards new technologies acquisition make Chinese people the most inclined to try innovative tools that
can be created on websites and even more on mobile sites. A customized geo-localization and a one-to-one contact between brand and consumer, enabled through his mobile device, would not be looked as invasive by a Chinese consumer, as instead it will probably happen with a European client. Tools recreating 5 senses atmosphere on the website like I-smell, a technological instrument that uses a plug-in in order to transmit the smell to the user on the other side of the screen would not be considered so absurd as it will immediately appear to Italian or French people who hear about it.

2. Crossing Worlds

2.1 Is luxury philosophy compatible with e-commerce one?

The growth of luxury sales is a phenomenon that goes beyond the economic crisis, the appetite for the sector is spreading globally and goes together with the changing patterns of consumption and the “democratization of luxury” also interpreted as “luxurification of society”. This in particular is the critical point on which the best and most famous hard-luxury brands are striving with, since they are challenging the need of using mass marketing strategies while at the same time enhancing the elitist and unique positioning of their goods.

For this reason, some hard-luxury managers, in particular among Haute Joaillerie and Haute Horlogerie, are still skeptical about digitalization, significantly more than fashion luxury brands.

The first reason of hesitation is the fact that Internet is by nature the most massive medium ever existed; its virtual habitat, characterized by pictures, opinions and videos are accessible to everyone. It is possible for luxury brands, which are the highest level of aristocracy and elitism, characterized by inaccessibility, to keep that sense of exclusivity also during the on-line brand
experience?

Inaccessibility and rarity are the pillars of luxury goods and luxury brands, not only at product level but also at each contact point with customers. Specific locations, trained and excellent sales force, 5 senses involvement and buying journey experience; a sense of exclusivity must pervade all these levels and this is in contrast with the principles on which the network of networks\(^\text{15}\) has been built.

At the origins of luxury, lies the rarity and scarce availability of the raw material needed for the production, the components or the difficulty of manufacturing activity. This is the case of jewelry, for the scarcity of gemstones and precious metals, or even of wines and spirits, for which the climatic conditions and the natural limitation of vineyards’ width makes the production dependent to incontrollable factors. This natural rarity generates the exclusivity of luxury goods at its origins; the brand challenge is to add something to the rarity of the sector while continuing to nurture that exclusivity that permits to create something that is rare and consequently appropriately expensive.

Internet is a global network that makes accessible to everybody much information and contents, though it enables the access to every kind of objects, even the rarest; but Internet is also absolute innovation. Innovations in technologies are so fast and extreme that they are rarities by themselves. Luxury is heritage and tradition but is also continuous and carefully worked innovation, furthermore it is “inter-temporal” and actual by nature; it is a never-ending balance between keeping the exclusivity that drives the image, and the accessibility that drives sales and revenues.

It can be said though, that the two worlds are inextricably linked: luxury world is so characterized by careful and specific renovation that is consistent with new technologies.

\(^{15}\) Internet is also called the Network of Networks because is a global network of computers. These are grouped together on separate networks.
In addition to that, nowadays the desire and quest for pleasure became a more and more individualized experience: the ties to the rapidity of acquisition of information and the always higher need of detailed information about products by exigent new luxury consumers, is a clear confirmation of the importance of the Internet and the opportunities offered by this.

Since real luxury is available to few but desired by many, the digital platform is the tailored environment in which luxury brands can skillfully create the massive distribution of contents, engaging both loyal and new consumers, while keeping an elitist and selective position in the distribution of luxury products. Today luxury is all about the experience lived thanks to the “selling ceremony” and by owning the product; as we will see further throughout this study, to the occurrence the Internet can ease this experience. The potential of the virtual online world lies in the fact that, here, there is an extremely prospective ability to create the “dream” of the brand. When accurately built, this can even overcome the world built around real stores and off-line communication tools, attracting
new consumers but keeping the sense of exclusivity, offering a larger bundle of contents and services that could not be conveyed without digital technologies.

2.1.1 General trends of Luxury in the Digital Age

The two worlds of retail commerce and e-commerce are merging more and more every day. Even if skepticism is still largely present, luxury is earning ground in the digital universe. Most brands now have interactions with customers both through their own websites and through multi-brand “e-tailers”. Actually pure sales online are just a fragment of the total luxury goods market, but this doesn’t coincide with the future expectations of market’s growth.

The “digital passion” is a phenomenon that is spreading fast among luxury shoppers, in particular thanks to the broad diffusion of smartphones and tablets. With pure on-line sales doubling during 2014, luxury e-commerce is growing at a faster rate respect to the retail industry.

Luxury on-line sales increased in particular in 2015 Q1, rising 12%; the most relevant and smart up-to-date brands are keeping the pace creating innovative solutions to meet this new upcoming reality.

The e-commerce of luxury products represents 3,2% of total sales, for almost 6,2$ billions; it is the third market of luxury world after China and US.

According to Altagamma foundation and Mckinsey, more than 3,000 customers own a digital device that they use to browse for products during work breaks, waiting at the metro station and even at lunch or dinner.

Luxury shoppers of today show characteristics related to their lives and societal changes: they are time-poor; I mean they have no availability to dwindle days and time browsing boutiques. Furthermore, professionals, who are rising and who are largely composed by women, are taking an international global mindset
and manage a lifestyle that is complementary to their careers: they are digitally savvy and consider comfortable to buy on-line.

The success of digital luxury marketplaces as Net-à-porter and Yoox, that have recently merged, is due to these new social habits.

On average, more than one in five among customers said they browse for luxury products on the Internet, on PC or mobile device before purchasing. This indirect effect of in-shop sales generated by decisions taken on on-line channels represents about 17,5$ billions, merging the above, we see that the 15% of total luxury sales comes from the Web, both directly and indirectly.

Actual data shows an increment of digital media use of more than 40% in 2014; newspapers and traditional means of advertising and editorial contents are becoming rarer day-by-day.

Furthermore, data show that 50% of luxury goods sales are influenced by what people see or hear on-line. There are specifically two ways of influence that the digital presence of brands exerts on the purchase of luxury goods: the first is “indirect”, meaning that people browse on-line for products through directly own websites and marketplaces, but the decision to buy is taken offline, the second is “direct”, meaning that clients take the decision to buy directly online, while browsing through websites.

The point is that, being digitally present is compelling for luxury brands, since on-line strategies can empower and not weaken the brand. People want to look at products and learn more both in case they are first searching on Internet for some specific product they want to buy, and in the case they have already seen a given product in a store or by someone owning it, but they have still not decided if buy it or not. Luxury brands websites have to be persuasive prompters.

Trends are geographical. Direct sales are more concentrated in US and Europe but as we will see below, Asia and South America will be the most profitable markets in the future (it is not a case that many luxury brands are optimizing their
websites including Brazilian Portuguese as a choice language).

The U.S. are a really room of growth for online luxury sales, American customers affirm that half of their luxury average spending comes from buying online. Also UK and Germany show a particular appreciation for purchasing online and even if forecasts about the real online spending amount of people are not possible, what is question less, is that American luxury customers see digital sales as trusted and valid channels for buying.

While at first approaches to e-retail and the affirmation of the digital era, luxury brands were skeptical about going online, nowadays they recognize that the creation of online platforms and digital strategies will be not an alternative, nor a secondary activity, but an imperative for brands that want to survive and it will be one among the main determinants of success or failure for brands, more and more in the next future.

Physical assets will be left as the “heart” and they will always be key factors, make no mistake, but the whole sector of luxury will morph into a total new playground: digital channels will be the outstanding differentiating tools for an effectively profitable growth. It is not just a matter of sales’ increases and market expansion. With the continuous overcoming of geographical barriers, the absence of Internet as a complementary to off-line retail would turn in the biggest threats for Luxury brands in today’s and future market reality.

According to that, almost all luxury brands are developing e-commerce platforms; attractive, user-friendly sites are destined to drive traffic towards stores. Indeed, researches also suggest that brands can’t expect to bring potential customers into the store only by creating better web or mobile sites. A well designed and perfect looking website is not enough to satisfy the demanding luxury consumers of today: excellent on-line customer services, cross-channel services and innovative virtual immersions in the brand’s world, able to create web-experiences that are really something more than going inside a Cartier Boutique and be cuddled, are frontiers to be explored and implemented.
A problem comes from the fact that, always more luxury shoppers, looking for product-oriented sources of information, prefer to buy on multi-brand and department stores, where it’s easier to compare brands, products and prices, so constituting another rival, of a completely different kind, in the competitors arena.

Anyway there is a positive aspect of the scenario, in fact, 50% of the total on-line market is made of multi-brand marketplaces selling at full price along with mono-brand luxury stores; this data is particularly interesting since it shows that less importance is given to price, (contrary to what instead is usually the strength and driving force of e-commerce), in favor of a greater importance given to the brand name.

Striving to differentiate and create the brand atmosphere also online, the level of investment needed, for the best digital marketing strategies and functional aspects of owned sites, is rising year by year among competitors. The British brand Burberry, the standing pioneer of on-line successful strategies, spent over 60% of its revenues to invest in digital in the last year.

Even if digital sales are still not the bigger portion of the total, they generate and enhance offline sales: as we said before, people use to search on-line and buy off-line and this trend was already at 60% in 2014, now on a rising path. This is a call for both brands of hard and fashion luxury to act upon.

Given this growing interaction with users, it follows that:

1. the amount of customers that can be reached digitally is growing;

2. these customers’ average spending in store is 60% more than offline only clients\(^\text{16}\); 

3. customers who can be reached by brands through digital, are driving a crossing sell development clients (clients buy both on the on-line and off-line channels);

\(^{16}\)Data from McKinsey research on marketing and sales, “A symphony of separate instruments: cross-channel and online sales.”
4. this effect is not limited to a period of time; we can see a growth from 30% in 2011 to 37% in 2014 of the portion of on-line expenditure for luxury goods from cross-channel clients.

The whole luxury world is changing and online sales are growing on a rising path. This aspect anyway needs a deeper reflection: when we talk about the growth of online luxury sales, it is fundamental to distinguish and determine where the market’s lines end; I mean that, in the luxury sector we can define a pyramid in which products are leveled according to their “grade of luxury”. This specification matters, because it follows that, if we consider the affordable luxury segment, its sales’ growth on the Internet will obviously be greater than the one of the higher segments in the pyramid: top-end luxury markets, as Watches and Jewelry.

Therefore, if online luxury sales should account for 20 percent of total market by 2025, I personally think that it is important to underline that a more precise definition of the single sectors, comprehended in the luxury market, would change the data. Differences in terms of percentages are not irrelevant, if we consider the most active e-commerce categories as beauty products and ready-to-wear apparel, they show 7,2 percent of online sales, followed closely by accessories at 6,2 percent while watches and jewelry have only the 4,1 percent.

Aside from this reflection, the other point on which it is worth to stop on is the brand name. If in the analysis of luxury online sales’ growth, the observed sample includes also affordable brands like Michael Kors, Tory Burch, Furla or Coach it is obvious that the online sales amount will be higher. High-end luxury brands have an online sales penetration of almost 3,6 percent, aspirational ones 7,5 percent, while affordable luxury brands 8,5 percent.

Anyway, the growth of digital is absolutely guarantee and whatever the percentages will be, this will become more and more relevant and deserving the proper investments by luxury independent companies and conglomerates in the market.
Stated the reflection above, it is evident that e-commerce and physical commerce’s worlds are seamlessly becoming a unique being; by this, another relevant aspect emerges, the Omni-channel characteristic now applying to everything. There is no more the situation in which mobile device is disconnected from PC or from the retail store: they are all connected through an interrelated network.

Thanks to digital development, the retail industry has been completely rebuilt, today everybody speaks about e-commerce, digital platforms and digital marketplaces without even knowing the real meaning of these words; this is probably the most rapid and malleable trend, with new technologies that enable newness for contents and for websites’ design day by day.

The stores have already seen a growing path, showing a tendency to become not only a place where to buy products. This is even enhanced for the luxury sector: the stores are locations in which to look at products as you look at shows on TV, a place in which it is possible to live unique experiences, a place where you want to go even just for a walk and a place where a loyal customer is extremely pampered and can feel as part of his favorite brand’s world. Aside from normal retail stores now we have the flagships, amazing “homes” of the best brands known worldwide.

The path will continue and should be translated also on-line; many brands have invested a lot, trying to recreate the same shopping experience they created in real stores. Owned websites are striving to give to products’ exposition, customer experience and customer service, the same attention to details and immersive atmosphere that we can find in stores. Social networking, products’ rotations, personal shoppers, and a high level of service are just some among the techniques implemented to create the most excellent and luxurious web experience.

In the next future, off-line stores will become mainly distribution oriented, while the shopping experience will be endorsed on-line; the evolution already happened for real stores, up to the born of the mega-flagship stores, and it will be parallel
for the on-line channel, where we will probably see in the next years, on-line flagships with 3-D effects and interactive tools.

Retail stores will be perfectly compatible with on-line ones, thanks to technologies; equipping stores with the best innovations, people could engage with brands in a very different way. Websites must provide pre-purchase information and strengthen the emotional link with the brand, they must also offer convenience, as Internet was born primarily for this, and give the maximum range of choices among collections and special products; in relation to this last point, the website can be able to create customized offers or activities for personal shoppers for purchase recommendations.

2.1.2 The smartphone fever and the social networks’ power

The step forward, already exploding in our lives, after the web 2.0, is the addiction to cell phones: mobile devices are becoming one of the most emerging channels for marketing and for customer relationship management.

Dedicated apps, research tools and marketplaces built specifically for mobiles are at the order of the day. The future will see the mobile channel connected at 360 degree with all the other screens (and partially this is already happening), from PC to tablets to innovative smart watches that can show pictures and collect apps.

The real power of the Omni-channel trend is the implicit opportunity to create engaging experiences across the channel portfolio, in order to understand how to be in touch with your customers in the way they want to: it’s a matter of how they want to connect with you, the marketing direction deviated from its traditional one, it is no more a one way relationship, it is now a two and even multi sided interaction.

To succeed in this risky, but potentially successful arena, huge investments are
required to create not only the best apps and technologies, but also an overall digital culture, throughout all company’s levels, but the turnover would be even bigger.

Understanding how to market in the 2.0 world of today, how to optimize, to use search and analytics and how to engage with customer is determinant of failure or success for even the most strongly established brand. We live in a world of exploding social networks where the power of the “tribe”, meaning the social media effect, is an extremely powerful marketing weapon; if properly used, this can help even the most exclusive among luxury brands, to strengthen and define its exclusive world. The creation of groups on social networks can have determinate characteristics among which, for example, the consumption of a specific product that (through social networking), becomes the identification of a whole system of values; as the “Daytona”, or the Panerai watches that are strongly characterizing products, for which their fans can identify distinctive series of a specific lifestyle they wish they had.

Luxury brands may identify the style of the product through its use and create a community born exactly from that use. The owner, anyway, must be careful in supervise such groups, being meticulous in sponsoring the activity without fully manage it: aspects of auto determination of activities and sharing of ideas must exist until they are practically and correct.

This is just one of the hypothesis of systematic exchange between the distribution and communication system of the brand and social networks, nowadays foundations of Web 2.0.

I include below some graphics in order to give an idea of the magnitude of mobile devices’ diffusion and m-commerce’s spread among people.
The graph below shows the combined smartphones and tablets’ share of spending, in millions of units; the exponential growth is a demonstration of the diffusion of these devices as objects of common use for people between all ages.

As regard to the share of commerce happening on mobiles, the growth is as much considerable: from 2011 to 2016, mobile commerce grew at a rate of 36% per year, never decelerating. In the table below, the percentage of retail mobile commerce sales respect to total retail e-commerce, from 2011 to 2016, is graphically represented.
2.1.3 Social Network platform: avoid it or leverage it?

The overall picture of luxury digital trends and Internet world in general, cannot neglect the important presence of social media and the large use of these, made by today’s consumers. The Web 2.0 has changed the communication’s paradigm, from a vertical orientation, in which entrepreneurs and consumers have clearly distinct roles, and information comes in a top-down way, to a horizontal orientation, where many sides generate information and this is then shared with everyone. The new structure of communication though, consists in a context in which Internet surfers are at the same time and at each moment, both suppliers and creators of information, in addition to being users.
The question of luxury brands anyway, is disputed among managers and marketing leaders. While a huge part of these, do not agree on doing social
activities on platforms like Facebook or twitter, the majority thinks that this could be fundamental in order to be profitable, not only in terms of sales’ growth, but in particular in terms of storytelling and clients’ engagement.

The graph below represents the communities’ size and Facebook posts engagement rate for brands of *Haute Horlogerie*: the engagement rate is measured on the vertical axis, while the communities’ size, meaning the number of Facebook fans, is showed on the horizontal axis.

![Graph showing community size and Facebook engagement rate](image)


Luxury brands are focused and target distinct market segments; on Facebook, they create unique clubs, distinguishing properly who can join and who can’t. Since, as we said when defining “luxe”, luxury brands consist in unique shopping experiences, affiliation and attraction, the core is to let the brand be a dream, something to which people aspire. The same allure can be created on Facebook own pages, through which brands create the desire to participate with and share stories with like-minded people. Affluent consumers have to be invited and inspired in order to let them become brand’s champions.

It is obvious that luxury brands should not become totally accessible, and it is not given that to social networks correspond only mass-market strategies. Luxury brands must be discreet, classifies and avoid overdoing; the messages they send
must worth their customers’ time, offering captivating videos and stories. Comments and posting activities depend on the specific brand’s heritage; some can encourage user-generated contents or feedbacks while others are more selective. The point is to invite aspirational customers without lowering the strip and turn the core customers away. The use of Web 2.0, by luxury managers, should be about a total engagement of customers, letting them be, at the same time, sponsors and ambassadors of the excellence and life’s quality that is beyond the luxury product itself; creating every way in which the client could show to the community his pride to participate, even just for some attributes, to the brand’s world. Rolex embeds perfectly this ideal strategy, as we will see further in the analysis of its own website, this watch brand created a real world all around its name, in which every user who identifies with a part of that world, can feel to be a member of the brand itself.

The social media strategy though, cannot substitute the original role of the information coming only from the brand: this must always stay above the information generated by consumers, to confirm the high quality and the bundle of values associated to the image that the brand represents in the customer's mind.

Cartier page on Facebook. Source: facebook.com/cartier/ (Dec 2015)
2.2 Watches and Jewelry’s specific online trends

E-commerce is more and more becoming a really interesting frontier for the so-called “hard luxury”, generally identified with Jewelry and watches; even if on Internet, sales for this segment represent still less than 10%, respect to 41% for accessories and 30% of apparel, the sector is showing a growing path towards the digital presence.

The well-known digital holdouts of the sector will be hauled into the age of e-commerce, as the numbers become harder to deny. The best example of this path is Cartier, which, since 2010, has sold jewelry online in the U.S and today, its online sales rank third only at the heels of sales at its two major flagships.

The path towards success is still blurred and it cannot be as rapid as it has been for mass-market products and as easy as it is for luxury fashion brands, which have less difficulty to transmit the right message on-line. Still many watch & jewelry brands, as Rolex, Hublot and Boucheron, consider their products as Fabergé eggs, which have not to be “vanished” by e-commerce. Luxury managers cannot emulate mass strategies even if these could seem successful, and have to use digitization tools and strategies that portray their own heritage and traditions. Anyway investing on the Internet would be strategic in particular to target the Chinese market: according to World Watch Report of 2015 in effect, consumers’ interest for luxury watches grew by 10% from 2013/2014 and Asia contributes to 68% of the total, with China leading the growth that is +14% in the country. The number of Chinese customers, who browse for high-end watch brands through social network, has grown of 120% by 2013.
It is relevant to notice, looking at data found on Baidu, the Chinese search engine, that European brands are the most renowned and looked for. Rolex rides the rank with the 20,8% of total researches, followed by Omega with 10,8% and Tag Heuer with 7,4% (among numerous luxury brands of the research, I exposed data about these three brands, since I will further analyze them in this study).
The most famous watches’ designers of the past, as for example Gerald Genta for Audemars Piguet, couldn’t imagine what a “like” on a social network could have been meant for market. Today the Royal Oak by Audemars Piguet, designed by Gerald Genta has more than 185k of followers on Facebook and stands as the most searched among high-end watches in the whole world\textsuperscript{17}. Extremely intriguing is also the rank of the most “clicked” brands on the Web: Patek Philippe is at the first place with 23,6% followed by Jaeger-LeCoultre with 12,75% and Vacheron Constantin with 12,6%, these companies are the top level of classicism and old traditions.

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{clicksshare.png}
\caption{Self-made graph using data from World Watch Report (2015)}
\end{figure}

Patek Philippe in particular, leverages on and puts at the core of its communication strategy, the familiar values of the brand and the question less excellence of the centenary manufacturing. This aim is accomplished in particular to impact the Asian market, the more fascinated about European artisan excellence for watches. Even if Chinese market has showed a slowdown, the population will still represent a target market for luxury watches, gaining also

\textsuperscript{17} Data from the Digital Luxury Group, considering 17 thousands of luxury words related to the watches’ sector, 12 languages and 4 search engines.
from Chinese shopping out of the country.

At the opposite, but with no less success, Richard Mille is a relatively new brand, founded in 2011 as an experiment but that showed a significative interest’s growth among customers, of about 61%. The brand is quite an exception in this sector and it focuses on exclusivity and interactions with global celebrities, with which it aims to target, in particular, European and US customers. The most profitable category is the “Prestige” one, comprehending watches of a less exclusive range but with a very strong image in the mind of consumers as Rolex and Omega watches: these have a higher communication and marketing power and are able to adapt to locally designed product lines. Omega for example, for its “De Ville”, has promoted a translation on the name with a Chinese term that have a pronunciation similar to the original and that means, in the local language, “flying butterfly”; the communication impact is absolute and the engagement of locals is enhanced too, the “De Ville” is the most searched among the brand’s products.

2.3 Tailored pros of Luxury e-tailing: company’s side

Online sale is just the first positive opportunity opened by digitalization: enhanced experiences for consumers, improvement of storytelling creation, newness of contents and “ROPO” (research on-line purchase off-line) growing up to 80%, are just some tips that can be improved, thanks to new digital technologies and digital innovation.

I will talk about the advantages of the digital playground that are especially relevant for the luxury sector.

First of all, the source of information that Internet represents: for a growing segment of consumers, on-line search drives decision-making; the web is the
perfect arena for the diffusion of information about products.

Luxury consumers are really becoming experts and conscious of the products they are looking for, many compare features and browse on-line before choosing. Websites can welcome you to their on-line presence; they can improve brand's awareness, in which, each customer’s interaction is a chance to be a real ambassador of the brand, offering more than what customers expect, so molding the quality of the entire shopping experience. Moreover, numerous third party information, think about blogs and reviews, auction sites or tailored editorial series incorporated on on-line magazines, give brands the chance to be formal parts of the digital “scenery”, so allowing their clients to be actors and parts of the dream.

Beyond this, we all well know that the present is customer and service oriented; the future will be even more. The on-line sites of major brands could develop an exclusive mix of marketing and commercial tactics, to excite clients and let them dip in brands’ worlds: take scent, one of the five human senses that has the deepest emotional effect on a person, what about iSmell? Thanks to this software, a website can emit scent notes, which are discerned from computers with the use of external plug-ins. Moreover, websites can create virtual tours in retail shops on the other side of the world, so a Bulgari customer, comfortably laying off on his sofa, can go browsing in the beautiful Singapore retail store of the brand (it is not excluded that websites’ developers are already working on technologies that will enable 3D tours across the network). Additional contents can also play a powerful role in creating the luxury online experience for users. Leading hard-luxury brands, in particular in the sector of Haute Joaillerie and Haute Horlogerie, have a distinct advantage in this field: these brands in fact, typically have an enormous visual heritage, intriguing stories with which they can create digital archives where users get lost, and past and present celebrity devotees, from which they can settle a content-rich and alluring digital presence.

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The emotional power that can be exploited by these brands is enormous, and even if, when entering a “real” store the experience is extremely luxurious, on-line additional contents as videos with amazing soundtracks can hit the mark and catch customers’ sensibility. On Rolex.com for example, a watch is presented not merely as an object just telling the time, but as a product that tells history (http://www.rolex.com/it/rolex-and-sports/tennis.html).

The on-line channel gives the possibility to support all the communication tools endorsed by the brand: events, social campaigns, customer service’s activities, blogs, all those tools that also contribute to give a sense of humanization to the brand, enhancing the engagement of users and balancing, in a certain sense, that lack of human to human relationship that is the digital most significant weakness.

The most appealing strength, in my personal opinion, is the possibility to collect, in the digital space, past initiatives and events that, also the most loyal customers may have missed for any reason. Therefore, brands can enlighten their famed past, inviting customers to live a one of a kind experience, moreover, they can also reinforce their identities, strengthening their values and the social activities for which they stand for.
Finally, yet importantly, with globalization and with the continuous growth of the luxury sector, the possibility to recreate the luxury brand’s reality on-line will enlarge the customer base worldwide; Internet gives the possibility to open the doors to billions of people internationally.

The importance of emergent markets as future gold mines for the “hard luxury” market is the biggest digital opportunity for luxury sector in general. Thanks to Internet technologies, with smaller investments, brands can reach a total geographic coverage and let emergent countries access to brands’ heritage from which they are physically far.

As already underlined in the chapters above, China is the country that has the biggest share of on-line active customers; it is the 3rd market for the sector of luxury watches. The economic slowdown, and the Xi Jinping government that, with the taxes on luxury gifts, didn’t help luxury goods sales, are only temporal barriers to online shopping. Furthermore, the situation is improving, in fact, already from the first half of 2015, the improvement of economic conditions boosted luxury goods demand; the expansion of the middle class, the fast rise of wealth in the 2 and 3 tier cities of the country and the never-ending tourists’ expenditures, are economic trends that ensure the continuing demand for hard-luxury goods. Besides pure economic factors, luxury companies’ engagement in e-commerce and marketing activities also underpinned the growth of demand: by 2020 the Chinese one will probably be, according to statistics, the largest market for the luxury sector.

This population is so effectively buying luxury goods on brands websites and online marketplaces that certain companies create dedicated platforms only for China, as for example Lamborghini, that created a platform where people can order and buy their car as in a retail shop, it would seem impossible to buy such a kind of car on-line but it’s real. In China and in Asia in general, Internet doesn’t stop customers from buying luxury online, what matters there, is still to have the high-end product, it doesn’t matter from where they buy it.
The future luxury world will see brands knowing virtually each of their clients by name and surname; furthermore, the 90% of customers of real stores will be reachable by mail. Access to big data, can provide powerful insights for marketing strategies and targeting of customers, allowing to tailor and understand customers’ preferences and needs.

By this, an efficient on-line differentiation can impact really more than off-line strategies in terms of profitability but also in terms of communication, moreover the opportunity of a unique customer experience, which I will analyze further in this analysis, considering specific brands. The graphics below can get an idea of the magnitude of digital opportunities for the luxury segment, showing past, actual and forecasted trends.

**Figure 1:** The market of personal luxury goods has almost tripled during the last 20 years, now the growth is leveling, source: Bain & Company. (2015)

**Figure 2:** source: euromonitor international (2015)
2.4 The new frontier on the way: mobile experience and its further strengths possibilities

Mobiles are the new frontiers of communication, they had been a revolution when they appeared for the first time in people’s lives and they evolved until to create a new reality built around a full virtual mobility, involving not only new ways of moving but also of interacting. This new form of connection enables people to meet not only between themselves, but also to attend events when they want, where they want.

What is relevant in this analysis, in terms of pros for a digital presence at 360 degree by luxury brands, is the possibility to use mobile technologies as communication’s channels, to sponsor, entertain, engage and promote the brand among their customers’ base.

According to a study done by Balasubraman¹⁹, these channels are so relevant because people evaluate time and spatial adaptability with greater attention nowadays: our lives are characterized more and more by frenetic rhythms and

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always less free time, by this, we could understand that time is the most important resource for modern consumers and it also became a luxury one.

After having read the study from Rajiv Advani and Khaled Choudhury, on mobile commerce, I would say that the best way to benefit of opportunities created by mobiles is not just to create a “killer application”, but to create the “killer experience” for customers. While for the retail store, the killer experience is the 5 senses involvement and the relaxing time passed browsing in the shop, the mobile’s one is the possibility to have that “waste of time”, typical of the “ephemeral and superfluous” that characterizes luxury world, merging it with the time saving factor that is today the most relevant aspect we look for.

Just to give an idea, if we think that high-end boutiques are concentrated in the historical center of the cities and not in residential zones we can imagine the time needed to reach them by people living out of the center.

Anyway, to get the best from time and location’s advantages offered by mobile devices, companies must involve specific features of the wireless: there must be a multi-channel platform to support all the activities.

To give a practical example, having the website connected to a mobile app and an iPad app, a common database of customers’ information can be created, reuniting data that taken alone are less significant. Mobiles, in fact, are able to catch information that are more personal; they constitute a one-to-one link, and a mean that has a higher potential to influence customers and can give deeper access to their daily behaviors.

Furthermore, dedicated applications, to be a successful extension of the main website, have to be customized: it is not sufficient just to reproduce and extend what is already available on PC, customers can get a more intimate experience with services designed specifically for cellphones.

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Imagine a service by Cartier, for which the brand offers a guarantee for possible thefts of its most precious jewels, a totally personalized service, that the client endorses as soon as he buys the product he loves; the added value dwells in the fact that the customer will not need to discuss about the jewel’s value at the eventual moment of reclaim, because the brand guarantees the return. A loyal client, and his loyalty in particular, is the highest among brands’ resources; his confidence cannot go to anybody else other than the brand itself, so the latter has to manage every step of the relationship with no falls.

In conclusion, the goal is to offer what the user needs, not in general, but at a specific moment, according to his needs, that company knows, because that user is a client, hence, part of the brand’s world, though one of the brand’s assets.

2.5 Weaknesses for both companies and consumers

The main weakness of the digitalization of the luxury experience, proves to be in the lack of the favorite “touch and feel” experience customers can get in luxury retail stores, which implies that people are afraid that online shopping would take deception, due to the digital shopping environment. That two-sided relationship that luxury customers enjoy, when entering in a luxury shop is hard to be recreated on-line because it could seem almost impossible to recreate the same physical and emotional touch-points that correspond to the 5 senses involvement in the stores.

The “touch and feel” issue, related to the emotional journey that clients “buy” with the luxury product is not the only problem existing; there is another concrete threat that cannot be left aside through this work: the risk of counterfeiting, one among the biggest concerns for luxury retailers, since Internet is implicitly identified with discount prices and products’ imitations.
Risk is bilateral; in fact, criminals target not only customers, who believe they are buying an original product at a favorable price, but also manufacturers. From the company side, the risk is to present their products details, not only to their potential or loyal consumers, but at the same time, to suppliers and manufacturers of counterfeited products, enabling them to produce fakes so well copied, that on the screen look like authentic ones. Producers are now creating better quality copies and charge customers more, fooling them and posing even a greater risk on brands’ reputation.

Counterfeiting on online marketplaces or social media, accounts for 5-7% of world trade and it is especially widespread in China that at the same time, as we said above, is also one of the biggest markets for online sales of luxury goods. According to statistics almost 82$ thousands will be lost to intellectual property breaches last year. International companies, to avoid the problem can register their trademark by registering their name using the Chinese character equivalent. Top brands are stepping up efforts to avoid web sales of counterfeits or grey markets; technologies and digital synergies here play an important role, allowing to individuate lists of links to websites that sell false products.

The skepticism of many luxury brand managers relies in the risk of damaging of the brand’s image, and consequential loss of elitist and unique positioning in the mind of customers.

The ease to fall in counterfeits comes also from social media: Twitter launched a “buy” button to sell via micro blogging service, and this could seem a potential tool to boost sales on the famous digital platform of news, but there are many links that connect to false manufacturers21. From a functional and more technical point of view instead, from the consumers’ side, the main concerning and braking issues about buying online luxury products are the risks involved in the conclusions of online transactions with own credit

21 Data from a statistic analysis on 10000 cases a week per client.
cards; people still have concerns regarding the security of using cards online. Offering an alternative payment method, such as debit cards or an electronic currency site (PayPal), can motivate consumers to choose the method they prefer, while eliminating any concerns about trust and security. This regards not only payments on PC but especially on mobiles, and customers use these always more. Type credit card’s information on a phone can be unhandy both for digital advocates and normal users, so brands should offer e-commerce tools properly designed for mobile versions that offer security certifications like SSL. Allow luxury consumers to feel safe with solid and attested security technologies, enhances the idea of trust for a brand and the loyal attachment to this from the client; furthermore, it conceives a more luxurious image of the overall system.

State of the art security around customers’ data, payment and cards’ data secured as in a private banking vernacular are crucial and expected from luxury elitist consumers. Security should enhance user’s experience and his interface interactions and absolutely cannot make them inaccessible; luxury consumers not only look at quality, but also at easiness and convenience in terms of speed and site’s user-friendliness. In the same way, browsing in a Tiffany store would never be like a rummaging search through disordered products show-off or difficulty to find a salesperson, an online luxury experience should never force customers through the completion of CAPTCHA requests or form fields that are inadequate or intrusive at the moment of buying. In addition to credit card’s information, also clients’ addresses are a point on which luxury brands have to be careful. In fact, even though customers’ location information is regarded as a gold mine, since it enables retailers to differentiate the offer being more timely and consistent, the permission by an user to collect his information must always be asked before collecting the information needed; I will underline this aspect in the

SSL (Secure Sockets Layer) is a standard security technology, for establishing an encrypted link between a server and a client—typically a web server (website) and a browser; or a mail server and a mail client. https://www.digicert.com/ssl.htm
analysis of each brand’s website further.

Emotionally speaking, finally, a problem could be the excess of creativity in the creation of the website; this can lead users to face an awful navigation. Take Dom Perignon website: the mosaic layout, that loads at the moment of each click on the various contents presented, makes the user lose focus on main contents; these, otherwise, would be extraordinarily interesting, as the guided tasting suggestions made by chef Richard Geoffray, or the impressive page dedicated to the Cocoonase, the special edition champagne box, with which the Dutch fashion designer Iris Van Herpen reinterpreted the Dom Perignon time length involved in the product making.

The message transmitted online should be ease to approach by all segment of users digitally present and reachable. Statistics show that access to digital devices and time spent on Internet is increasing for people between 30 and 50 years; these, for a brand like Dom Perignon, are also the focus target since it has the barrier of avoided sale of products to young customers (minors) that instead, are maybe the only able to orientate in a website like Domperignon.com.

User un-friendly sites with animations and graphics that are not easily manageable by users, automatic audio and pages moving with the cursor are intrusive and do not build the right environment for luxury digital users, who would expect that sense of perfection and elegance natural of a truly “white glove” experience.
3. The Digital Luxury world in practice: Emotional and functional websites’ strength

3.1 Consumers’ attitude to digital luxury: the survey

As part of the analysis of the relationship between E-commerce and luxury goods, I carried a free and anonymous participation survey starting from a list of almost 300 consumers aged between 15 and 60 years.

The number of received answers was 48, with a percentage of answers that, in relation to the questionnaire’s method, can be considered a pretty encouraging index on the common interest about the argument. From the comebacks, the interviewed users can be classified as quite assiduous consumers of luxury products; in fact, recalling the question about how much time passed from the last purchase, answers have been the ones exposed in the graph below: the majority of interviewed bought a luxury product less than 3 months ago.

![LAST PURCHASE](image)

*Self-made graph, data source: personal survey (2015)*
3.1.2 Main results

The two major themes emerged are:

1. the website is a fundamental showcase for a luxury brand;

2. the website is an important point of sales.

According to the first point, we can analyze the answer to the question: “where do you prefer to browse for a luxury product”? (Graph 2)

**Where do you prefer to browse products?**

Graph 2: The Question was referred to where people prefer to search for products on-line, without purchasing. Self-made graph, data source: personal survey (2015)

Answers are somehow unexpected: physical stores have the same rate of PCs.

If considering all the three on-line platforms, tablet, mobile and PC, we even highlight an overtaking of the “virtual” respect to the “physical” mean: the sample surveyed consider, in some way, better the digital experience than the “real” shopping in the store. As a consequence, the digital shop window becomes
more relevant than the physical one!

The result about the second point is expected to be more restricted. In fact, the answer to the “direct” question: “Have you ever bought a luxury good online” (Jewels, bags, champagne, watches), the majority of interviewed answered negatively. (Graph 3)

![Graph 3](image)

**Graph 3**

*Self-made graph, data source: personal survey (2015)*

It has to be noticed anyway, that the number of people who answered positively to the previous question is not entirely insignificant at all. Therefore, it matters to investigate which can be the drivers that are at the basis of the minor success of online sales, at least respect to the show off effect.

When creating the questionnaire I made two possible motivations:

- the perceived risk of frauds and/or privacy violations, that becomes higher for the specific case of the single luxury good, since we are considering goods with a substantial price, carried by high skilled people of which private information are particularly looked for, by cyber-criminals.

- The believed impossibility to replicate in the digital world, the typical “experience” that a client will find in a luxury store.
The first matter is confirmed by results: as it can be seen from answers, to the question: how many time, risk let you be skeptical about buying on-line (graph 4), only 30% of consumers affirm they do not feel this worry while 50% of interviewed admit they feel it almost half the time they browse on-line for products. (Keeping in mind the nature of considered goods, we can be sure that among the 50% of time, all the potential luxury purchases are included).

This issue is undoubtedly strong, but is as much certainly destined to drop among consumers’ perceptions, little by little, as new cryptographic and secure personal information recording methods, will be fine-tuned.

The other potentially critical point is the one about the possibility to recreate the luxury experience on digital devices. On this theme, the interviewed sample resulted much less “possibilistic”. (Graph 5 below)

Up to 60% of consumers answered with no doubt that is possible to have a “luxury experience” on a digital channel. This data is confirmed by the extremely low value of people who are definitely opposites (less than 5% answered “absolutely not”), results let us think that the “no” answers, would be more
related to doubt than excluding by themselves, even for that 35% who answered “no”.

![Graph 5](image)

**Graph 5. Self-made graph, data source: personal survey (2015)**

According to the preferences of customers in terms of devices used to buy and browse online, the results show a balance between PCs and Mobiles. (Graph 6)

![Graph 6](image)

**Graph 6** : The question is referred to where people prefer to browse and then purchase products on-line

*Self-made graph, data source: personal survey (2015)*
This outcome is enlightening; in fact, according to the trends we previously saw throughout this study, expected results should have shown a majority of answers in favor of mobiles, instead, there is a slight preference towards PCs. Behind this trend, there could be the fact that even if mobiles are always on, and they are the major and most powerful mean of contact between brands and customers, they present limitations due to dimensions of screen and keyboard that are not irrelevant. PCs, on the other side, can deliver a bigger format of contents and so bigger emotions, and consumers can access these when they want to. I would mean that, since mobiles are always on, if a brand sends an email to remember some events to a loyal customer, that email will be immediately on the screen of his cell phone, maybe even not at a proper time; if the same message, is gathered in the personal account of the client on the brand’s website, the customer will see the message when he wants, so this cannot risk to be unwelcome.

However, even if the usage of mobiles and tablets is growing among consumers, users who are still skeptical to do transactions through mobiles still represent a considerable portion of the total. This fact confirms data gathered through the survey and can be further enriched by the fact that writing personal data on a smartphone can be less easy if the website’s version is not properly designed for a mobile screen layout.

What is important from this reflection is the fact that brands must not forget to invest on PC’s campaigns and websites’ contents, in favor of mobile websites optimization: mobiles are used by consumers a lot but the different processes of buying journey requires perfection on both platforms.
3.2 Methodological Insight

Luxury brands had invested in digital since long time, but the aim of websites is still more to communicate than to sell. The experience of a customer with a brand’s own website drives a great deal about how that brand is perceived. Does the communication feel authentic? Is there enough information about products? More than half of luxury consumers interact with brands websites. The real strategy here is to create awareness to the younger markets (i.e. Millennial) to start developing an interest in "acquiring the proper taste".

This research aims to investigate the efficiency to recreate a luxury customer experience on the on-line channel, by the analysis of two variables of digital presence: e-commerce strategic reach and digital customer experience. The first, endorsing all the technical aspects as cross-channel services, on-line products range, display visualization, products selection and delivery, on-line geographic coverage and other mostly functional aspects; the second instead, comprehends the personal services and emotional strength. It is fairly an extension from already known studies that bunch up a sample of sites and evaluate some determined aspects both functional-technical and emotional; here the aim is reached through an interactive analysis with selected brands’ websites, by analyzing not only given aspects but also observing each single subject, in all its details, comprehending the buying experience.

The first thing that I will analyze is the emotive impact the user gets when opening the website. The home page is the entrance hall of the brand’s world and it is indispensable that the image is coherent with the products offered; the layout should present elegance and order, appropriate to what a luxury consumer would expect. The same importance given to salesmen in front of the door of the most beautiful flagships and retail stores must be reproduced on the home page of the website. The first impression and the entire journey on the website is observed
through the visual language of the brand’s website, in terms of images, videos, colors and themes but also, in a wider sense, according to the whole range of contents offered to users when visiting the website.

The second aspect I will take as evaluator is the buying process; this will comprehend all the technical and functional aspects as opportunities of interactions and their speed rate (loading speed rate of images and videos), assortment of the e-boutique, respect to the physical store and not, products availability, pricing display methodology, products’ information, methodologies of payment and more.

Not all the brands taken in consideration, anyway, permit to buy on-line their products. In this case, what becomes particularly relevant is the power to drive the attention on products and the availability and quantity of detailed information and specific features’ details.

Last but not least, the customer experience is the step favored by the higher level of attention. This is a critical point and I would underline it, since it could be the most powerful tool to create the higher level of engagement with customers, and actually it is also the way through which websites can create a bundle of options and possibilities in order to recreate a real experience, even in the virtual visit.

I also chose to make an observation on the mobile versions of the websites and the apps connected to this. This is aimed to check the effective update of the studied luxury brands to the development of technologies and users’ opportunities offered by these. What has to be considered is the consistence and coherence between PC and mobile’s versions of the site and the availability of contents offered: the mobile version should offer a total user-friendly experience and cannot lose anything that the PC version offers. Furthermore, an Omni-channel experience is a point of favor in terms of customers’ expectations and it will be considered as critical in the evaluation of the websites.

Mobiles are a focal point of the analysis because the new face of luxury market
shows affluent customers who are more and more “connected”; smartphones are four times more effective than desktops in terms of advertising awareness, message association (though an higher level of personal contact), and higher purchase intent.

The whole work is aimed to get a snapshot of the real digital universe of luxury brands, from the user’s point of view and not just according to what statistics and surveys can affirm by taking a sample of protagonists on the field. The choice of the actors to be evaluated is related not only to the most successful brands in terms of sales and communication, but also to the willingness to test what actual data about the argument sustain: most researched online brands, most successful in terms of customer experience and higher ranked brands worldwide\textsuperscript{23}.

The final image is given by a conversion of theoretical results, in tables and graphs, to summarize the whole work. The benchmarking between websites has been made considering a range of values from 0 to 5, in which 1 corresponds to a totally negative website experience, 1 to a negative one, 3 to neutral, 4 to positive and 5 to totally positive. The median level has been identified with a website that is able to satisfy the functional aspects but is not extremely impressive in terms of emotional experience.

### 3.3 Bulgari

Bulgari is among the most successful brands in terms of improvements of its digital strategies and website overall experience. Its global ranking among other sites is 42.285, with visitors coming firstly from US, followed by India, Japan, Japan, Japan, Japan, Japan.\textsuperscript{23} The ranking to which I refer are the Interbrand “Best Global Brands”, and the data considered are the ones taken from alexa.com, according to number of viewers and stellaservice.com in relation to customer experience evaluations.
China and Turkey.

The brand has developed a new web design in occasion of the 130 years’ anniversary and it is enabling a good balancing of e-commerce strategic reach, even if this is the most difficult aspect to work on, and a digital customer experience that, instead, is growing quickly.

The web strategy of Bulgari is very emotion oriented; data\(^\text{24}\) shows an average time on site of 3:07 hrs., meaning that the engagement is quite successfully reached.

The website is historically oriented and stands out as a storyteller; it offers Internet users, loyal consumers as well as pure interested people, a wide range of information, which arranges individual consumers’ value, because focus is shifted from the products to a particular accent on brand’s connotation and intimation. The site’s display is characterized by a rich media overlay. Furthermore, it is extremely immersive and thanks to the strong visual impact, contents’ discovery is prioritized.

The accent falls mainly on the Roman historical shop site and the brand’s social responsibility, encompassing charity activities; this topic nowadays is the pillar of a brand’s reputation, hence one among the bases for success even stronger online, where the brand could benefit of a faster and wider world of mouth and high impression on users. Brand online strategy is in "the educating and cultivating" mode.

Please look at [Bulgari 40 celebrating video](#), and get an idea of the emotional power of multimedia contents.

### 3.3.1 Visual language

The “welcome” homepage perfectly matches the luxury standards for a website, in fact the site doesn’t give at all the idea of a showing of products as on a

\(^{24}\) Data from Alexa by Google
catalogue or in a shelf; the aim of the brand is to invite users to navigate and get lost into it and the layout successfully accomplishes this intent.

The website is built using responsive design, you can delve deeper into some of the contents, looking at slideshows or images from events or the videos from the production and the mini film.

The visual language of a luxury website must give an overall idea of exclusivity and luxury also in the page visualization: Bulgari site’s Home page, that establish a common layout for all the other pages within the website, presents whole screen images of high quality, with a minimum width of 768 px, so perfectly giving the idea of dimension of objects. The quality of contents certainly befits a luxury brand. Plus it’s all very aspirational and the messaging is quite vague, which is what it is expected in luxury retail (Flagships and normal retail stores).

Graphics and animations are easily accessible to users since they can personally manage these by themselves; at the same time their width meets the goal: immersion and directing through contents. Highly emotional, all the pages of the site are able to create a first sight engagement between customers and the brand.

From a functional point of view, it can be noticed that the sections are entitled to a wide range of users: a loyal client perfectly knowing the brand or a new client who can deeply go in the “Maison” dedicated section to explore heritage and brand’s history, the dedicated area for press, so called “press lounge” is reserved to editors and PR agents and can be accessed only by the owner’s authorization; I have personally tried to register under the name of a on-line journal, but they didn’t answered me to enable the access, so the area is effectively checked.

The loading rate is very fast both for images and videos, that are In-banner, meaning that the format expands when the user interacts with the square - and also moving on the length bar of the video there are no charging problems. Videos are, across all digital platforms, the more engaging: immersive by nature leveraging on sight and sound effects so satisfying the two most influencing
among the 5 senses, those touch-points so crucial for the customer experience.

Bulgari.com videos are full episode players really efficient in catching the user; all in full screen format, they are able to convince him of the quality of products and putting emphasis on the magnificence of the “house”.

The discovering option put on each product, and the collection exposed through a video must be analyzed further, to get its relevance in terms of experience.

Campaigns, backstage, creation process from sketches to assembly, “the art of jewelry” episode, and, even more, the watches’ experience, in a shop cannot be illustrated in such a detailed way as it can be done on the screen; the maximum that a customer could get in a physical store would be an explanation by one of sales assistants, but in the “real” shop, generate curiosity about these aspects is difficult. On-line instead, users have a real virtual trip, and are invited to browse more and stay longer on the website, getting lost among the various contents.

Imaging a set of levels, we can say that the first, most massive one, is the one where the site proposes a brochure or a pdf on which customers can read or search for contents, the second, with videos, comprehend something beyond: videos give a set of contents and emotional tools that otherwise cannot be conceived; the step further is the one of interactivity, as the websites enables virtual tours in the shops or sites of creations of jewels and watches, giving users a “secret eye” to watch on the most inaccessible parts of the brands, the one of traditions and real artisanal work experience. A feature like videos and “secret eye” would turn the on-line journey in an experience even more unique than a tour along Via Montenapoleone, with the additional effect of enabling a stronger differentiation for the brand: on-line the number of people who can see you immediately is significantly broader than the one that starting a walk at the beginning of Via del Corso will arrive at the end of Via Condotti.

A consumer walking along one of the luxury destinations of the major cities, can stop in the first store he has in front or maybe can directly go in the one he had in
mind and he was looking for, and having not enough time, he could let be seduced only by that. On the Internet the switch is more and more rapid and the possibility to find another brand interesting website is high. The last point can so turn from a risk factor to an extremely potentially successful one.

The showing of products, in large size images, for the best or latest collections, in a wide screen format, is accompanied by short almost poetic and persuasive descriptions, very impressive. The products can be searched through 2 means: direct keyword search and index of categories. The search tool isn’t particularly prominent, positioned as a small magnifying glass.

A minus related to the searching tool is the fact that if a customer doesn’t know the name of a product there are not similar keywords that permit to find the object a client aspires to.

The user is invited to “discover” each product. The use of the word “discover” is more intimate than a simple “details” to show the products characteristics, and so it enables a deeper engagement and the possibility to attract customer's attention.

Another thinner tool that can be cunningly used by high-end luxury brands online is the font personalization; the font used by Bvlgari, for the sections, categories and all the website’s editorial contents, so called “Lato”, is not one given by operative system, this give a unique touch and contributes to let users imagine to be in a unique and exclusive world with no equals.

3.3.2 The buying journey

Bulgari doesn’t permit to buy on-line its products in Europe. This is not necessary a minus for the brand, since the absence of a e-boutique can be
intended to circumscribe the web-experience in the immersion of the Bulgari world, while keeping the exclusivity of unavailability of products on-line. There are different ways of thinking about this point, anyway this strategy is linked to the willingness by the brand to drive users to visit retail stores, after having generated a high level of curiosity and enthusiasm among them, in order to enhance their experience and enter Bulgari world deeper.

Anyway, sales are available for US and Japan, where customers can place orders on-line for jewels, some watches, perfumes and gifts.

The visualization of products among which to choose, enables an immersive feeling that goes beyond the rules of e-commerce; the quality of images is excellent, enabling the sense of dimension that enable the user to get a more realistic idea of the product, nearly as he wasn’t in front of a screen. This result is obtained also thanks to a properly choice of background color.

Details are carefully exposed and shareable on social media and email, or printable by the user, this aspect can be seen as no meaningful at the first impression but it represents a smart plus that psychologically affects clients, transmitting them a sense of interactivity that make them feel more engaged and in touch with the brand.

The decision steps in the customers’ on-line buying journey are carefully followed by the customer center, step by step.

In a shop of course a client can try a ring and look at how it looks on his hand, choosing the size properly, on the Bulgari website, the customer care provide users a detailed guide to sizes, not only exposed in a list, but explained with the proper suggestion to measure it, including the most appropriate time in the day, how to do it and which ring to choose among two with a slight difference in term of dimensions. The only thing lacking would be a 3D lay figure of an hand, on which virtually trying your B.ZERO, to be sure of your choice, I will deepen
later the possibilities enabled by the adoption of new technologies to enhance the e-commerce experience further.

The service of store localization is enriched by the specification of some cross-functional aspects:

- Distance/distance from store (by enabling geo-localization)
- Precise store information (address/opening hours)
- Possibility to contact the store (both phone/email)
- In-store availability of products by category: jewels, accessories, watches etc.

Apart from the functional implementation of the service, the impression given is of someone who is interacting with you: there is not a machine under the map, but a person that invite you to your nearest or preferred store, showing you the route by car, foot or public services.

3.3.3 The customer service

Bulgari stands out among the heading luxury successful brands, with a strong digital progress in Customer service and on-line experience.

On the website, the dedicated customer care area, is extremely reassuring.

The page is divided according to brand’s categories of products which all have their own customer service set of different activities, from recommendations about the preservation of the jewel to the eyewear dedicated services, up to general request of any kind.

The user can ask for any particular request, by sending e-mail through a settled form, from an analytical point of view, the response time by e-mail support is not
so fast. I tested a group of person asking them to demand information about shipment, possibility to buy on-line and products’ characteristics; 2 among 20 people tested didn’t receive the answer after a second request sent while another one waited more than 24 hrs.: obviously the error is minimal but a luxury brand like Bulgari should not miss any hit, since it is requested to be perfect in every action.

The most relevant aspect among customer service is the enabling of cross channel services, merging on-line and off-line points. An example is the possibility to order a product on-line and get it in a selected store, chosen by the user, or complementary, the possibility to return in store an on-line bought product; since Bulgari has not always the buy option on-line, the cross-channel functionalities are restricted to the order on-line except USA and Japan where instead they should be implemented.

### 3.3.4 Mobile version

Together with website’s renovation, the brand endorsed a mobile optimized version in order to provide a better navigation on mobiles.

Old devices too can support the site visualization as IPhone 3 or Blackberry curve 8530, according to a study done by Exane Bnp Paribas Research and Contact Lab.

It has to be said that the quality of images is not as good as on PC, the optimization of these has not been carefully worked and this doesn’t invite to stay on mobile site as much as on the PC one. The access to the same contents instead is accomplished, with the same layout of the PC website.
As the table above shows, the majority of Bulgari.com site’s visitors are in large part represented by young generations of 18-24, 25-34 and adults between 35-44 years: given that, it has to be noticed that, according to many behavioral studies, young individuals in particular, use to look at their mobiles just before going to sleep and as soon as waken-up in the morning. They will represent the new buying force on which brands can leverage by building mobile optimized site for the brand, so determining a strong opportunity of visibility: mobile website must be implemented and its weaknesses must be eliminated in order to make it as exclusive and experiential as the PC website version.

3.4 Cartier

The historical French brand is ranked 58 on the Interbrand Best Brands classification. In the 4Q of 2014, Cartier outperformed Burberry that at the start of the year was leading the way in terms of “digital customer experience”. The
brand, as Bulgari did, refreshed its website’s design, introduced the mobile version, and implemented the dedicated app for the IPhone, “Mon Diamant” existing since 2012 adding in 2015 the new app dedicated to the catalogue.

![Audience Demographics](image)

*Table 2: Data from Alexa by Google, (Oct 2015)*

The digital implementation on Mobiles, properly follows the trends for the brand, as data show in fact (table 2), the most affluent segment of Cartier website is aged among 25-34, and accordingly to statistics, as already said before, this is the segment of population that mostly use their smartphones, at work, doing shopping and during their free time, at the same time, it is also a segment that is growing in terms of expenditure capabilities, so Cartier accurately set the eyes on it.

The larger visitors of the website are American (13.9%), followed by Russian (8.1%) and French (7.2%), anyway the website is available in 11 languages included Portuguese, an adaptation that many among hard luxury brands are endorsing to target Brazil consumers directly, with a dedicated site version.
3.4.1 Visual language

The Homepage’s message is different from the one of Bulgari, in fact, while there the invite is a travel through the brand’s history, here the attention is more product oriented: products are put in evidence more than other contents.

The first thing that deserves to be noticed is that the brand’s on-line presence recalls seasonality; in fact in July the Homepage presents the summer collection, while in the gifts’ section, the spring pink collection is presented, during the winter holiday season instead, the homepage presents diamonds, with colors recalling cold and night ambience, typical of winter, and also the snowflakes shining. This strategy is mainly proper of fashion brands, so it could seem to be not adequate to a top end jewelry brand as Cartier, nevertheless it has to be said that it could be more captivating for a user, who from a brand of Haute Joaillerie and Haute Horlogerie wouldn’t expect such renovation of contents; an invite as “celebrate summer with Cartier”, will enhance curiosity about new products and willingness to buy or to go in the real store to know more about it. Products moreover, are presented in “still life” and this also is a more engaging way to get in touch with user on the other side of the screen.

Font personalization maintains the sense of exclusivity since immediately entering the site. Layout is the same for almost all pages while differs in the site’s version dedicated to all countries, Cartier.com, respect to the personalized site for each of countries’ websites (Cartier.ch, Cartier.it etc.). The choice of the brand here, is to put emphasis on the country: by choosing one among the listed, the language of origin comes by itself, differently from Bulgari, where is the user who chooses separately country and the desired language; this is another enhancing personalization tool that improves the overall luxury of the website in my personal opinion, giving an higher sense of it.

The navigation through the site is guided but not invasive, an aspect that stands both for functionality and emotional effect is the quality of video and animations;
the latter, characterized by horizontal scrolling, are manageable by users who decide when make them start, while videos have an HQ quality, are expandable to full screen and are short but very engaging. Videos offer choice options of speed and 12 different subheadings available; these are both adaptability features that allow an excellent customer experience, caring of differences in terms of connection speed of the user and country of origin.

The video of *Haute Joaillerie* has a strong visual and song’s impact but surely the most successful spot to date is “*L’Odysse de Cartier*”: the viewer is taken on a journey that follows the iconic Cartier panther, for the theme music an 84-piece orchestra has been conducted, comprising string, percussion and wind sections, harp and piano. The mini video is a one of a kind tale that holds, in a three minutes’ mini film, the brand’s heritage and real essence. Here is the link: [https://www.youtube.com/watch?v=yaBNjTtCxd4](https://www.youtube.com/watch?v=yaBNjTtCxd4).

All images give perfect sense of dimensions and the variety of the subject chosen, from the panther in its natural habitat, to the picture of artisans’ making and hold family founders of Cartier, give the impression you are browsing a high quality paper book.

Many words are intentionally not translated from French and have meanings unknown by a “mass” clientele: the terms “boisé”, used in the description of the Santos De Cartier perfume, is a term that presupposes an elitist public, but at the same time, gives a deep sense of luxury when browsing among products.

### 3.4.2 The buying journey

Apart from the double kind of search for products in the e-boutique, that can be found even putting general terms in the box, there is a direct title redirecting on the collections’ section.

The categories of products are showed in full screen rich media overlay options,
with a horizontal scrolling of the various entrance images, all is done in order to get to the user the same feeling he gets when entering a retail shop and seeing all available collections: he is going to start a journey and not only buying a product on-line.

As Internet is often used primarily for information seeking, prices are presented directly within the details explanation but not astounding and never reduced.

The showing of all products categories in a 13-thumb screen is one of the strengths of the digital platform that overcome real shops and Cartier absolutely takes this advantage, engaging clients letting them stay in front of the screen while they get inspired from the images slideshow.

In the shopping phase, the 360 degrees view option enhances the e-commerce purchasing experience, and products’ descriptions are printable and shareable on Facebook, Twitter or Pinterest.

Clients are reassured about the problems of shopping on-line, in fact, e-commerce on Cartier.com is guaranteed by an SSL connection that ensures confidentiality and data protection, with the possibility to shop as guest, leaving only the personal information needed for payment and shipment, with the compulsory phone number; this enable clients to be advised before the shipment will be completed. Norton secures transactions and payments allowed through Visa American Express and MasterCard or alternatively by bank transfer.

### 3.4.3 Customer service

A customer service appropriate to get a luxury experience consists in:

- being helpful instead of merely available;
- over-deliver instead of attend the specific questions asked by clients;
- having salespeople more expert than the clientele they are in front of,
whom become more informed about products day by day;

- ensure a extremely easy return policy;

The client service support of Cartier is organized through mail and phone. When ordering a product on-line it is possible to call and order the item by phone, with a personal Cartier ambassador with whom it is also possible to settle an appointment; the personalized customer service is a strong tool with which luxury brands can give a one of a kind e-commerce experience with a dedicated ambassador only for a single digital user. Anyway the most customers’ interactions are e-mails opening and the service provided on-line is excellent.

According to Stella Service, a company that analyzes and monitors the online customer experience for many sites, Cartier e-mail support’s response time is in a mean of 12-24 hrs., while phone’s support time is between 45-90 sec.

I personally try to contact the customer service to test the level of experience given. I was registered on the Swiss site’s version, I filled the data form putting Italy as country of residence and I wrote the e-mail in Italian even if the form was in English: a customer service ambassador answered me in less than 24 hrs., writing in Italian and giving in the mail more than the details that I specifically wanted to know about, anticipating what I would have naturally asked to be informed about the product’s specifics and also adding information that maybe I would not have asked but when I knew these, these have been useful and interesting.

Cross-channel services include the possibility to return in store a product bought on-line, with a shipping & returns rate between 0-3 days (specifically returns processing is less than 10 days) and on time delivery for more than 98% of cases. Furthermore, the product can be exchanged both on-line and in-store, and on-line availability is showed; what is still lacking is the order on-line, the “get in store” option and the in-store availability.
In the post-sale services’ dedicated page on the website, it is possible to watch a video showing the artisan while doing all the maintenance work included in the “full service” for watches; going in a physical store your watch would be taken and get to the magazine, the experience of looking at activities that your luxury watch needs, in order to be perfect, couldn’t be seen without a digital platform. This is a very engaging subject for any watch lover but also for an ordinary client.

3.4.4 Mobile version

The mobile version gives the possibility of access to the same contents of the PC version, with a layout recalling the Facebook app for mobiles: the main menu opens vertically by side, with the customer’s personal Cartier account register option at the first line.

The on-line buying experience is privileged with the almost every present and systematic of the mobile version.

The level of engagement is taken further with dedicated IPhone apps: “Mon Diamant” allows a totally personalized service for the creation of a bespoke diamond ring, with the possibility to choose color, carat, purity and price; from July 2015 it has been also introduced an interface dedicated to love and passion, with exclusive services and appointment opportunities with special Cartier ambassadors.

The Cartier catalogue, instead, is an invitation to a unique digital experience to discover the latest Cartier creations and it has been recently introduced by the brand. Even if it includes only the watchmaking collection for next year and the one for spring, the rendering of products is absolutely different from the site, thanks to further storytelling and details information.
The mobile Cartier experience is more than a merely banner experience, it gives the possibility to experience the brand at 360 degrees, walking at supermarket or waiting for the bus, and moreover, it creates added services as the total personalization of your own Cartier product, through the most personal among devices. Mobile creativity enables services of geo-localization, partnerships to strengthen the brand’s message and, through the immediate share on other social platforms, the creation of communities among customers owning it. The power of the tribe is today the strongest tool that drives people towards the brand, it can facilitate the affiliation and the creation of ambassadors, not only real but also digital, allowing people to socialize in connection with the brand and allowing them to distinguish or separate themselves from others.

### 3.5 Rolex

The online presence of Rolex is not merely innovative; it completely integrates users in the brand’s world from all its angles and creates a comprehensive and totally engaging world of the brand, not simply getting the eye on brand’s products.

The whole interests and activities in which the brand is endorsed convey a humanization of the brand with an extremely powerful impact on customers. Data about the level of engagement on Rolex.com confirm the observation: daily time on site is of 3:34 hrs. and it is growing at 5%, while the daily page-views per visitor are 5.08 respect to an average of 3 of Bulgari and Cartier, and they are growing at 2%.
3.5.1 Visual Language

Clear format, light colors’ shape and an elegant but simple site’s layout immediately convey the message of the brand that is its uniqueness, elegance and extreme precision, exactly as all Rolex creations are. Rolex plays with the brand’s distinguishing colors throughout all the website’s pages and has invested in high impact display visualization creating a page of images that, only when meeting the cursor, show the written descriptions; full screen contents alternate through standard roadblock with a vertical scrolling of different touch points, from the store locator to customer service and special collections.

The user friendliness is underlined by a fluent navigation not only by direct click on images to get access to contents, but also thanks to the double list of contents’ headings and the research box that is immediately easy to find and which is able to spot contents through pages even without specific keywords.

Pages and videos’ loading rate is excellent as the technical performances of Rolex watches are. Furthermore, videos are spoken and not only with soundtrack, this enhances the sound sensorial experience and engagement is reached also through the translation of the narrator’s voice according to the country from which the user is visualizing (8 on 13 languages available have the country of origin language for the film).

In addition to images of high resolution, perfectly giving the 3D sense, the brand created a own dictionary to define most of the headings that represents the main topics on the website, as for example the “tested to extremes” which is defined as “the act of subjecting our watches to extremes they will never likely encounter”..”The way to ensure a Rolex wearer can go faster, further and deeper.”
This short descriptions perfectly reproducing a paper old dictionary, recreates the quality of book reading and gets the related unique emotion that is able to engage also the most traditional among Rolex targets, since the brand’s prevalent audience is 65+\textsuperscript{25}.

The website’s communication strategy, with regard to the multi-sensory brand experience, emotional attachment, identity relevance and creation of the “dream” of the brand, totally hits the target; Rolex is among the forerunners. The atmosphere is skillfully related to the consumers’ functional brand’s perception; I would mean that the website creates a dedicated Rolex experience for all the kind of interests and products’ connections with its customers: each different watch model has its own section, dedicated to its lovers (formula1, tennis, horse riding...). The “world of Rolex” section is a rich media archive of the most compelling videos, stories and images.

The success of Rolex website relies in the fact that the brand was able to create

\textsuperscript{25} Demographic audience data from Alexa by google.
curiosity and engagement for all kind of users: sports’ passionate from horse-riding to formula 1 to yachting, but also art or music’s lovers, can enjoy a unique web-experience through this vastness of contents, among which the right ads is put at the right time for the right customer.

The strategy underlines the individual value of “e-Luxe”, letting people live the experience of the brand relating it with their emotional needs.

Each “mini world” always recalls the brand’s position and connection with this; the result is a website where people can get an experience far beyond the Rolex product itself, but that certainly will permit to the brand to be positioned on top of mind of online customers, also promoting the creation of brand’s advocates.

3.5.2 The buying journey

The brand chooses to not permit the buying online opportunity; anyway the phases of pre-purchase, from product knowing to personalization are all approachable in a differentiating way with respect to other watches brands’ websites that I will expose later in the research.

The home page directly delivers the message of possibility of customization and looks for the most suitable to customers’ tastes.

“Find your Rolex”, “May we help you choose your Rolex”, these claims excellently represent the concept of choosing on-line your product even without directly purchasing the item from the site.

In terms of digital customer experience, the call to discover the best watch fitting for each user is more engaging than the banal “discover the product”, mostly used by brands’ websites.

The interaction with the customer follows with the possibility to prototype the watch, personalizing it according to preferences in terms of material, bezel,
bracelet and dial.

There is no possibility to find prices’ information but each watch has a dedicated e-brochure that is shareable and printable and is not just a page of characteristics’ specifications: an average of 14 pages for each brochure with 3D rendering images that almost give the sensation of touching the products, a perfect online reproduction of a high quality glossy brochure paper.

3.5.3 Customer service

As already cited above, analyzing the guide to choose your model, a well-orchestrated customer service is noticeable since entering the website. Immediately after the selection of the custom made watch, this can be saved in a wish list that can be created with no need of registration by the user, differently from many other brands including Cartier.

In this personal page, the customer can also save his favorite retailers; the creation of this private page in the website enhances the customer’s engagement, because it tailors the web-experience creating a digital memo for each on-line customer. In fact also going out from the website and re-entering into it from the same computer, the wish list is saved on Rolex.com.

Another human to human virtual emulation is the recently viewed section: this is a kind of reproduction of the experts salesman who keep the pieces they are showing you from the first item in the store; the tool has the double function of product selection’s support and possibility for the brand to avoid users forget those products they have already liked (it works like a reminder of purchase to be made!)

The store locator has a differentiated research option for selling retailers and
service centers; permission from users to use their localization to find the nearest shop is asked without the intrusive banner opening automatically when entering the page, it is put as an option to be chosen by customers if they want; stores’ pages are strong in visual impacts since for even of these, Rolex creates a kind of brochure, but the only information available are about address and phone/fax number, so way indications or email contacts could be optimized.

The absolute fall that surprises after the digital journey through Rolex.com is the absence of a customer care center to be contacted on-line, it should be implemented.

3.5.4 Mobile version

The mobile version of Rolex.com enables the access to the same bundle of contents except from some images on the homepage; videos and pictures are perfectly optimized and are reproduced in full screen automatically.

Contents’ visualization is optimized also for editorial contents and navigation is as easy as in the PC version.

What lacks is a dedicated app for smartphones, while the brand has created 3 different iPad dedicated apps: Rolex spirit of exploration, the Daytona experience and 2012 awards for enterprise magazine.

Apps include rich and dynamic articles and videos disclosing the legend of the historic Daytona cosmograph, leveraging the powerful formula1 emotional impact.

The Rolex awards for enterprises is a social responsibility communication tool with which the brand transmits its support to talented people who are actively
engaged in social and world’s savage activities; this kind of engagement, is extraordinary involving customers and share it on social platforms or even dedicated apps can really increase paid, owned and earned exposure.

3.6 Tag Heuer

This brand stands for precision, performance and professional technology and the website’s model perfectly embodies and transmits these values. The stronger presence of the brand is in the US with also many visitors coming from Russia and UK, followed by Japan.

This watches brand is very powerful on the network as we can see from data about the font of search: almost the 90% is organic and not paid search. The brand’s positioning is totally different from the ones of previous analyzed brands: Tag Heuer watches are known not just for quality and precision but for avant-garde design and advanced technology, the website is a perfect translation and confirm of this heritage. The main message is the link between Tag Heuer and Sports, inspiring excellence, a sport watch with an exclusive prestige in terms of elegance, technique and performance.

3.6.1 Visual Language

The brand’s slogan, “Swiss avant-garde since 1860”, is the first visual impact of the site’s home page, and it is the first recall to the DNA of the brand.

26 Data from Similarweb.com
The page is clear and well ordered, though it gives immediately an impression of precision and methodology, the idea of luxury is given through a clean white page with ordered layout of contents and clear colors pattern.

The page is built vertically, with a scrolling of videos and images recalling contents, the speed rate of animations is not too fast neither too slow; this is a user friendliness’ factor that enable users to see videos or images’ contents and choose if discover more about these or go ahead; this freedom of navigation and easiness is determinant in terms of users’ engagement and pleasure to navigate on the website.

On top of the page, the essentials are easily reachable; the main version opening is the international one, which is available in 11 languages. For UK, US and Australia, there are separated versions that, as we will see further in the site analysis, include e-commerce that is otherwise not available for the other countries; also China and Japan have special site’s versions and the attention dedicated to China is strengthened by the availability of two different Chinese dialects in addition to English.

The website’s visual language is built around videos and pictures, the first content is a series of videos of high quality and large size, directly linked to the owned YouTube channel; the engagement and attention by the user is immediate and effective, the first aim of the page is not to gather the attention on product sales, but to invite users to “the brand’s show”: Formula 1 and brand ambassadors are the first to appear in the home page.

The targeting is specific and consist of a wide range, each dedicated and carefully worked, for people shaped by the spirit of sports, success as a mind game, strength and limits’ overcoming.

Along with rich media contents the core message is precision: the slogan “Don’t crack under pressure” is repeated not only as a category but also as title of some
videos and pictures throughout the whole page.

A Luxury website must be elegant and give the same impression that a customer would expect while entering in the brand’s real store, but it shall also be extremely coherent with brand’s personality and it has to be extremely functional for the user who is attending to navigate through it. Tag Heuer website exposes a content per time and the first impression given from the other side of the screen is precision, though a high level of technique: each watch collection’s category has, by side, the exact number of watches it owns. Furthermore, a subtitle and a brief description showing the millimeters of quartz are a first introduction of products that satisfy the request that would come from an exigent and, in the case of Tag Heuer products in particular, precision obsessed client, paying attention to these details that really make the difference when the contact has to be created on-line.

Images and videos have all high quality and option of enlargement, even if the enlargement of products’ images has not a very intuitive zooming option. The choice to put videos on the top of the page is a powerful strategy to catch clients’ attention. The “don’t crack under pressure” video is showed in two different formats: one is a dedicated film lasting 3 minutes that has a very effective emotional impact, not only thanks to images but also thanks to soundtrack and the speaking voice throughout the showing.

In the collections’ category, watches appear as car ready to start the race; the exposition of products does not give the impression of boring shelves but, as other content throughout the site, recalls the main connections of the brand. Attention is driven on main features: millimeters of watches, for example, are in big letters.

Scrolling down the page the user finds news; these are not only about brand’s heritage and past events, as mainly among Haute Joaillerie websites, but they are aimed to target also a younger clientele, including celebrities and night events’
followers.

The site map at the end of the page is the confirm of the brand’s user friendliness and precision, also in its digital presence; ordered categories and sections enable new users, who have just navigate through the website, to go directly where they have chosen to, while loyal clients who already know the website and want to reach fast the section they are attending to, can be satisfied: the map is a clean summary of links in the whole Tag Heuer universe, from new products, to all categories, to social media corner and brand’s friends and ambassadors.

Ambassadors are both women and men, though attention is paid also to be equally engaging with all segments, partnerships and competitions sustained by the brand are an invite to immersion in the brand’s universe that is no more identifiable with a simple watch.

3.6.2 The Buying Journey

What is interesting after the first analysis of the page’s visual language is the fact that sales are put down in the page, to demonstrate that the aim is to get clients to shop through a longer path.

The shopping page, that is available only for UK, Australian customers, and US, opens in a new page. Products are showed in quite full screen size and are enlargeable, the rendering is good but the 3D dimension effect is not excellently given.

Anyway, everything a customer would need in the buying phase is clearly exposed by side of each product’s image; main features are not only written, but also “tagged” with small symbols as a Q standing for the quartz movement. Further descriptions open in a window on the same page, so it easy to close it and
reopen while staying on the same page and eventually come back to see the large image. The setup and care of watches are showed among the list of features including a long series of suggestions for condensation, bracelet care and cleaning of the watch; every thing an exigent passionate would want to be informed about, when buying this product.

Watches’ descriptions are shareable, printable or can be sent by e-mail, this, as already underlined through the study, is an engagement tool because it allows customers to be more active and to get a personalized service even if with a massive approach.

Usually the main problem in the buying process of a watch online, according to many interviewed people, is the bracelet sizing; Tag Heuer makes available a sizing guide that clients can download and consists in a paper tape measure to perfectly find your correspondent watch size. Even if the user would need a printer and enough time to take his measures, this detail is near to a service that could be provided by salesmen in the physical shop; in case of no time a “unisized” version of bracelet is available and after purchase it can be adjusted taking the watch on a authorized shop.

Tag Heuer provides a solid secure system for purchase transactions, only Visa, MasterCard and American Express’ payments are admitted, on the other delicate side, authenticity is not only granted by brand’s admission but clients can rely on Trusted.com, a website that allows users to check the authenticity of the product they are buying, by entering the product’s reference number.

The intimate atmosphere and one to one contact is strengthened by the fact that to buy, customer have to register and cannot purchase as website “guests”, as it is for many brands’ websites.
3.6.3 Customer Service

The customer relationship management is at the core of Tag Heuer marketing strategy and through the website the care of clients is extremely curated. The store locator opens in a new page and client can chose among boutiques only or authorized retailers too; geo-localization is not automatic, though there is a higher attention to customers’ privacy needs, usually in fact, as soon as going on the store localization page, you will be asked to consent for the use of your position.

Stores are listed with map view, detailed records, availability of products, boutique’s descriptions and a brief history of them; store’s opening hours and precise location can be received by email or sms, this arrives in less than two minutes and contains a direct link to Google maps to get the direction to reach the store.

In addition to stores services, what is really curated on the customer service page is the range of offered activities with the relative description; vintage workshop, price list of services from Switzerland, maintenance services, send/deposit at the customer service center, complete quartz and mechanical overhaul and deposit at the closest boutique. The latter is very important since is a cross functional service that embeds the connection between on-line and off-line channels. The description of each service creates a complete involvement of customers in the brand experience. In addition to that, precision nature of the brand is present also here: each product category has its list of offered services.

3.6.4 Mobile version

Layout and format are as curated as in the PC version, access to contents is the
same and also the availability of languages, even if there is no more the dedicated version for US, Australia, UK, China and Japan also on mobiles, where this is substituted with the simple choice of country from the main list.

Mobile version of Tag Heuer website is more product-centered and moves the focus on watches’ collections and new products, even if video contents are always kept at top of the page. Unexpected, respect to this apparent strategy, is the fact that the mobile version does not allow for purchase; anyway, customer service has the same dedicated page separated from the main site and automatically adapts to the country of origin: if the client is looking at the English version of the mobile site, when going on customer service page, this will appear as “customer service Italia”.

From the emotional point of view, the engagement is reached as well, but videos, when put in full screen size, have not the high quality of resolution that the user would expect.

Mobiles are used mainly for searching information of products, but they are strong channels of engagement, since mainly people use these to navigate even while doing other activities. The less attention to quality of 5 senses contents as videos and music can be a real deficit for brands that don’t assess the mobile version of their website at the same level of quality of their PC version: mobile has to be the driver and has to invite to fall in love with the brand’s world and to create the wish to explore its universe also in a big format, on minimum 11 inch screens (so on the computer after becoming curious on the mobile).

Since 2009 a dedicated Tag Heuer app exists, developed by LVMH watch and Jewelry of Japan; statistics on main viewers, which are shown above, are confirmed by this special creation for the Japanese market.
3.7 Analytical comparison and results

The analysis conducted on the 4 brands chosen among pure Jewelry, pure watches and both, is aimed to gather some conclusions in terms of the possibility to reproduce a real luxury brand experience on-line, on which the paradigm of experiential marketing insists.

Brand experience is conceived in terms of the bundle of sensations, emotions, knowledge and behaviors that the brand is able to evoke; the tools available, if properly leveraged and valorized, can turn into a real exhibition of the offer and can enhance the level of entertainment and, consequently, users’ curiosity.

As this study aims to confirm, the value of the shopping on-line invests luxury with no objections: what emerges is that the web, for the luxury sector, has not substituted the physical channel but it has changed the way through which clients afford the connection with luxury brands, to the point that physical and digital channels have to be considered fully integrated. The original paradigm of Internet as sales channel is applied only marginally among luxury brands, anyway this doesn’t mean that Internet is marginalized, rather the “new paradigm” puts it as an integrated system of messages and experiences that perfectly matches with physical shops and drives customers to buy there. Among the websites I have analyzed, some, as for example Rolex, perfectly embody this approach and, in fact, they are information oriented; I would mean that they are aimed to drive the purchase in the physical store after having browsed on the website and having got the “virtual tour” through the brand’s world; others instead are the opposite and are conceived as distributive channels as important as the physical one, as Bulgari for USA and Japan.

The survey that opens the paragraph reinforces the thesis according to which the result depends not only on technical performances or special effects, but also on a personal attitude of clients, who can conceive web as a primary shopping channel
or as a simple tank of information. Despite all this affirmations, websites are captivating motors and can generate relevant effects on users’ purchases intentions and inclinations towards luxury goods, independently from their hedonistic nature. In the graphs below, the results are evaluated and compared in terms of interface’s characteristics: colors, music, videos, text and dimensions, these are basic but they have a core importance since they influence the first impression of users and their emotional connection, according to the “Stimulus Organic Response” paradigm of Mehrabian and Russel\(^{27}\). The other aspect I took under attention is the one of informative properties, though the website’s ability to give information needed by clients, not only at the right moment, but if possible before the user asks for these, in a way that is extremely accurate and adequate to a luxury brand; it is not the number of information that influences user’s actions, rather their effectiveness.

The user expects the website to do the same mannerly proposing work that the well-informed salespeople do when entering a store (obviously the information must be present but not invasive at all, no pop-up or banners continuously remembering new products or events). In addition to these, the entertaining capability, enjoyment, imagination and excitement are cardinal: customers’ emotions come before their perceptions of the atmospherics of the sites. Websites’ involvement can be considered as the way through which connect with users: the more interactive the functions, the more users would be involved and consequently, their attitudes to purchase enhanced. To evaluate and compare the brands, I related the emotional factor mainly to videos and mini-films, but also to the presence on websites of events and the whole world that is around the brand, in which users have to immerse and feel to be part of it, as when they enter in an atelier and they live a unique luxury experience.

\(^{27}\) Mehrabian and Russel Stimuli-Organism-Response, model in environmental psychology, 1974.
According to Mehrabian and Russel’s $PAD^{28}$, “pleasure, arousal and dominance model”, these feelings are the three kinds of emotions used to measure emotional responses and the model is the most suitable paradigm for the on-line context. 

*Pleasure* is connected with the degree of website’s likeability, *arousal* is the capacity of stimulate, while *dominance* is related to the power of the website to let people feel free and autonomous or to control their actions. This last point could seem irrelevant but it has great importance; on-line in fact, there is a higher control of processing information, so dominance assumes a relevant role in terms of emotional response.

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28 This model has been efficiently used in marketing studies on customers’ behaviors in stores, and to determine effect of pleasures on extra-time spent in stores.
I built the tables above to represent graphically the results got through the analysis, in order to have a clearer comparison.

The categories used for the comparison of the four brands websites, subject to the study, are the most significative in terms of on-line performance and customer experience.

The emotional strength, luxury idea giving and customer service, are related to the emotional point of view for the user. The first comprehends the level of entertainment that the website is able to generate at the interfacing moment: take “l’Odyssée de Cartier” (a real mini film experience), the Rolex world with all the stars from the sport as Federer spot, and the videos from past Olympic games or Formula 1 races.

In addition to the emotional effectiveness, technical performance of the websites instead has been related to websites’ functional strength, information effectiveness, mobile optimization and usability. Functional strength means the richness of sites’ functionalities as zooming, visualization corners, meaning 3D rendering or 360° products visualization, and other features as the available searching tools of the website (menu, direct search option, categories ecc).

The category of usability could apparently overlap with the latter, but on the contrary, it differentiates from functional strength because, it is not necessarily given that, a top-end search engine and a extremely high technical level in a website would be easily enjoyable by the user: the Dom Perignon website, is
apparently extremely technical, but it turns out to be complicated and totally unintuitive.

As we can see from the graphs, the four brands show slight differences among the seven categories in consideration, except Rolex in terms of Customer service, for which low performance is related to the fact that there isn’t any number that the user can call nor an email to contact in case of need. Apart this difference, the fact that the four brands show, more or less, the same results, is a demonstration that they are always moving towards better digital strategies and they are improving their websites’ features and relative performances. Furthermore, this confirms the sensibility that the sector has, towards the fast development of online commerce, and that luxury heritage can be digitalized without losing its unique allure.

Merging each single category, I got an overall performance of the four brands, on average, the best player among competitors is Cartier.

In addition to this graphic representation, I wanted to do a separated analysis dedicated to the mobile versions of the same brands; the importance that mobile devices are taking among customers cannot be left aside, though a specific evaluation on the related features is necessary in this study.
The analysis of mobile versions of brands’ sites show wider differences among the protagonists, except for the store localization, that is maybe the most important feature to be implemented on mobile devices.

The most unexpected result is the bad responsiveness of design of Cartier. The brand has not a well-optimized version of its website for the cell phone, even if the availability of content is the same; the brand saves himself with the numerous dedicated apps that it owns (a feature largely used in particular by the younger segments of customers).
The other surprising data is the bad video quality of Bulgari mobile site; images in particular appear not in high definition and look a bit grainy.

Once again, Cartier is the best performer on the playground.

In order to represent and measure the effectiveness of digital investments, in terms of value creation and sustainability in the long term, brands refer to their Digital IQ index: this indicator assesses how good companies are in catching the added value they expect from their investments in technology.

The graph in the following page shows the Digital IQ score of the four analyzed brands for 2015, respect to the Watches and Jewelry market trend shown by the grey-sketched line. The index is observed considering website and mobile’s features, digital marketing activities and social media presence.
Digital IQ score by dimension

WACHES AND JEWELRY=

BULGARI  CARTIER  TAG HEUER  ROLEX

Data source: L2
4. The stronger reality of department stores on-line

4.1 Net-a-porter and Yoox

The importance of Multi-brand websites at full price is confirmation of the consumers’ interest for a channel in which the cost is not the only differentiating factor.

Net-a-porter is a website launched in 2000, for the sale of fashion apparel, accessories and shoes that after 8 years was already a leader among the e-commerce websites.

What is distinctive and responsible of the success of the on-line marketplace, is the structure of the website: the user has the feeling to browse a high quality glossy paper magazine.
The website, in fact, offers the visual impact of a fashion magazine, but, at the same time, is provided with a complete and detailed on-line catalogue of products, easy to be looked up.

The home page is clean and allows reaching the different sections and categories with extreme easiness for the Internet surfers, the country of origin and the related money currency, are automatically determined.

The most engaging section of the website is the Magazine. The products are not shown as a boring list of items divided by category; instead, they are presented as in a fashion magazine, suggested according to different trends, eventual designer of the day/week or editorial contents dedicated to specifics of the product.

Netaporter.com

At bottom page, a horizontal scrolling bar, suggests the most stylish and bought items of the moment. On the website there are more than 120 brands of high-end fashion and luxury and a showcase of goods that have been at the most important fashion shows in the world, from Tokyo to Paris, London and Milan.
But, the bigger strength, in addition to the strong emotional power of the website, is probably the excellent customer service provided 24/7. The company can be contacted at each time and moment the customer would need, choosing between e-mail or phone contact, and all the delivery and payment details are carefully illustrated on the website. For the shipping for example, by selecting the country of destination, the exact price and time of delivery are showed according to the relative shipping options available.

Sometimes the site offers free-shipping promotions to registered users and an insurance service is ensured during the period of shipping of the item. These features are of growing importance for luxury consumers, who as previously said in this work, are becoming more and more exigent and give a higher value to these available possibilities, for objects of high intrinsic value as luxury goods.

Anyway all these kinds of information are becoming almost expected by customers and are no more exciting if they do not present anything that differentiate them; Net-a-porter overcame this obstacle by offering more than a simple customer care and product information’s page. The options, among which the user can choose, when asking help to the customer center, vary from fashion assistants, Net-a-porter premier services for clients based in Hong Kong Island and Kowloon and a bundle of other inquiries including feedbacks, potential contributors’ suggestions or questions and press and media initiatives. Shopping information are enriched including dedicated sections for: first orders, packaging options, how to shop guide, gift orders and personal accounts; almost each of these has a dedicated email contact and phone number, giving to each customer the feeling to be really followed by a dedicated and personalized, team of skilled workers. Furthermore clients can book products even before these are placed on the market and all booked items have priority of shipping; the majority of clients are from US and the average ticket per single order is of 1000 $.

The average revenues for Net-a-Porter are about 800 billions euros and net
profits for 2 billions euros.
The Italian Yoox, has been founded in 2000 near to Bologna, in Zola Predosa, the company closed with a revenue of more than 520 billions euros and net profit for 14 billions euros. The company has been defined as the pioneer of digital and it is the global partner of Internet retail for the major luxury and fashion luxury brands, also thanks to the other on-line mono-brand stores powered by “YOOX GROUP”, that is also partner with Kering, of which it manages some of the luxury brands in the conglomerate.
The two digital forces are merging through an exchange of Yoox stocks; the latter will stay registered in Piazza Affari, though the pioneer digital platform will have its base in Italy.
The **Yoox-Net-a-Porter** group will be the real independent global leader in the on-line luxury world, a platform that will be able to satisfy even the most sophisticated and addicted luxury consumer, since the fusion will allow a growth of revenues in the long period. The new company will cover 180 countries in the world with a geographical mix that will expect 28% of revenues from US, 15% from UK, 7% from Italy and 30% from the rest of Europe, 15% of revenues instead will come from Asia Pacific.

![Yoox-Net-a-Porter expected revenues](image)

*Figure 4: I built the graph using forecasts made at time of fusion between the two marketplaces. Data source: Ilsole24ore (2015)*

The merge primarily comes from the press of the giant of technology, that pushes
the continuous renew of consolidated business models; though it is important to enlarge the dimensions of these two groups, yet big certainly, to strengthen the leadership in order to ensure the exclusivity of luxury sector on-line.

Both Net-a-Porter and Yoox have designed and changed the way through which people approach the luxury market, creating a new market by themselves. The real powers on which they have been founded are different between the two. Yoox was born as an online marketplace, where the most addicted consumers of luxury fashion could buy their favorite brands’ products from the past season, even at a discounted price, so it was a source of online luxury outlet; Net-a-Porter instead, settled its power in the creation of an online shop window, with various contents and products with higher price margins, where fashion addicts can browse and do shopping being inspired by trends and styles of the moment.

The new group, in addition to create a global power, will also allow the strength of relationships with the major luxury brands with which it collaborates, enabling these to access to more opportunities worldwide.

The interactive window is always on and will redefine the paradigm of fashion luxury media and retail: it will create a network of communities of the most passionate and luxury ambassadors, who will access to the newest and most exclusive trends and to the top end brands of the fashion luxury world.

The differentiating point of multi-brand and department stores on-line, is the aim for which they are conceived. As Galerie Lafayette in Paris, these luxury multi-brand are for a clientele that still don’t know what product they want to buy: consumers want to buy a luxury product but they do not know what in particular, as a walk along via Montenapoleone, for which people go in order to enter luxury by itself, and live the experience over the purchase. The final advantage is doubled: variety of choice and luxury shopping journey at the same time.

By this, it is important to explore deeper the relevant point for this research.
related to the digression on Yoox and Net-a-Porter: the relationship between the own site and the marketplace.

This different market has not to be a disturbing factor, nor a substitute of the main channel; the point is that today clients have new habits, and what is really important is to be every time and everywhere presents, not only as the brand strategy and business model established, but in particular how the customer wants.

Today more than ever the client chooses: how to be in contact, how to search for the product desired and how to live the buying experience. Brands must be available on all the channels, because once the customer’s choice will be the marketplace, when he wants to choose among different brands and products; the following time he would like to go directly on the owned website, since he wants exactly a specific product from a specific brand. Another time the client could be a fanatic and he would like to be in the community of the brand, immersed in the “tribe” and social media, to distinguish and share sensations “politically incorrect”: what a highly educated, high level of social class person would never say publicly, will be said with no scare of judgment in a network of people in which the loyal client can feel protected and acclaimed.

Brands cannot permit to have a unique channel. Marketplaces carry some advantages, thanks to the sponsor of the brands online presence, which, if lost, could be actually determinant of success: if the brand is not on the wave, it would be put aside from the bigger networks.

A comparable playground is what the major high-end hotels have done on booking; the platform was born as a sponsorship for those hotels that couldn’t sponsor their brand name. Today it has become quite the only channel on which people book hotels, although the high commissions of purchase.

Bulgari resorts are all presents on Booking.com: the goal for luxury brands is to
be present everywhere while avoiding to adapt necessary to mass contents.

In fact, what is the real power of department store on-line is the purchase process strategy. Net-a-Porter can be used as benchmarking not for the customer experience, but mainly for product sales. This because the experience is different since it really happens on the own website, where it is totally unique: Net-a-Porter creates the walk through via Montenapoleone or Galerie Lafayette while Rolex.com creates the idea of being in the “padded” Rolex store, cuddled by everything, from music to visual sensations and people available to serve each customer needs, without being invasive.

Leveraging only on the sale side, the Net-a-Porter sales’ model is the digital path for selling online, with orders protected with simplicity and payment isolators as PayPal, that enhance the level of reassurance that customers want to find in a luxury website, even if really, the number of frauds is higher in the real world than on-line, nevertheless the perception is opposite.

5. Luxury Customer Relationship Management and its special features

5.1 The importance of customer service

Customer service is one among the most powerful tools for all kind of businesses.

In the luxury sector anyway, it assumes an additional connotation and a higher importance, in fact, the sale of a luxury good is not merely the sale of an object: it is the sale of a bundle of contents and above all the sale of a luxury service.
The assistance for watch caring, the re-polish of a jewel, the cleaning and renew of leather and many other activities, are expected from a luxury consumer and are as satisfying as the possession of the object itself. Anyway customer service is not “ordinary” activities.

Nowadays, the relationship between the client and the company is becoming a top priority not only because the client is the most important asset for a company, but also because, portray trust and professionalism allows brands to differentiate from competitors and stands out in the mind of loyal customers, activating that so notorious “viral marketing”, that is so powerful in terms of economic results.

A "white-glove" service makes each customer feel like a VIP.

In the real store, an excellent customer service is made of empathic salespeople, feedback collection from clients, availability to answer to each customer’s request, tracking of customers’ metrics and so on; but how can an on-line store create the best customer service?

Almost all the websites of top end luxury brands have a customer service dedicated space; possibility to contact a personal assistant, e-mail or telephone contacts are the basis that cannot be neglected at all.

Store localization is important as well and even this one is nearly common to all brands; some allow for store localization using customer’s position, others use the selection of a specific city or a more precise address, others more allow for both these options.

What instead is still not a rule among luxury players is the enabling of the so-called “cross channel” services; these are tools that can make the on-line experience really similar to the physical one, if not better.

Brands must invest in terms of customer services by creating features as the possibility to book a private appointment in the store, have a personal assistant and book an “e-appointment” also just to see the product without buying it, or,
moreover, decide the exact time of shipping of the item bought, that will be carried by a courier wearing the same suit of the salesman in the retail shop.

Surely these options are at the extreme of luxury, but features that are apparently characteristics of mass-market brands like Zara, H&M or Mango, should be implemented also by luxury brands, adapted obviously to their “condition”.

I spoke about the possibility to check the availability of a determined product in a specific store or the quantity of items available in it; unexpectedly not all the major companies offer these possibilities that, instead, can be considered almost “basilar” for an on-line store. In order to avoid to be confused with a mass business, these have to be enabled with a different approach, as a private communication for products availability, the possibility to send the item from a store to another one and so on.

Cross-channel services are considered a plus by many researches on the theme, and there is very little information on the argument; in the following chapter I will expose a hypothetical scenario that makes such features more luxurious than the normally used by fast fashion brands.

5.2 A Path of Work for Digitalized Customer Data Management

I would like to expose how the use of the on-line channel among luxury brands can be important not only in terms of sales and visual marketing, as enlightened throughout this study, but also for a diversified and of a better quality customer data management.

Everybody knows how much important is a proper organization of customer data for all brands, in particular in the sector I am considering in this study; data
collection usually is managed through categories as for example the age or the gender of all the registered clients and other demographic factors.

The demographic method is good for a first base of data but can be strongly improved by adding other terms of referral as for example clients’ habits and activities.

Let’s consider the activities that clients use to carry during their daily life: kind of work, locations in which they go and specific time and more.

How would it be possible to get such qualitative information? One of the first and simplest method is surely given by social networks; thanks to social platforms in fact, we are always connected, so today, companies can gather a huge amount of additional information about customers that are also very private as for example the location in which a post is published or the habits that clients have (looking at photos they have liked or groups they are members of).

The second big advantage is the geo-localization, that can be gathered by proposing to users to allow the website to use their position, for example when concluding a purchase or when looking for the nearest store location.

The location has a double side in terms of the data that can be recorded by the brand: the geo-localization permits to give a logic sense to data collection since the attention can be turned on what the client is doing in that particular place, according to the location in which a customer is; in effect he will be probably doing something related to it. I mean, if the registration happens from a private address probably the client is on a sofa browsing on his PC, while in a shopping center he would maybe having shopping while looking at his mobile and in a office location he is busy at work.

Obviously this kind of information requires permission from users but, if carefully managed, can provide an extremely useful output. While in the latter case the kind of localization suggests to avoid to contact the client since he is
busy and probably not inclined to browse the brand’s website, in the first situation mentioned instead, the client at home would be probably more inclined to receive newsletters or to be invited to discover the latest video or news published on the brand’s website. Finally the second situation, the shopping center, would be the perfect moment to send information about special offer for the client’s favorite product in a determinate shop near to him or the last version of this, or maybe the new opening or special event at that moment in the retail store to which the client is near.

The opportunity to be “caught up” is the possibility to leverage on the special service that can be provided thanks to the merging of “what the customer is doing” and “where the customer is”; by this, the brand can seize the correct moment to connect with its client, and furthermore it can know if he is well disposed or if the message would unfold to be unsolicited. It is not merely a question of being at home or in the office: a project manager or financial manager would not accept nor look at a message received while working, a PR instead, who among his duties shall also plan gifts for managers and employees of the company, will be totally available to receive any informative message by brands.

The information that can be taken from social platforms must be used to delineate the contact with clients in the way and time that are really appreciated by these, even going over their expectations: the “cuddled” must be extremely unique.

An idea for brands can be taken from Facebook, this could be the gathering of data about anniversaries not only of the client who we are considering, but also of his parents and friends; the brand would create a source of calendar that will remember birthdays, in the same way as Facebook does, and for each different event, it would propose the right idea for a gift to be chosen among products on its website.
In addition to this observation, it is also relevant to underline that the same person in two different locations will do different purchases: the PR I cited above will buy gifts for employees if he is at office, while he would buy products for himself if he is at home. The purchasing behavior varies as the location does.

The main concern and discussed theme about this possibilities and opportunities is the privacy problem. All the tools I cited above would not be possible without a consensus from the customer to give access to personal information; the shared idea is that people totally disagree and are scared about this, but it is not properly like we commonly think.

The fact that a person has a Facebook, Instagram, Twitter or WeChat profile is by itself a sharing of personal data. If users manage their Facebook profiles deciding by themselves what other users can see and what they cannot, they can register to a brand’s website through their Facebook profile, though avoiding to give more information than what they want to publish. It is the client who can decide what to share and what not.

Discretion is a pillar of luxury and is at the basis of a unique and unexpected customer service, the aim is to be discrete while using the right information to build this kind of service.

How the client wants his data are used? If the customer wants, data can be used to give a better service with no need of intrusive strategy. The conclusion is that a certain level of sharing is needed to give a real luxury experience, which is what the luxury customer expects from the brand. This level will depend from what the client accepts, (so ensuring transparency).

Localization is not the only additional data that can enable a better luxury customer service, the outline of a client can be done according to localization and other information coming from his buying history, when he is registered on the website; if a certain customer have always bought perfumes of a certain price, when contacting him, the customer management would propose the same kind of
products.
The produced added value is bilateral, both for the client and for the company.
Though, even if generally regarded as intrusive, these strategies must be seen from a most actual point of view; the audience already tell a big slice of themselves on the social networks, they use geo-localization for almost all apps on their mobile phones; the first question you receive when you connect on Facebook is “what are you thinking of?” Users answer and they do not regret the share of activities they are doing.

It is true that geo-localization is a very delicate theme, but people nowadays use it for the most disparate aims, even when looking for weather conditions; why do not use it to have a luxury service?

Cookies on websites for example are always looked as a critical point, but they are what allows websites to give you the service you really want; the thought whereby people want everything to be private is not correct, the Web 1.0 was based on this point, while Web 2.0 is founded on a very different condition.

A bundle of weighted information can create the perfect action for each consumer, though allowing the brand to create the best experience for each situation.

The digital recreates in other ways, the real world, but it adds a series of opportunities that permit to brands to try new strategies, so it opens wider streets to these and make them able to create unique luxury shopping experiences with an irreplaceable added value for their customers.
**Conclusion**

The final result of this research does not conduct to a new business model, it is more a presentation of new opportunities and possible tools to be improved and implemented, in order to get the best economic performance with a particular focus on the customer experience management.

The union between digital and Luxury must be “celebrated” on the complementary playground, and with a possibility of substitution.

The biggest part of sales, will always remain off-line, in the locations that permit the maximum luxury experience, as the real flagship and retail stores; the on-line main duty will be the extension in time and space of this experience, while at the same time, adding those distinctive features of interactivity and customization. The latter, in particular, could strongly benefit from the interaction between on-line and geo-localization systems, in order to dispel the most useful information for a specific client who is in a specific location at a specific moment. As I explained in the chapter on the new possible opportunities for customer relationship management, privacy is not a taboo. Each of us consents to the treatment of personal data, to get a bundle of services that are sometimes indispensable and other times superfluous; why not try to sensitize customers to a proper use of their data with the aim to give them the best customer experience ever?

Slightly different is the situation in emerging markets, and the relative managing policy that could be implemented. In the emerging regions, the territorial dispersion of customers interested in the luxury goods sector, can suggest a wider presence of the on-line selling channel, this, in some situations, could also be the
only one.

In short, there are three channels created by websites:

4. **the on-line/on-line**;
5. **the on-line/off-line**;
6. **the on-line/off-line/on-line**.

The first one sees a interaction with the website at 360 degree, meaning that a person browses on-line for a specific product, a marketplace or simply navigating through various brand websites and will buy the product directly from the website. Surely this case will be more frequent among US consumers and Chinese ones, geographically speaking, and Millennial\(^{29}\): 97% of them own a computer, 94% own a mobile phone and consider Internet as their primary news source\(^{30}\).

The second channel is the most common, with this I would intend the purchase happening in a real store, after having looked on-line for a product. This habit is typical and more frequent among European customers, that are more conservative and “accustomed to” luxury; demographically speaking, probably the channel will be the one characterizing clients of Generation X\(^ {31} \), so, those born between the early 1960s and 1980s, who approach the digital world, but are still attached to traditional shopping.

The third and last channel is a particular case, which could be related to different segments. It represents a purchase journey that starts with on-line navigation, passes through the real store to check and try the product but then goes back to the on-line website to complete the purchase.

This last case is particularly interesting because the reasons behind this are really different and difficult to seize; they could depend from personal motives, price ones and more. What brands are striving to do and cannot resolve is understand if

\(^{29}\) Also known as Generation Y, birth years between 1980 and 2000. Horovitz, Bruce (4 May 2012). “After Gen X, Millennials, what should next generation be?”. USA Today.

\(^{30}\) Junco, Reynol; Mastrodicasa, Jeanna (2007). *Connecting to the Net: Generation: What Higher Education Professionals Need to Know About Today’s Students*.

a customer who buys a product on-line has already gone to the real store to see it or not.

After the observation made on the actual situation of digital commerce, and the luxury world, the conclusion of this research is that even if new technologies and digital development will take us to new frontiers and will open the way to always newer playgrounds, (think about marketing before the social media advent and marketing paradigm today) the luxury sector will never see the total exclusion of the off-line channel.

The real power of digital is to convey new experiences, but not to substitute the shopping experience in the retail store.

As digital technologies develop in the physical shop, the digital store will recreate a luxury atmosphere, giving the possibility to live it when browsing on Internet, that is the larger activity people from each age segment, use to do at our time. The reduced availability of free time and the always more frenetic lifestyle that characterize our lives, risks to let people forget the willingness to loose time in a recreational activity as luxury shopping. I would mean that since luxury shopping, as shopping more in general, are not necessary activities, luxury products in particular, as explained in the first paragraphs of this study, are absolutely secondary to our needs; given this, as lives become more frenetic, people will have less and less time to go browse around via Montenapoleone, via Condotti or Fifth avenue, but, if people could live a luxury experience online, during their lunch break, before starting work again, they could find the goods they were looking for, or even simply get excited after navigating on the Rolex website and so decide to buy a Rolex submariner model watch.

The role of the luxury brands websites is to enable the luxury experience also in the digital playground, because this is the most relevant reality of our times.

This will not constitute a substitution, but simply the creation of an additional channel, that have to be always implemented, in order to create the “white glove” experience of the future.
Interviewee:
Folco Serafini, Bulgari, HR Division, Singapore

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