The Internet use by the Luxury industry
An interactive tool for a very demanding sector

Supervisor: Margareta Paulsson

Authors: Charlotte LARBANET
Benjamin LIGIER

Master Thesis
Umeå School of Business
Spring Semester 2009
Acknowledgements

Assistance from many people contributed to the accomplishment of our master thesis. Therefore we wish to express our thanks to Umea School of Business and Economics for contributing toward the success of our year abroad in Sweden. Also, we would like to thank our teachers, friends, and classmates at USBE. It has been a real privilege to work in an international school at multinational and diverse people’s side.

Special thanks go to our supervisor Margareta Paulsson for her determination to make our paper each time better with corrections and suggestions.

Finally, we appreciated the love and encouragement from our families stayed in France during this experience of ten months at Umeå.
This thesis is firstly dedicated to my parents Anne-Valérie and Patrice Larbanet and to my grand-parents Annick and Jean-Paul Godart for their education and love; and to Marc Moles for all his support during this year.

Charlotte Larbanet

I highly dedicate this thesis to my entire family: my parents Michèle and Daniel Ligier but also to my brothers and sister Maxime, Jean-Philippe and Anne-Sophie Ligier.

Benjamin Ligier
Summary

Luxury is a particular sector that is difficult to define. However it can be characterized using these following adjectives: high price product, exclusivity, prestige, and niche market. A luxury branding offers a high quality product associated to a superb level of service to customers looking for pleasure, experience but also social identification. Internet is a mass media using by 1,596 million of people around the world that don’t permit physical interaction between web users. Despite this, the authors asked themselves why a mass media without physical contact possibility was used by an industry of niche whose the pillars are high service levels and relationship.

The aim of the study was firstly to understand and show that the Internet is a medium equal to the luxury industry’s demands and needs in terms of communication and distribution. The second objective was to describe how luxury brands should design and build their websites in order to respect their luxury’s specificities and reach their goals.

This paper starts with a definition the luxury sector in order to equip the readers with the subject in concern. Besides it, an overview of the relevant concepts about marketing tools and Internet applications available to online brands is made. Then, the concept of Web experience is reached giving the four important elements in a website conception: technology, interactivity, trust and services. Next, we audited eight French and American luxury websites using these same four elements in order to observe current practices and support our literature review.

By making comparison between theoretical and empirical findings, we observed that there are many marketing tools and Internet applications that are actually used. Viral marketing, Relationship marketing, Customer Relationship Management and Web 2.0 applications are some examples of what permit to improve the four online elements and thus provide a real luxury web experience.

After this study, we concluded that the Internet medium was equal to the luxury industry’s requirements and needs because it actually permits them to provide a service of high level and to build relationship with online customers. Secondly, we precised which elements of a website, in concrete terms, have to be improved at their maximum during the website conception.

The contribution of this thesis is mainly a feedback for luxury managers and web-designers in order to inform them about what is really possible to realize online nowadays and what it is actually done in France and in the USA.
CONTENTS

CHAPTER ONE: INTRODUCTION........................................................................................................7
1.1 BACKGROUND .............................................................................................................................7
1.2 PROBLEM DISCUSSION ................................................................................................................8
1.3 RESEARCH QUESTION AND OBJECTIVES ..............................................................................9
1.4 DELIMITATIONS ..........................................................................................................................10
1.5 READERS .......................................................................................................................................10
1.6 PLAN ANNOUNCEMENT ...............................................................................................................11

CHAPTER TWO: THEORETICAL METHODOLOGY ........................................................................13
2.1 CHOICE OF THE SUBJECT ..........................................................................................................13
2.2 AUTHOR’S BACKGROUND ..........................................................................................................14
2.3 PERSPECTIVE OF THE THESIS .................................................................................................14
2.4 SCIENTIFIC APPROACH ..............................................................................................................15
2.5 RESEARCH STRATEGY ..................................................................................................................16
2.5.1 Critiques of the qualitative strategy ..........................................................................................17
2.6 DEDUCTIVE APPROACH .............................................................................................................18
2.7 SECONDARY DATA ......................................................................................................................18
2.7.1 Critiques of Secondary Sources ................................................................................................19
2.8 RELIABILITY ..................................................................................................................................20
2.9 VALIDITY .........................................................................................................................................20
2.10 LIMITATIONS .............................................................................................................................21

CHAPTER THREE: THEORETICAL FRAMEWORK ......................................................................22
3.1 LUXURY DEFINITION ..................................................................................................................22
3.1.1 Luxury sector’s definition .........................................................................................................22
3.1.2 The customers purchase motivations for luxury products .......................................................23
3.1.3 Luxury brands’ characteristics .................................................................................................23
3.2 THE ONLINE MARKETING TOOLS ............................................................................................24
3.2.1 Traditional formats: e-business and e-commerce .....................................................................24
3.2.1.1 E-business ...........................................................................................................................25
3.2.1.2 E-commerce .........................................................................................................................25
3.2.2 Branding and identity ...............................................................................................................26
3.2.3 Viral Marketing and Word of Mouth ........................................................................................26
3.2.4 Relationship marketing ..........................................................................................................27
3.2.4.1 Definition .............................................................................................................................27
3.2.4.2 Relationship benefits for customers .....................................................................................27
3.2.4.3 Relationship benefits for firms .............................................................................................27
3.2.5 Online Customer Relationship Management (e-CRM) .............................................................28
3.2.5.1 Acquisition ...........................................................................................................................29
3.2.5.2 Retention .............................................................................................................................29
3.2.5.3 Extension .............................................................................................................................30
3.3 INTERNET AND LUXURY BRANDS: THE WEB EXPERIENCE ........................................30
3.3.1 The technological elements ....................................................................................................31
3.3.1.1 Usability ..............................................................................................................................31
3.3.1.2 Aesthetics ............................................................................................................................32
3.3.2 The interactivity .......................................................................................................................33
3.3.2.1 E-CRM ...............................................................................................................................33
3.3.2.2 Online interaction with vendors ...........................................................................................33
3.3.2.3 Online relation with other Web users .................................................................................34
3.3.3 Psychological elements to build online trust .........................................................................35
3.3.3.1 Decision-making process .....................................................................................................36
3.3.3.2 Factors influencing online customers’ trust ..........................................................................36
3.3.4 Online services .......................................................................................................................37
3.3.4.1 Product ...............................................................................................................................37
3.3.4.2 Price ....................................................................................................................................38
3.3.4.3 Place ...................................................................................................................................38
3.3.4.4 Promotion ..........................................................................................................................38
Chapter One: Introduction

This chapter provides a clear summary of the evolutions in the Internet use by the French luxury sector. This overview takes us to a knowledge gap within the current area of all the possibilities given by the Internet usage by the French luxury brands in order to provide a luxurious web experience and a virtual visit of high quality for their online customers. This knowledge gap enables us to build our research problem and to precise the purpose of our present study. Furthermore, we identify our main readers target and inform them about some limitations in the study. Lastly, we announce our guideline presenting the main steps used in our paper.

In order to present the background and problem discussion, we used a country of reference, France, our native country, which is the country that ‘owns’ the most famous luxury brands and that is known as the country of “savoir-vivre” and luxury. We decided to deal with our research question at an international level, that is to say that we have not limited our researches only to France and French brands even if our point of departure is based on a paradox related to French luxury brands.

1.1 Background

The Internet, the international-network’s abbreviation, was invented and developed in the 1960s by the American government. Since 1990, the Internet knew an overture of its use by other organizations that governments and universities. It took only few years for private firms from all over the world to understand what its main benefits were and how use it correctly to take advantage of this media. Thus, firms, small or multinational, from America to Africa and from many types of sectors started their Internet adventure opening websites (Lagasse, 2008). It was also the case in France, for instance, where the Internet was the media knowing the most important growth of its investment in advertisements with 34% of growth between 2006 and 2007. At the same time all the other media like TV, radio, press or poster knew a decline or a weak growth of their investments. Thus, 97 of the 100 biggest ads investors in France are nowadays present in the Internet (Levin, 2007). So, in spite of an international financial crisis context, the Internet is the only media that keeps attracting increasing levels of investments. French firms have started to diminish their advertisement investments in many media but it is not the case for the Internet.

In front of all these firms present online, an audience more and more numerous all over the World is connected. This always high number of Internet users and the Internet attraction for ads investments show clearly the power of this new media that is called a mass media. It has the ability to extend incredibly the communication’s volume and speed with anyone who has also an Internet connexion (Neuman, 1992).

But, despite all the Internet’s advantages, the last French sector to not use this powerful media was the luxury industry. This particular sector used to communicate through its consumers via distinctive media like fashion magazines and posters. And the only way for buying French luxury products was to go to one of the few stores often only in the Capital of fashion, Paris. This sector of niche would not use a media such the Internet because it was not part of their marketing strategy. In spite of the fact that American luxury brands were already present for a long time online, it is only after 2005 that the French luxury brands like Clarins started to use the Internet opening its own website. They have first opened only an online showcase in order to take less risk as possible but they were precursor. Few years later the great majority of the
French luxury brands are now present online offering e-business and sometimes e-commerce websites for the highest pleasure of their online consumers.

1.2 Problem discussion

Luxury can be defined thanks to specific characteristics like high sophistication products or services, high prices, impressiveness, and rarity. But in spite of these few distinctiveness there is not a common definition of what luxury is. Indeed thanks to different authors, luxury can be defined in several ways. The “Rarity principle” is explained by Phau and Prendergast (1998, p.122). The uniqueness and exclusivity characteristics of luxury are really important points according to these two authors. When consumers buy luxury products, they are expecting a definite level of uncommonness and rareness and this is their purchase motivation. This idea of uniqueness is linked with the idea of quality because products of high quality are most of the time very expensive due to the time spent on creating and realizing a product and due to the material and “savoir faire” used. The luxury world is also addressing its messages and codes to a small target due to the fact that what is unique or luxury, is very often expensive. Indeed the luxury brands don’t have a large target in order to keep their exclusive image. In order to make easier reading of the rest of the thesis, we will define the luxury product concept as a product of high quality sold in short quantities and at a relative high price. Lastly, according to Reppa et al. (2007), a luxury branding offers a high quality product associated to a superb level of service. In order to attain a good customer satisfaction, these luxury brands are concentrated on four main points: create a “customer centered-culture” at all levels to create value, take good care to choose the best staff in order to give a finer image of the brand and to satisfy customers for the best, pay attention to retrain employees in order to help them to be at their top, constantly measure the customer satisfaction and needs to improve continually their sales.

Around 1,596 million of people around the world use the Internet (Internet World Stats, March 2009). It represents in average 23.8% of the worldwide population and this number of Internet users should increase again during the next years. 74.4% of the North American, 60.4% of the Australian, 48.9% of the European are connected to the Internet. Moreover, children, teenagers as well as seniors learn how to use the Internet. Everybody is concerned. Through these figures, it is easy to understand the huge power that represents the Internet media in the entire world. More and more people use the Internet, and more and more powerful and attractive is this communication and distribution channel for companies. Thus, the Internet was seen and continues to be often seen like a mass media. And unfortunately, this impressive number of Internet users doesn’t help to destroy its bad image that shows the Internet like a communication tool connecting no matter whom with no matter who. Indeed, in this way, Chan K. et al. (2007) had started one of their articles by “The internet is undoubtedly the most prominent mass medium today” (p.244). This same opinion about the Internet is also shared by Melewar et al. (2003) that had stated that the Internet “has the potential for mass communication and advertising with negligible variable cost per customers” (p.364). Because everybody uses the Internet, this mass media is a great tool for any company that has to communicate toward the majority of the population.

Moreover, Colgate et al. (2005) in a study about the relationships benefit in an Internet environment has showed that the lack of personal contact online could have a negative effect on how customers feel linked to a brand and thus it affects their loyalty. This is true that a firm opening a website often meets the difficulty of this lack of physical interactions with its online customers. It seems hard to look after customers without to get them in front of you.
And this point is one of the most important breaks of the use of the Internet by the luxury brands for which the relationship with their customers is the key of their business.

Thus, as any media, the Internet has both assets and drawbacks. We can undeniably characterize the Internet as a mass media unable to permit human contact, associated with mass consumption and mass communication. At the same time, the luxury industry is a business area where relationships and services levels are precisely considerable and which is centred on a relatively small and demanding target. So the use of this kind of tool by the luxury brands seems to be contradictory.

Over the years, the Internet has evolved. However nowadays almost every luxury brands, even the French one, have already open e-business and/or e-commerce websites. Some of them only use an e-business website in order to be present online for their customers providing them all information they need about the brand or products. In a more general context, the term e-business is defined as the use of the Internet in order to connect customers, suppliers, employees and other stakeholders with the organization in order to exchange information about its products and policies online (Rodgers et al., 2002, p.186). Other luxury brands, more adventurous, took the risk to open an e-commerce website. An e-commerce website is used to connect customers with a firm in order to provide products and services online (Rodgers et al., 2002, p.186).

So, finally, after a while, managers became aware of the new Internet possibilities that could completely change their point of view about this media. Thus, fears and apprehensions were replaced with hope and expectations. Their scares about the impact of the Internet use on brand images are nowadays an idea only shared by the last pessimists. The risk of competition against traditional stores, called cannibalization, was totally forgotten and the one about online counterfeit products is fighting out. The main assets of the Internet like its power to attract new types of customers, its relatively weak costs of communication and distribution, its high results and its high service levels are nowadays put up by the luxury brands.

In a context closer to today, the Internet is continuing to evolve. The only problem left by this Internet and luxury brands association was the lack of human relationship between the luxury brands and their online customers. Indeed, the luxury industry guarantee to each of its customers a pleasant welcome in each store, a personalized and constant help and advice during their shopping times in order to make it nicer again, and an impeccable sense of service like payment and delivery at home. But online, it is much more difficult for a luxury brand to do all these so crucial things in order to keep its luxurious identity. However, the luxury brands need to take care of their customers even if they are online and divided from the salesperson by many kilometres because it is the identity of their brands that is at stake. And here is where our knowledge gap is situated: How can the luxury brands promote their luxurious activity and create relationship with online customers through a website? Rich media, the Web 2.0 technologies and online security are some of the factors that have totally improved the web experience possibilities and particularly for the luxury sector. Through these new possibilities, the Internet permits nowadays many improvements of websites quality and potential.

1.3 Research question and objectives

In front of this paradox, a mass media without physical contact possibility used by an industry of niche whose the pillars are high service levels and relationship, we can easily ask ourselves
these following question: **How can the Internet promote an online luxury experience of high quality and relationship by luxury brands?**

Based on the problem discussion and the purpose of the thesis and the research question, following sub research questions will be answered:

1. Is the Internet a medium equal to the luxury industry’s demands and needs in terms of communication and distribution?
2. How luxury brands should design and build their websites in order to respect their luxury’s specificities and reach their goals?

By answering these two sub questions, we would like to make a report on how luxury brands should use the Internet medium according in theory and what do they effectively do online. The main aim of this thesis was indeed to advice online marketers and Web designers working in the luxury sector about online current practices both by French and American luxury brands in order to improve themselves in their professional activities.

### 1.4 Delimitations

We have chosen to study the international luxury brands and their Internet use. The main reason is because, as we will see, all luxury brands or at least most of them have adopted the Internet as a part of their strategy. However we will focus our attention on two countries in particular. Indeed, we chose to center our attention on the United States of America and France because the American luxury sector is the second luxury industry in the world and France is the ambassador of luxury and mainly because it is at the first place of the worldwide luxury industry according to the official website of the French economical government. Moreover, we have chosen to focus on the luxury brands that sell online and so that use an e-commerce website. Actually, we wanted to look at the Internet more precisely as a distribution medium. Lastly, we restricted our study on three families of luxury products: leather goods, haute couture and accessories, and jewelry. Thus, we didn’t talk about premium hostel, liquor and spirit, food and furniture of high quality. This choice was made because of a really few numbers of websites of these types of brands were found online.

### 1.5 Readers

We have studied many articles about the Internet’s use by the luxury brands and then we have try to write our paper giving back all the important points that were cited by different authors to characterize this ongoing relationships. So, here, we are speaking to online marketers and website designers from the luxury sector or working with this type of sectors. We have described specificities of this particular industry. And those points were pointed out as needing particular attention when a website for a luxury brands is designed and created. Of course, students of the Business School of Umeå are also specific readers targeted by our paper, particularly, those studying in marketing. Indeed, this paper is a good starting point for students who don’t know anything or only few things about the Internet in a business use. It could be a great reading for those who hope for working either in the Internet area or in luxury sectors.
1.6 Plan announcement

The thesis is divided into seven distinct chapters.
Chapter One: Introduction

This first chapter begins by providing background in order to present the framework of the topic and explain its necessity. Then the research question and its two objectives are formulated. Besides this, the delimitations are given to readers. Lastly, the chapter ends with a plan announcement.

Chapter Two: Theoretical Methodology

This chapter discusses and the authors’ preconceptions influencing or not the choice of our topic. Then the perspective of our study is presented. Lastly, diverse alternatives for research approaches are discussed and our choice made for this study is explained.

Chapter Three: Theoretical Framework

This chapter reviews the theoretical foundation and literature relating to the luxury industry and the Internet medium. It presents several definitions of what is luxury and presents many Internet marketing tools. Lastly, it equips readers with key concepts about the Web experience.

Chapter Four: Practical Methodology

This chapter describes the practical aspect and the process concerning the collection, observation and analysis of empirical data.

Chapter Five: Empirical Findings

This section presents the data collected through an auditing of eight websites, conducted in order to fulfill the purpose of this study. The results are summarized according to three main criteria.

Chapter Six: Data Analysis

This sixth chapter confronts our theoretical and empirical findings in order to show the linkages between all parts of the study and form the bases for the next chapter.

Chapter Seven: Conclusion

The last chapter presents the conclusion of our thesis. It explains if the research question and objectives are fulfilled. Then, it underlines what could be the further researches about this same subject.
Chapter Two: Theoretical Methodology

In this chapter, we make a description of the methodology adopted in order to answer the research question. First of all, an explanation of the choice of the subject will be presented, followed by the perceptions and the background of the two authors Charlotte Larbanet and Benjamin Ligier. We will also discuss the perspective of this thesis. Then we will focus our attention on the different approaches used to write our paper, that is to say the scientific approach, the research strategy and the deductive approach. Finally this chapter will end with a discussion about the secondary data collection.

2.1 Choice of the subject

Before this international business program in Umea, we were respectively interested in the world of luxury and design concerning Benjamin and about Luxury and the Internet concerning Charlotte. While we were following the same Marketing Master’s program, and since we had the same sensibility to the world of luxury and luxury industry, we decided to work together on a common subject in which we were very interested each other. Charlotte had previously written a thesis about the connection between the French luxury sector and the Internet. We tried together to find an interesting area of discussion that is linked with actuality of luxury and we decided to focus our intention on the relation between the Internet and the world of luxury, and mainly luxury brands. Each one of us wanted to understand why and how a luxury brand can use the Internet that is completely virtual in order to promote its exclusive and sophisticated image (identity, atmosphere, values…) and what kind of tools (e-CRM, internet technologies, e-commerce and e-business websites…) the French luxury brands adopt currently. Since Charlotte had prepared a bachelor thesis related to the idea that French luxury brands had some delay to adopt the internet as a business tool, we also wanted to know if nowadays, they use the internet fluently as a marketing and business tool, and in which way they use it. However we decided to focus not only on French luxury brands but in luxury brands in general since luxury brands are known worldwide as they make business all over the world.

We had the opportunity to deal with a subject for which we have some knowledge and for which we wanted to have deeper awareness. So our thesis is the opportunity for us to understand the strategy of luxury brands nowadays. Moreover, since the Internet is an integral part of the people from industrial countries’ lives, it was interesting to relate the subject in which we were most interesting to a tool as the Internet which takes more and more importance in our habits. Indeed the Internet is a mean of communication and information that is very widespread, that has taken a real place in people everyday lives, that knows many changes every time. The fact that most of the companies of any kind use the Internet today was also an opportunity to understand which of them, luxury companies can use to promote a luxury experience of high quality and establish customer relationship online. It is right that many companies of all kind use the internet as a marketing, and business medium. From furniture companies to luxury items companies passing through sport wear companies, every type of brands and firms use the internet and have a website. However since customers of luxury brands are very demanding it was interesting for us to understand how luxury companies, specifically, can establish a customer relationship and an online experience of high quality.
2.2 Author’s background

The authors of this thesis, Charlotte Larbanet and Benjamin Ligier, are two persons coming from the same country: France. We have more or less followed the same curriculum even if we don’t come from the same Business School in France. This year we were studying in Umeå in the same program, which is the Marketing master’s program.

Last year Benjamin was in internship during the all year related to his Business school program at Dijon. At the same time he was working for a jewel company in France (student job). The main activity of this jewel company, Maty, is to sell jewels in stores but also through the Internet. Even if his interest for luxury was born before this experience, this job gave him the opportunity to reinforce his sensibility to this world and to French luxury companies and luxury companies in general. His interest for luxury brands encourages him to prepare a thesis about this area.

During the last year, Charlotte was studying at the International Business School of Rennes, in Brittany. Over this year, she learnt how to design an e-commerce website for a hypothetical cosmetic company as part of an e-business class. Before that, she has made two different internships. The first one was as advertising manager in a small ads agency near Paris. During this internship her mission was to sell advertising spaces in French fashion magazines and she quickly became aware of the important competition that the Internet already represented in 2007 as communication channel in this sector. Then, she chose to make an internship in the Internet area in order to well understand how this powerful works and above all how it can be cleverly used by a company. Her interest for the Internet possibilities was developed during this internship.

Based on the knowledge and important interest of each one of us about the subject we have worked on, we had some preconceptions to develop our idea about this area. So the common interest for the world of luxury encourages each one of us to deal with a research question related to this domain. The previous work made by Charlotte also encourages us to deal with the use of the internet related to the world of luxury. This work was for us a basis of departure, that led us to find a research question related marketing to and promotion since this is our domain of study. Moreover the current events and present of the Internet and also the information we have about luxury encouraged us to write a thesis about the relation that exists between the two sectors.

Furthermore, we believe that luxury brands in particular want (more and more) to build deeper relationships between them and the customers, that is to say that they want to develop E-CRM (customer relationship management thanks to the Internet). This industry is certainly one of the industries for which the Internet can be considered as not really adapted yet but that could bring a lot.

2.3 Perspective of the thesis

This thesis was written from an e-marketer and web design perspectives. Indeed this paper was written to present how do luxury brands use a tool as the Internet to communicate and distribute. Because it is a medium that takes more and more importance and is certainly already a key tool for many companies, we think that e-marketers have to be aware of this technique. The large number of data from newspaper, and the constant evolutions known by this information technology, encouraged us to write a thesis in order to brighten all the
important elements to take care over during the creation of a luxury brand website; that is to say: the technology used, the importance of interactivity and the place of relationship with the internet surfers, and the level of service provided.

2.4 Scientific approach

According to Saunders et al. (2007), when a research project is made, the beliefs and the past experiences of the researcher can bias his ways to interpret what is surrounding him. These beliefs and experiences are called research philosophy or research paradigm and it refers to the way the truth is discovered and how the knowledge is developed. There are two different approaches: the epistemological position and the ontological approach. Each of them influence the way researchers think about the research process (Saunders et al., 2007). Epistemology concerns “the question of what is regarded as acceptable knowledge in a discipline” (Bryman et al., 2008, p.13). The point is to know what an acceptable knowledge is and what is not. Ontology concerns “the nature of social entities” (Bryman et al., 2008, p.18).

Is the reality described objectively or subjectively by researchers (Saunders et al., 2007)?

There are three different positions in epistemological considerations: positivism, interpretivism and realism. Positivism “advocates the application of the methods of the natural sciences to the study of business reality and beyond” (Bryman et al., 2008, p.14). Reality exists objectively out there and it is only by following the scientific method of testing hypotheses that we can get knowledge about it (Bryman et al., 2008). Thus, researcher should try to be neutral to the object of their study. Interpretivism states that because “the subject matter of social science – people and their institutions – is fundamentally different from that of the natural sciences” (Bryman et al., 2008, p.15), researchers need to interpret the reality. So, interpretivism position views social world and natural world different and consequently, researchers have to use different procedures to study social world. Realism shares features with both positivism and interpretivism. According to Byrman et al. (2008) there are two forms of realism: the empirical realism and the critical realism. The empirical realism states that if researchers use the appropriate methods to study the social world, they can really understand what reality is. In contrast to it, the critical realism argues that there are differences between objects and the terms that we used to describe and understand them. Indeed, what we experience are only sensations, interpretations of what we see in our environment. And sometimes our senses can mislead us (Saunders et al., 2007).

For the subject we want to develop here, it seems important to use an epistemological assumption in a interpretivist way because of the fact that we need to understand the past, the background and the different aspects of our subject and make some relations between our two purposes (luxury and the Internet); that is to say understand how the Internet can allow luxury brands to make their promotion and online sells and how it allows them to establish customer relationships online. So, firstly we need to collect data and make some lecture reviews to understand and accumulate some knowledge concerning the world of luxury and the Internet tool. We should also analyze in which way the Internet can contribute to their marketing and sell strategies (to promote their image, to sell online, to establish customer relationships). Then, the use of epistemological assumption based on a interpretivist way is important because if we want to study the relationships that exist between luxury and the Internet, (so to answer our research question), it needs to be explained with a subjectivist view due to the fact that the understanding of this relationship between these two sectors is based on malleable data that cannot be stated with neutral approach since we, of course, have some feelings about the subjects and due to the fact that some authors have already written some articles about the
subject. So we will often be subjectivist about our subject. The explanations that we will find is based on human beings senses. Moreover our study is mostly based on qualitative data because we will use interviews from newspapers, observations from our auditing of websites and documents like articles. Thus, the use of interpretivism is natural in our work, because we give our opinion and interpretation of data and to answer the research question.

It seems normal for us, during the collection of data, in particular primary data, to have some feelings about what we expect, what we want to find. Indeed it would be difficult for us to study this subject without having a list of criteria to find the information required. These criteria are of course dependent of our expectations and feelings about the study area. Even if we are mostly studying websites and not “social actors” (Saunders et al., 2007 p.106), we needed to make a list of elements to observe and to analyze. That is to say: the technology used, the quality of pictures, videos, the characteristics of the website that provide interactivity, and high level of service. It is not only an observation, but it is also a kind of interpretation of data. Our feelings influence our way of proceeding and the elements we wanted to study.

As for epistemological considerations, the ontological has several positions: the objectivism and the constructivism. The objectivist position states that researchers should study social world using objective methods rather than using researcher’s sensations and/or intuitions. It argues that social world exists outside of the researchers’ mind (Bryman et al., 2008) and has an existence independent from its actors (Bryman et al., 2008). The constructivist position, on the contrary, states that social phenomena have an existence dependent on social actors (Bryman et al., 2008). Reality is a social construction (Bryman et al., 2008) and social interactions. Thus, social phenomena are in a constant evolution.

We have decided to focus our research and analysis on the way the Internet can contribute to promote a luxury experience of high quality and relationship as much online as in traditional stores for luxury brands. It seems important to understand the stated situation, the background, in order to explain why the most famous luxury brands are now using the Internet, to understand their delay to use e-business in particular and finally how do they practice nowadays (e-CRM, promotion, selling). So in this way, in order to identify exactly the background, it is important to use ontological assumptions in an objectivist way. Indeed, the attitude of the customer in front of the luxury market can be understood thanks to the online customer relationship management established by luxury brands. In our study we had to understand the background of luxury brands, the definition of luxury and to understand what kind of marketing tools are available to make some promotion online. Since there was no interaction between the authors, Charlotte and Benjamin, and the luxury brands managers or marketing experts, the research reality was not constructed but just stated. Indeed, the websites were examined as existing independently from the thesis’ authors. Thus the data were not created in interaction but were later interpreted. Consequently, the ontological approach is objectivist.

2.5 Research strategy

Research strategy can be characterized by two different aspects, that is to say, quantitative and qualitative aspects. Quantitative is mainly considered as a collection of data or a technique of data analysis that lead to numerical data. At the opposite, qualitative is used as a technique of data collection or analysis that leads to non numerical data. For instance, Words, pictures and videos are non numerical data (Saunders et al., 2007). According to Saunders et
al. (2007), qualitative data are used to “develop theory from your data” (p.472). And qualitative data “include both deductive and inductive approaches” (Saunders et al., 2007, p.472).

The object of our thesis is to know how luxury brands can promote their luxurious activity and create relationship with online customers through a website. We think that it would be very difficult and not very relevant to use a quantitative strategy, due to the research question we have. Indeed since our research question is “How can the Internet promote an online luxury experience of high quality, and relationship by luxury brands?” We will have to find many qualitative data about the marketing tools used, the technologies used to create a website of quality and useful for internet users. We decided to use qualitative data since we have to explain a link between two different areas that are the world of luxury and the Internet. Indeed quantitative data wouldn’t be so necessary due to the fact that the explanation we want to give in our thesis is focused on qualitative data. Numerical data, in particular statistics, thanks to some surveys can be helpful for our statements. Moreover, since we have audited some luxury brands websites for our empirical study, our main data will be qualitative.

In order to be able to answer the most correctly to our research question, we decided not to focus our attention on quantitative data but more on qualitative data. Indeed since we have to explain and understand the “behavior” of luxury companies toward the Internet, qualitative data will be mandatory for us to be able to make some explanations and understand the link between the two points that we are studying (luxury and the Internet).

Concerning the data collection, we focused our attention on secondary and qualitative data in a subjectivist way since we have some feelings and knowledge about the subject. So the data collection has to be subjective. Moreover, we didn’t design any questionnaire because it wouldn’t be relevant for our study. Indeed, we would like to have the point of view of managers from the luxury industry and not the opinion of the luxury consumers. We are mostly subjectivist in front of the research we made since each one of us has some preconceptions about the subject. For instance Charlotte had previously written a thesis about the Internet and the world of luxury. In order not to be too much subjective, and to be quite neutral in order not to influence the answer according to our preconceptions, we made a list of criteria on which to focus all along our empirical part and more precisely during the auditing of luxury websites.

2.5.1 Critiques of the qualitative strategy

Due to the fact that our subject requires more qualitative than quantitative data, we had more constraints and difficulties for the analysis of the data. Indeed, qualitative data didn’t provide all the information we could need to build our answers. A mix of qualitative and quantitative data analysis could give a larger view for the answer to the research question.

Furthermore, we could have made luxury managers interviews in order to collect qualitative data. But unfortunately, we didn’t have enough time and enough positive replies from the luxury companies we contacted. Thus, we have made the choice to make our own auditing of French and American luxury websites in order to get also qualitative data.
2.6 Deductive approach

There are three different possible research approaches: deductive, inductive and abductive approaches. The deductive theory is the most ordinary point of view that researchers can use to link theory to social researches. It is a hypothesis testing theory (Bryman et al., 2008). Indeed, it consists in starting with analyzing theories already existing in order to state some hypothesis that we want to test. Researchers then collect data in order to confirm or reject the primary hypothesis and finally develop specific conclusions or new theories (Bryman et al., 2008). The inductive theory, on the contrary, starts with specific observations to go to generalizations. Indeed, it consists in starting with specific observations about a field of study or a purpose that are theoretical elements and infers one or several hypothesis which then will be analyzed and compared with empirical findings in order to confirm or reject the primary hypothesis and finally develop general conclusions or theories (Bryman et al., 2008). The last approach is the combination of induction and deduction approach (Saunders et al., 2007, p.119). Abduction is when a researcher combines both induction and deduction processes. That is to say that the point of departure is the theories, then the researcher make some observations and findings and lastly he can generate some theories according to what he observe.

For our subject we decided to use a deductive approach. Thus, we started our thesis by enlightening some backgrounds about the use of the Internet by the luxury brands. Then, we presented some theories about e-CRM, Web experience and customer behavior online. We made an audit about eight French and American luxury websites to support our theories. So we checked for deviation from the needed tools present on the websites and we wanted to see if the websites were in compliance with the wanted communication and distribution aspects included in the major criteria. Our approach is deductive since the theoretical concepts were tested. Thanks to the empirical research that we made, we could make some analysis of what the theories said and so make some comparisons in order to draw a conclusion.

2.7 Secondary data

Secondary data are considered as data that can be reanalyzed due to the fact that they have been collected for previous studies or researches. They are considered as data that can give some good and helpful sources from which you can answer your research question or be helpful to answer it (Saunders et al., 2007). Secondary data can be of different forms: documentary data including written materials (ex: reports to shareholders) or non-written materials (ex: video/voice recording). It can be also multiple source data like area based data (ex: governments publications), or times series based (books, journals, government publications) and finally it can be survey based data including censuses, continuous and regular surveys, and ad hoc surveys.

For certain types of research project, such as those requiring national or international comparisons, secondary data will probably provide the main source to answer your research questions and to address your objectives. (Saunders et al., 2007, p. 246)

The collection of secondary data in order to have information can be done in different ways. Books, articles from scientific journals, articles from newspaper (used to have a current view of the subject and not only scientific), information from websites thanks to the Internet.
We found our information thanks to three kinds of sources. To identify and collect secondary data in relation with our research question, we used various articles. Those concepts are presented in the theoretical part. The scientific articles were found mainly via two types of databases, that is to say, Emerald and EBSCO. Since Charlotte Larbanet already worked on a similar subject for a previous thesis, we used once again the sources she used for her work previously. Some current articles were found on Delphes which is a rich database for current articles.

In order to find many data and gather much information for our thesis we used many and various key words. We used in particular the following one: “luxury”, “luxury definition”, “luxury branding”, “internet”, “internet 2.0”, “web 2.0”, “luxury and the Internet”, “luxury and E-business”, “luxury brand and the use of the internet”, “luxury branding on the Internet”, “Louis Vuitton-The Internet”, “Ipsos (Survey Institute)” “customer behavior”, “online relationships CRM”, “e-marketing”, “online community”, “mass media”, “rich media”, “online consumption”.

We also used the search engine Google in order to find current data about the subject due to the fact that we needed current information in order to have a deeper understanding on recent relation between the world of luxury and the Internet. Moreover since our thesis is based on qualitative data and researches, it was important for us to use databases but also the Internet to have a large view in order to answer our research question.

We also used some books to develop some concepts. In particular the concept of decision making process, from the book of Salomon M. R. (2004), Consumer behaviour: buying, having, and being that is an important source for us in order to understand the attitude of the consumer.

2.7.1 Critiques of Secondary Sources

Secondary data used for our subject are, for most of them coming from scientific articles that, even if they can be quite recent, are sometimes old or obsolete because of the fact that the sectors we have studied that is to say the Internet and the luxury have respectively known a lot of evolution and changes these last years. In particular for the definition of luxury branding, we have built our definition on authors that have written their articles during the 90’s; (however certain articles are considered as references for this definition). That is why we decided to use some Newspaper articles in our theoretical framework. Indeed data presented in this kind of article can be seen as an update and additional information that make our theoretical part clearer, more current and updated.

Concerning the use of scientific articles about the Internet and the relation that can exist between luxury brands and the use of the internet as a marketing tool, it is important to notice that these articles can become easily obsolete. Indeed due to the fact that the internet is a technology that evolves very quickly, the articles we used can become old-fashioned in few months or years. That is why we sometimes use some newspaper references to be complete in the theoretical framework. Some of the newspaper articles we used are from French newspapers. So the translation we made in English could bias the meaning of the original article even if we tried to transmit exactly what it was written.

Another critique could be that since Charlotte Larbanet had written a thesis on the subject of “Internet” and “luxury” for a previous thesis, we have taken her references as a departure and
then widen our research. Maybe we should have found information without her sources at the beginning and use them after first researches. However the sources used from the previous work of Charlotte Larbanet stay relevant and key for our thesis. Moreover, we have used the Charlotte’s Bachelor thesis as a point of start for our thesis. The Bachelor thesis deals with the Internet’s assets and drawbacks from a luxury brands’ point of view. We used it for the background of our Master thesis as well as a first point of reflection.

2.8 Reliability

In order to evaluate a study, the best ways according to Bryman et al. (2008) are the three following criteria: the reliability, the replication and the validity. We will focus our attention on the reliability and the validity for our study.

Reliability deals with the question to know if the analysis and conclusions of a study can be “repeatable” (Bryman et al., 2008, p31) Reliability is concerned with the idea of which procedures and techniques to collect data is better to have “consistent findings” (Saunders et al., 2007, p149). Saunders et al. ask three types of questions:

- Will the measures yield the same results on other occasions?
- Will similar observations be reached by other observers?
- Is there transparency in how sense was made from raw data?

Concerning our thesis, the data and results we have found are reliable due to the fact that we have based our data collection and analysis on a list of criteria for the auditing the websites. There is always a part of subjectivity on the choice of the criteria, so the study can be influenced by our feelings and knowledge about the subject. That’s why we think that even if our findings are reliable, they could have been quite different if other observers had made the same study. The analysis is also transparent due to the fact that we used the same criteria to make the observations on the websites and for the analysis.

2.9 Validity

Validity is concerned with the idea of knowing if the conclusions and findings are correct, and “if the findings are really about what they appear to be” (Saunders et al., 2007, p150). According to Bryman et al. (2008, p.32), we have four kinds of validity that are the measurement validity, the external validity, the internal validity, and the ecological validity. Quantitative researches are mainly concerned with the causality measure and the generalization measure according to Bryman et al. (2008). That’s to say that quantitative researches are mainly concerned with the internal validity and the External validity.

Since we have focused our attention on a certain type of luxury brands that is to say fashion luxury brands, we can only apply our results to these same brands. If we have wanted to generalize our results to all the fashion luxury brands, we should have taken a larger sample of fashion luxury brands. So we can only say that the study can provide an insight on how luxury websites can be possible designed.
2.10 Limitations

As a lot of business and social studies, our paper speaks about an ongoing subject. Indeed, the evolution of the use of the Internet by the luxury brands as a marketing tool, as we will see, evolved quickly since 2000-2005. Nowadays, new changes are currently done again in the online relationship and marketing techniques. The web experience is a dynamic.

But, in order to correctly study it, we need to stand back too really appreciate what happened since few months. For this reason, we would like to precise here that our paper is about a new and ongoing phenomena between the Internet and luxury brands. We drew up here a picture of this relationship that should be understood by readers as condition of things at the end of 2008 and at the beginning of 2009. It is totally possible that our paper will be out-of-date in only few months.
Chapter Three: Theoretical framework

Our literature review consists of three parts. The first part aims to give the reader information about the characteristics and definitions of the luxury industry. It permits to lighten what are exactly the particularities of this specific sector. The second part of the theoretical framework gives definitions about some important Internet’s concepts and online marketing tools. Thus, firstly two traditional formats of websites are distinguished and presented in order to avoid frequent ambiguity. Secondly, tools and concepts of e-marketing are defined to make the following part simpler. And finally, the third and last part of the literature review presents which elements of a website should be took care of in order to allow luxury brands to guarantee to their online customers a luxurious atmosphere and an experience of privileged really close to the one that they already provide in their physical stores. This third part also explains to the readers why now, after a delay to finally use this information technology due to persistent fears, luxury brands can after all use the Internet as a rich and powerful media. General theories on marketing in the Internet are presented, and then narrowed down to the possibility to use the Internet tools to build a luxury online experience very similar to the customers’ experience in physical shops.

3.1 Luxury definition

3.1.1 Luxury sector’s definition

A general definition for the luxury doesn’t really exist. First of all we can give some adjectives to define what is commonly understood by luxury: sophistication, costly, sumptuous, and exceptional. According to the Larousse Dictionary (www.larousse.fr), the word “luxury” is defined as something which is expensive, refined, and sumptuous. It is an environment established with expensive items, a refined and costly way of life, a relatively expensive pleasure that someone offers to himself without any real necessity. Lastly, it could be also what someone does in an exceptional way and for his pleasure.

Many authors have tried to give a definition of luxury. Indeed, Dubois (1991) explained that the luxury can only be defined partially. From an economical point of view, luxury is characterized by a high price and from a sociological one it is an indicator of social status.

Nueno and Quelch (1998) defined luxury as an intrinsic and an immaterial quality at once. Thus, they defined the luxury industry as a sector providing a consistent delivery of very good quality products, a heritage in the savoir-faire and craftsmanship in a relative small production (Nueno et al., 1998).

An important point that describes what is luxurious is rareness and exclusivity. Phau and Prendergast (2001) called it the “rarity principle”. Luxury is a subjective concept that they defined in this way: “luxury brands compete on the ability to evoke exclusivity, a well-known brand identity, [...] brand awareness and perceived quality” (p.123-124). According to Dubois and Paternault (1995) considered that luxury is well associated with the world of “dream” more than the idea of high price.

Dubois et al. (1995) underlined the contradiction of this specific industry. Indeed, the aim of this sector is to sell products but not too much, or more or less in limited quantities. As we
have seen before, luxury industry offers the exclusivity to its customers. Thus, if a product is sold in a too important number, the luxury market is no longer a market niche, the brand image turns sour, the consumer ‘cold shoulder’ the brand and the product loses its value at the customers’ eye. This is why the luxury sector has to keep equilibrium between the number of sales and the luxury brand image. Thus, small quantity of sales is compensated by a high price (Dubois et al., 1995).

Even if there are different definitions of the luxury industry, there are common characteristics given by the majority of interested authors like high price, exclusivity, and prestige. Luxury is handcrafted and of high quality. It is associated to a well-known brand identity. In order to preserve these characteristics, the luxury industry has to only sell in little quantity.

3.1.2 The customers purchase motivations for luxury products

According to Corneo et al. (1997), the motivation can be of two different types: personal and interpersonal motivations. A customer can buys luxury products because of personal motivations. Indeed, personal concerns like pleasures, emotions and aesthetic researches cheer this consumption. Customers want to live experiences with these luxury products in order to create a dream in their lives (Corneo et al., 1997). This personal motivation is clearly based on the possession act and on pleasure (Vickers et al., 2003). And Dubois et al. (1995) have shown that the luxury visions had change with the time and differ according to cultures. They underlined that in France the vision of pleasure becomes more and more present (Dubois et al., 1995). However, there are also interpersonal motivations in the luxury consumption. This motivation permits a consumer to show that he belongs to a group or a social class (Vickers et al., 2003). In the case of conspicuous consumption, the brand’s logo could be more important than the product itself because it permits the identification by others. It becomes materialism (Corneo et al., 1997). Vickers et al., (2003) have identified a third category of motivation for luxury purchase: a functional motivation. This type of motivation is purely functional as product’s quality. The consumer wants the product to be useful, to solve a problem.

There are many different types of motivations that lead customers to buy luxury products. They research pleasure, experience but also a social identification. Luxury is the averse of ordinary needs, it is wants.

3.1.3 Luxury brands’ characteristics

There is not luxury product without luxury brand name. Each product bearing a luxury brand’s name or logo is a luxury product. So, what are the characteristics of a luxury branding? According to Robert Reppa et al. (2007), a luxury branding offers a high quality product associated to a superb level of service. In order to attain a good customer satisfaction, these luxury brands are concentrated on four main points.

The first goal is to create a “customer-centred culture” at different levels (Reppa et al., 2007, p.2). It means identifying and using the service provided around the product itself as a key part of the creation of value of the product. The second point is to choose and select the best staff to sell the product. Indeed, the staff is the interaction “medium” between the customer and the brand (Reppa et al., 2007, p.2). The relationship between customers and staff is a key point during a purchase of a luxury good. Then, a luxury brand has to retrain employees in
order to help them to be at their top (Reppa et al., 2007, p.2). The last and fourth point is to measure the customer satisfaction and needs in order to improve continually the service provided. The first and the last point can be linked due to the fact that in order to create a “customer-centred culture”, a company needs to know the satisfaction level of the customers in order to improve itself. Always according to Robert Reppa et al., (2007), “when employees recognize that they are valued and share in the rewards, they can commit themselves to customer satisfaction” (p.6). So the luxury brands, showing gratitude to its staff, motivate them to contribute to the customer satisfaction and loyalty.

When a luxury branding masters implementing these four principles (a customer-centred culture, to choose and select the best staff, to retrain employees, and to measure the customer satisfaction and improve continually provided services), the result is a combination of high quality products and services provided. This process leads to strong sales and better brand image. To conclude, a luxury company can be defined as a company for which the product is not the aspect the most important. Indeed, all companies are focused on product but what is really important for a luxury brand, is to be centred in services that come along the product. These services could be customer reception, advice or a real relationship between a client and salesmen that lead to a better service offer.

Because it is a sector out of the ordinary, it needs a special attention from marketers. Both in traditional stores and in online shops, the luxury identity of a brand has to be respected and a high service level have to be provided to customers. And online marketing tools could be helpful to web-marketers in their online marketing strategy implementation.

3.2 The online marketing tools

In this part, traditional formats of websites are presented in order to permit a nicer following reading. Then, marketing concepts like branding, viral marketing, word of mouth, relationship management and customer relationship management are defined. Once all these concepts lightened, any possibility of vocabulary problem will be eliminated for the rest of the thesis reading.

3.2.1 Traditional formats: e-business and e-commerce

The Internet was firstly used in a business context before a personal one. That means that companies were the first to understand all the possibilities offered by this international network. The Internet represents from a marketing point of view both opportunities and challenges for companies of all sizes (Melewar et al., 2003, p. 363). It is nowadays considered as a powerful communication channel and it has formed a part of the marketing mix giving the possibility to a company to accomplish an online marketing campaign (Melewar et al., 2003, p. 364). The fast proliferation of information online to a huge number of people permits to offer more information about products or services in order to add value to online customers (Melewar et al., 2003, p.363). The Internet allows a brand to easily identify, target and reach both existing and potential customers (Smith et al., p.19, 2005). But in another hand this media is accessible to everyone and it could lead to a bad campaign made by unhappy customers (Szmigin et al., 2005, p.481). Moreover the Internet can be used also as an attractive distribution channel because it permits to simply eliminate distribution costs and so increase margins (Melewar et al., 2003, p. 364).
In literature, electronic business (e-business) and electronic commerce (e-commerce) are sometimes used interchangeably and some other times distinguished. In the case where these two terms are seen as similar, e-business and e-commerce are defined as “any «net» business activity that transforms internal and external relationships to create value and exploit market opportunities driven by new rules of the connected economy” (Damanpour, 2001, p.18). But in some literature, those two terms are distinguished.

3.2.1.1 E-business

The term e-business is defined as the use of the Internet in order to connect customers, suppliers, employees and other stakeholders with the organization via a website in order to exchange information about its products and policies (Rodgers et al., 2002, p.186). It is a perfect medium in the case in which a brand wants to use the Internet in order to inform its customers. Thus, Internet users can find a lot of information given by a firm about its brand, its activities, its products or its services… In this e-business website, information is controlled by the brand itself. This type of website can have many good consequences for a company. For example, it gives the possibility to provide a superior customer service that increases customers’ satisfaction and their loyalty (Melewar et al., 2003, p. 363). It also improves the relationship between a company and its suppliers that permits to increase the speed of an order and to enhance business’ performances (Rodgers et al., 2002, p. 186).

To conclude, this type of website is an online magazine that permits to put future consumers at rest and the reinforcement of the brand’s reputation and image. It always returns you to brands shops for the purchase act.

3.2.1.2 E-commerce

E-commerce refers to online selling and purchasing activities including money transaction like online payment, and tracking delivery (Rodgers et al., 2002, p.186). Thus, e-commerce uses the Internet in order to connect customers with a firm in order to distribute products and services online. A company can choose to sell directly a part or the totality of its products or of its services online to its final customers. The Internet can be used as a unique or as a complementary distribution channel. It permits to decrease distribution costs like salesperson salary (Melewar et al., 2003, p. 364).

It is possible that an e-commerce website both provides information and sells products/services to customers. In short, the term e-business includes the term of e-commerce. Thus, an e-commerce site is also an e-business site but an e-business site is not necessarily an e-commerce site.

The distinction between e-business and e-commerce and their characteristics show pretty well that the Internet could be used either as a distribution channel or a communication medium according to the brand’s online strategy. Some luxury brands have chosen to be present online through an e-business website in order to only provide important information to online customers and suppliers. Others made the choice to sell online. The principal is to be in adequacy to the identity of the luxury brand. In the continuation of our thesis, we have chosen to only concentrate on the luxury brands that sell online a part or their entire collection.
3.2.2 Branding and identity

Identity of a brand is a combination of its “functional and emotional values” (Chernatony, 2001, p.193). A brand can be defined as “a name, term, sign, symbol, or design, or a combination of these, intended to identify and differentiate the goods or services of one seller from those of competitors” (Mascarenhas et al., 2006, p.399). In the online marketplace, a corporate brand identity is a cognitive secure and a point of recognition for customers with uncertainty feelings (Javalgi et al., 2005, p.666). A brand that already exists in a traditional way with physical shops can also exists online using the same brand essence and providing the same values (Chernatony, 2001, p.193). A coherent atmosphere between the real stores and the online shop has to be respected. For many Internet companies, the brand name is also the company name (Javalgi et al., 2005, p.666). The brand’s value can be preserved online by the website’s design keeping the brand’s colours for example. The brand’s website needs provide the same feelings to traditional and online customers.

3.2.3 Viral Marketing and Word of Mouth

Emanuel Rosen (2000) defined Buzz as “all the word-of-mouth about a brand” (p.7). It’s the “aggregate of all person-to-person communication about a particular product, service, or company at any point in time” (Rosen, 2000, p.7). This free communication about a product from customers to their friends and acquaintances has a great power to lead to a success and avoid spending a lot of money in expensive traditional campaign. This word-of-mouth will be more reliable than other information that customer get through ads because he learns it from a peer or someone he trusts in (Salomon, 2004, p.379).

According to Ferguson (2008), viral marketing campaigns are the cause and the word-of-mouth/Buzz is the effect. Viral marketing campaign builds product/brand awareness and Buzz. Word-of-mouth leads potential customers to test and purchase (Ferguson, 2008, p.180). Moreover, this viral marketing technique knew a real expansion with the Internet development because this information technology connects and encourages web users to talk about their experience. Thus, thanks to propagation of blog, forum, video-sharing websites and social networking, this word-of-mouth technique became really powerful. It is so many ways to link customers and give them the possibility to speak about their product of brand experiences (Ferguson, 2008, p. 180). But in another hand, this technique can turn against e-brands. A negative word-of-mouth has the power to reduce the firm’s advertising impacts and to modify the consumers’ attitudes toward a brand or a product (Salomon, 2004, p.382).

But viral marketing strategy is not a good way to connect a brand with their customers. There is no conversation between brand and customers (BtoC) through this technique but only between customers (CtoC). Viral techniques are only good to stimulate awareness and trial. Word-of-mouth influences around two-thirds of personal purchases (Salomon, 2004, p.379). In order to build a kind of relationships between the brand and customers, identification like an email address is needed in order to build a harder bond (Ferguson, 2008, p.181-182). This is part of the relationship marketing techniques that is easily implemented online.
3.2.4 Relationship marketing

3.2.4.1 Definition

Relationship marketing is defined by Wilson et al. (2008) as “a strategic orientation that focuses on keeping and improving relationships with current customers rather than on acquiring new customers” (p.152). This definition is based on two ideas. The first is the fact that customers prefer to build long-time relationship with a brand than to each time have to change of brand in order to find the best one. And the second is that it is less costly for a firm to retain actual customers than to attract new ones. Both parties in the customer-brand relationship will benefit from customer loyalty (Wilson et al., 2008, p.157).

To attract and retain customers there are three main strategies. The first one consists in provide a better product or service than competitors (Wilson et al., 2008, p.157) to satisfy customers. The second strategy is to put high switching costs that include investment in time, money and effort like searching costs (Wilson et al., 2008, p.158). The third and last strategy is to build relationship bonds with current customers. These bonds can be of different natures: financial (preferential prices for rewards), social (personal relationships), customization (one-to-one solutions) and structural (process improvement) bonds.

3.2.4.2 Relationship benefits for customers

According to Colgate et al. (2005) and Wilson et al. (2008) customers benefit from long-term relationships. If a customer receives more than he gives in a relationship, he is more likely to stay (Wilson et al., 2008, p.157). They underline three relational benefits and sometimes these benefits keep customers loyal more than the products or the services provided (Wilson et al., 2008, p.157).

The first benefit is “confidence benefits”. These benefits include the decreased anxiety and the comfort that feel customers because they know what they have to expect of the situation (Colgate et al., 2005, p.427). According to Wilson et al., these confidence benefits seem to be the most important for customers (Wilson et al., 2008, p.157). The second relational beneficial effect is the “social benefits”. This refers to the emotional part of a relationship. It is the fact that customers and employees, over the time are building bonds, creating friendships and recognize themselves (Colgate et al., 2005, p.427). This is a powerful factor to prevent customers switching brands (Wilson et al., 2008, p.157). So as we have seen, these two first types of benefits have direct impacts on the customer loyalty and it leads customers to use word-of-mouth to inform their peers about their nice experience (Colgate et al., 2005, p.427). The last one is the “special treatment benefits” and embraces the special favour that a customer can get like price breaks or additional services (Colgate et al., 2005, p.427).

3.2.4.3 Relationship benefits for firms

According to Wilson et al. (2008), the benefits for firms to develop customers’ loyalty are numerous. Firstly, there are “economic benefits” for them (p.158). The customer retention
leads to increased purchases and it is truer with time (Wilson et al., 2008, p.158). It also leads to lower costs like less marketing or advertising fees. That is why we can say that retain current customers is less costly than attract new ones. Then there are “customer behaviour benefits” (p.159). Loyal customers are happy of the service provide by a brand so they will make free advertising among them speaking about their nice experience (Wilson et al., 2008, p.159). In addition of this word-of-mouth activity, they can also speak about it online via blogs, forum or chat rooms. Through communities around the brand, loyal customers can provide positive information about it and encourage other Web users for trial (Wilson et al., 2008, p.159). The last benefit for firms is the “human resource management benefit” (p.159). This benefit explains how a loyal customer can contribute to facilitate and make easier salesperson’s jobs and thus leads to employees’ retention (Wilson et al., 2008, p.157). Moreover, as customers, employees will receive social benefits building bonds with customers.

Fig. 1: Relationship Marketing Benefits

Thus, relationship marketing is a powerful tool for firms to develop and build customers’ loyalty. And, this technique has many other advantages for both customers and firms. Loyal customers are confident toward the brand. They build bonds with it and get preferential treatments. Firms with loyal customers make savings on marketing and advertising spending; make nicer the employees’ jobs and so save money on recruitment, and human resource management. This relationship marketing has to be also implemented online by luxury brands in order to get these same advantages. To do so, e-marketers can use online customer relationship marketing to build bonds between online customers and luxury brands.

3.2.5 Online Customer Relationship Management (e-CRM)

The Internet has an important power to improve Customer Relationship Management. CRM is one of the best competitive advantages that permit to avoid customers switching to other competitors’ stores (Kimiloglu et al., 2009, p.247). “A successful CRM strategy involves
integrating the ‘fulfilment of customer needs’ as a strategic goal within the firm’s core business processes across the entire organization” (Javalgi et al., 2005, p.664). Thus, the customers have to be at a central point of attention in the organisation’s process. And because it costs less to companies to keep current customers than to attract new ones, they must work hard to develop their customer loyalty toward the brands (Lee-Kelley et al., 2003, p.240). The loyalty is defined as “repeat purchase behaviour” that can directly be linked to sales and profitability (Feinberg et al., 2002, p.432) or as an intangible asset discouraging customers to “switch to competing brands” (Mascarenhas et al., 2006, p.398). And in order to improve it, companies have the possibility to use e-CRM.

E-CRM is defined by Lee-Kelley et al. (2003) like the “marketing activities, tools and techniques, delivered over the Internet with a specific aim to locate, build and improve long-term customer relationships to enhance their individual potential” (p.241). Through this definition it is easily understandable that company can build one-to-one relationship with each one of their customers in order to increase value for both of them (Javalgi et al., 2005, p.665). So, e-CRM, as CRM, is a win-win strategy. It provides more value for customers and a competitive advantage for business (Kimiloglu et al., 2009, p.247).

In order to achieve each of the outcomes of the customer acquisition, retention and extension, there are several Internet marketing techniques available to e-brands (Chaffey, 2000, p.53).

**Fig. 2: Customer Relationship Management Goals**

![Fig. 2: Customer Relationship Management Goals](image)

**3.2.5.1 Acquisition**

Once a customer is visiting a brand’s website, it is important to provide him the desire to engage in a dialogue with the brand. During this dialogue, the minimal information collected has be an email address which will be then used to continue the dialogue in a long-term. During this following exchange, the brand has to obtain enough information about the online customer in order to know at least its preferences about products and its demographics data (Chaffey, 2000, p.54) to build an accurate profile of him (Melewar et al., 2003, p.364). This information will then impact on the next stage, the retention of the customer.

**3.2.5.2 Retention**

This stage has two main goals. The first is to limit the customer to purchase competitors’ products and the second is to attract repeat visits to the brand website in order to continue the exchange of information and offers (Chaffey, 2000, p.54). In order to retain a customer, the website needs to be often updated with strong contents in order to provide fresh information at
each customer’s visit. This update can be divulged through e-mails, newsletters, extranet, RSS or online communities (Chaffey, 2000, p.55). Customized offering can be made thanks to previously collected data and a strong positive and trusting (Smith, 2005, p.21) customer relationship can become and be developed (Melewar et al., 2003, p.367).

3.2.5.3 Extension

This stage has the aim of “increasing the value of the customers to the brand by encouraging cross sales” (Chaffey, 2000, p.55). During this stage the brand send e-mails to the customer in order to inform him about new products available and promotions to lead him to come back to the website and make purchase. This direct e-mail represents a stimulus for the e-customer to maintain a long-term relationship (Smith, 2005, p.23) but it must not be use too often in order to not be considered like spam (Chaffey, 2000, p.55). In another hand, “a customer authorized e-mail demand builds trust, develops loyalty, and creates value” (Javalgi et al., 2005, p.668).

An e-CRM implementation permits to e-brands to create directly more satisfied and also more loyal customers (Lee-Kelley et al., 2003, p.246). E-CRM allows e-marketers to provide online interactivity which permits e-brands to better match customer needs, wants, and preferences (Javalgi et al., 2005, p.668). A better satisfied customer leads to much more frequent transactions (loyalty) and so a much higher profit (Kimiloglu et al., 2009, p.259).

Through all these definitions, we have clearly explained what the Internet particularities in terms of marketing tools were. Firstly, the Internet permits to create online the same brand identity that in traditional stores. Secondly, despite a lack of physical relationship between brands and customers, the Internet has many ways to build bonds between them. Thus, in a luxury context, online customers, thanks to its personal data and preferences, receive customized offers and have the impression to be privileged. They are satisfied and so loyal to the luxury brand. But, in order to reach this relationships and loyalty, luxury brands have to pay attention to the Web experience that they offer to their online customers.

3.3 Internet and luxury brands: the Web experience

Nowadays, the Internet became a tool that cannot be ignored by companies. The great majority of physical brands have already created their own website, either an e-business or an e-commerce website. Moreover some firms without physical shop sell their products or service only online. The Internet is their unique distribution and/or communication channel.

Few years ago it was not the case for the luxury industry. Indeed, luxury brands were afraid to use the Internet. It was explained by many fears that they shared about this communication tool. Luxury brands saw the Internet as a mass and incontrollable media as well as a counterfeit distribution channel that could completely destroy their brands’ image. Moreover, they believe that an e-commerce website could create cannibalisation with traditional stores. Furthermore, it obliges them to reveal their price that permits quick online comparison with competitors. Lastly, the use of the Internet was seen has a media that cannot, under any circumstances, substitute the human relationship and the pleasure purchase in traditional store. But with time, the luxury industry understood that the Internet has finally many advantages for this particular sector. The Internet is practicable for online customers that are afraid or
cannot to come in a traditional point of sell. It is also a money-saving distribution and communication channel because costs are less high than in traditional channels. The internet permits moreover to give much more information to many people at the same time. And lastly, it allows a high services offer to online customers like customization of some products, online payment and delivery.

At the present time, all these assets and the passion for this mass medium have created a huge online competition. In front of this, luxury firms have to find a competitive advantage in order to stay visible, to continue to attract customers and to survive among all these websites. One of the possible competitive advantages that they can get is the power to help customers to get over the decision making process in a faster way in order to improve his purchase decision probability (Constantinides, 2004, p.111).

According to Atwal et al. (2008), experiential marketing is all the “marketing initiatives that give consumers in-depth, tangible experiences in order to provide them with sufficient information to make a purchase decision” (p.4). This information research step is more or less important according to the customer’s involvement and the product characteristics (Chen, 2001, p.291). The customer involvement is defined by Salomon (2004) as “the motivation to process information” (p.125). When a product is expensive and its purchase infrequent or risky, the customer will be more involved in the information process (Chen, 2001, p.291). This is the case for luxury products so customers are highly involved and luxury websites have to really pay attention to the information quality and availability in order to help them to make the good decision.

In this type of marketing, customers are involved and work with brands to create a unique experience around the brands and its products or services. The Internet is a great tool in order to create this experiential marketing (Atwal et al., 2008, p.7). The concept of the 7Cs was developed in order to help luxury brands to understand how to create a “high impact digital customer experience”: Content, Customisation, Customer care, Communication, Community, Connectivity and Convenience (Atwal et al., 2008, p.7). In another hand, Constantinides (2004) describes a Web experience thanks a mix of four main elements: technology, interactivity, trust, and service (p.117). By changing these four factors, luxury brands can modify and so create the best experience for their online customers. And because in the online market, there is no direct relationship between customers and firms while it is so crucial for the luxury industry, e-marketers have to take care over luxury websites’ appearance.

3.3.1 The technological elements

The technological factors’ goal is to provide online customers with a nice and practical application, easy to understand and to use even if it is their first visit. Moreover, the website’s atmosphere needs reflect the luxury brand identity. On the contrary, a customer won’t stay a long time before to switch and visit competitors’ websites (Constantinides, 2004, p.117). It includes usability and aesthetics levels of the website.

3.3.1.1 Usability

The first thing Internet users want when they visit a website is to easily and quickly find where information are, where they can see products and how they can buy it. It is important to notice that Web users don’t really read electronic contents; they scan it (Chernatony, 2001,
It is why information has to be easy to find on webpages using key words for example. Constantinides (2004) calls it “convenience” (p.117). This factor is much more important for the luxury industry because customers are more highly involved in the information research. Indeed, as we have already explained, more a product is expensive or a purchase unusual, more the customer is involved in the information research step.

In order to help customers to find information, Web designers can put in place search engines directly into the website in order to improve the site navigation and lead online customers quickly to the webpage they are searching for. This tool highly improves the access to information about products and services for online customers (Chen, 2001, p.292). Secondly, to lead Web users to come to visit a website, web designers have to understand how the most famous search engines like Google and Yahoo! work and then improve the referencing of the website in order to increase its accessibility. Thus, people wanted to find a luxury product or a luxury brand website will find it quickly using key words. Thirdly, a luxury brand can use the customers’ data which were collected online by e-CRM software or can use cookies in order to keep in memory users’ identification, previous webpages visited and earlier purchases (Chen, 2001, p.294). These cookies are stocked on the customers’ hard disk often without their permission but it is an easy way for e-brands to track their online customers and then provides them both the most customized offers and a more quick navigation. Lastly, Internet users want fast loading webpages. If a website is too slow to load, Internet users may visit other websites in order to navigate more easily and thus find quickly information (Chen, 2001, p.294). In the same type of irritation, Internet users want to order quickly. The security checkout for online payment has to not take too much time (Constantinides, 2004, p.118) because online, customers are impatient.

3.3.1.2 Aesthetics

According to Constantinides (2004, p.119), aesthetic is the most important factors to judge about the credibility of a website for Internet users. Web designers have to create a great online atmosphere in order to attract online customers and give them the desire to stay and search information which they need, and perhaps make a purchase. Like in traditional retailers, the shop atmosphere is really determinative to provide a perfect experience to customers (Constantinides, 2004, p.119). Firms that have traditional shops need to keep the domain name of course but also the color chart and the site layout for their websites in order to keep a certain consistency between their marketing strategy offline and online (Constantinides, 2004, p.120). They have to feel good online, visiting page by page as if they were walking between sections in a real shop. The design and the style of the website have to attract and keep the Internet users’ attention because more online customers stay connected to the website and more there is a chance that they buy something (Park et al., 2003, p. 535).

About the luxury industry, in term of design, style, interactive features, and technologies use, the customers have really important expectations. They want to find online the traditional and luxurious brand identity. Many technologies offered by the Internet allow luxury brands to suggest a very nice and clear website and e-shopping website to its visitors. Flash Technology, videos, high quality pictures, “sophisticated illustrations” (Dall’Olmo Riley et al., 2003), sounds... All these Rich media are interactive solution to create online the traditional store atmosphere. In a e-commerce website, it permits to provide information through a new way, a video shooting a salesperson giving information about a product or 3D pictures presenting products from different viewing angles (Varandat, 2001). But to obtain perfect result, the luxury brand’s website may keep the world of the luxury brand. Slogan,
colours, products presentation…, in short, the identity of the luxury brand have to be present online (Chernatony, 2001, p.193). Graphic artists have to keep the brand’s criterions to give the feeling to be in a real store of the luxury brand. A lot of pictures of the products, videos help to compensate the absence of the touch possibility (Chernatony, 2001, p.193).

The technological factors, as we just have seen, are some of the great elements to build online a real luxurious web experience for online customers. Indeed, the website’s usability can be easily improved in order to quickly and nicely lead customers to the wanted information or product. Moreover, the aesthetics touch thanks to rich media permits to keep online the same luxurious brand’s identity that in traditional shop. Thus, online customers are attracted and then retained by the beauty of the website. They can now enjoy an online luxurious atmosphere.

3.3.2 The interactivity

The Internet permits brands to go from a push media to a pull medium of communication. Indeed, on the other traditional media, it was always the brand that was talking to its targets. Nowadays, it is more the online customers that want to engage in a dialogue with a brand (Chaffey, 2000, p.40). It is a double-way relationship that is permitted thanks to the Internet media. Indeed, the interactivity permits to improve the web experience by offering customized services, interaction with vendors like in real shops and with other online consumers. Thus, “in cyberspace, consumers interact with both a brand and the site’s community” (Chernatony, 2001, p.187).

3.3.2.1 E-CRM

Firms present on the Internet collect the consumers’ characteristics like his demographic, social, economic and cultural data, which companies cannot modify. They have also the history of previous interaction if the customer already came to visit the website before. Customer Relationship Management software permits brands to collect and then to use those demographic and previous interaction data in order to obtain the best profiles of its customers. After that, it permits to provide them the best experience and develop a more positive and trusting relationship (Smith et al., 2005, p.21) by offering better customer service and customized offerings (Melewar et al., 2003, p.363). The Internet is nowadays a powerful CRM tool for any brand present online. It gives them the possibility to better understand their customers, serve them, inform them and converse with them (Tarby, 2009). And because for the luxury industry, service levels and relationship are the most important elements, to get this type of information, understand it and use it in order to get a clear image of their customers, increase interaction with them, to provide them a perfect online experience (Melewar et al., 2003, p.365) is the best strategy. It permits then to build trust and confidence so important online (Constantinides, 2004, p.112) and to improve the online customers’ satisfaction and loyalty (Smith, 2005, p.23).

3.3.2.2 Online interaction with vendors

The most important difference felt by customers between a traditional store and an online shop is the lack of physical interaction (Colgate et al., 2005, p.428). This lack leads online consumers to an uncertainty and it is truer again about luxury shopping because of their high
level of involvement. Thus, in order to improve customer experience, luxury brands need limit this online uncertainty.

In order to fill in this need of trust, online customers can have access to one or several possibilities of interaction with online vendors in order to help them all along their e-visits (Chaffey, 2000, p.49). An online help-desk for technical assistance, a store’s e-mail address, an instantaneous reply system directly from the website or a hotline to ask questions directly to a physical person (Kimiloglu et al., 2009, p.251) are many examples tools that permit to online customers to have access to almost all the services provided in traditional shops (Drennan et al., 2003, p. 296). Thus, Web users can also get information, advices, customer services and after sales service.

Luxury brands try as well to build some bonds between them and their online customers in order to hold them longer. Online customers can subscribe to newsletters in only few clicks. This is called “permission marketing” (Salomon, 2004, p.256) and is based on the idea that marketers have the approval of Web users to send them communicative messages. This technique guarantees better results because these receptors are more receptive than others. Thus, online customers become members of the brand and so get some privileges. They also can obtain some advices adapted to each of them, personalized offers… It can increase the development of the customers’ loyalty or improve the awareness of a brand. According to Dall’Olmo Riley et al. (2003), the relationships with the customers can be built through the Internet thanks to newsletters and forums.

3.3.2.3 Online relation with other Web users

Another way to reduce uncertainty and improve the online luxury experience is to give the possibility to luxury brands’ customers to be in relation with other Web users. This customer to customer (CtoC) network is part of what is called “Web 2.0”. The term Web 2.0 was used for the first time in 2001 by Tim O’Reilly, the founder of the American society O’Reilly Media Inc (O’Reilly, 2005, p.1). He has noticed that the Web had evolved and has a more important form than ever with exciting new applications and websites. O’Reilly (2005) had defined Web 2.0 as “the business revolution in the computer industry caused by the move to the internet as platform, and an attempt to understand the rules for success on that new platform. Chief among those rules is this: Build applications that harness network effects to get better the more people use them” (p.1). So, we are speaking about an evolution of the Internet. Web 2.0 has to be seen has a channel of communication (Levy, 2007, p.122) or as a platform that is used by Internet users like an exchange base (Cavazza, 2005). There is a notion of collaboration in Web 2.0.

As examples of this Web 2.0 evolution, we can give mainly three websites which were precursors in this collaboration between websites and Internet users: ebay’s, Amazon and Wikipedia. These three websites take advantage of the source of web 2.0, the Internet users’ contributions and use it as online competitive advantages (Cavazza, 2005). Thanks this type of applications, online consumers can have access to a lot of information about culture (Wikipedia), and products features and quality (Amazon), but also about sellers seriousness (ebay’s) from previous customers’ experiences (Chen, 2001, p.288).

But the Web 2.0’s principles can also be defined by several other popular applications. These applications are more used by individual Internet users (CtoC) but could also be used by companies (Business to Customer and Business to Business). Blogs, YouTube, RSS and
social networking like Facebook or MySpace are four examples of this customer to customer (CtoC) online interactivity and community. These applications permit to share information, pictures, music, and videos among friends or simply among Internet users. It gives the possibility to online consumers to reduce their uncertainty about an expensive purchase by finding relevant and objective information about a brand or a product given by other online consumers (Ind et al., 2001, p.9). It also permits brands to build communities around their brand identity and to easily communicate toward them (Chen, 2001, p.295). According to Salomon (2004, p.384), a community is a web group where members share views and product recommendation online. Lastly, it is a good way for online brands to engage people in dialogue, to take advantages of possible negative feedbacks given by furious consumers using it to adapt and adapt their customer services (Ind et al., 2001, p.9).

Fig. 3: The Interactivity

Interactivity: dialogue, not monologue

Company ↔ Consumer

Two way feedbacks

So, the Internet encourages and permits the communication between the brand and the customers but also between online consumers. Many luxury brands propose to Internet surfers to subscribe to a newsletter in order to build bonds between them. Nowadays, luxury brands use also web 2.0 applications like blogs, RSS, social networking and YouTube in order to give the possibility to their customers to establish contact with other Internet users, to link them together into communities around brands in order to give them opportunities to reinforce their identification to the brands, to decrease their feelings of uncertainty and so to lead them to purchase online (Constantinides, 2004, p. 118). Furthermore, always according to Dall’Olmo Riley et al. (2003), interactivity is a key point for luxury brand on the web because it is a possible substitute for physical interaction with customers in shop. So the luxury industry has to pay attention to this element when they design their website.

The internet is a powerful information technology. It permits a luxury brand to gain access to each of the Internet users, identify them as potential luxury customers thanks to e-CRM tools and then to develop with them a one-to-one relationship (Drennan et al., 2003, p.297). This media allows brands to be closer to any web users and to interact with them. It also permits to reinforce their presence in the mind of the potential consumers supporting and modernizing their identity (Dall’Olmo Riley et al., 2003, p.99).

3.3.3 Psychological elements to build online trust

The Internet was seen and continues to be seen as mass media. Everybody can navigate, create a website, and sell online. There is a sort of identification problem. Thus, web users sometimes mistrust certain websites, email and applications for fear of spam, personal data violation… In order to improve the web experience of a customer, e-marketers have to firstly understand customers’ behavior and identify what can develop their trust toward an e-brand. Then, they can affect it using for example customer services. It is truer for the luxury industry because of the potential risk is higher for their online customers due to the high prices.
3.3.3.1 Decision-making process

The decision-making process is composed of five steps according to Salomon (2004, p.292). After the problem recognition step, in which a desire of a need is identified, a customer has to search for information. The customer surveys his environment for appropriate data to make a reasonable decision among several choices in order to fulfil his desire or need. This step is more or less long and costly depending of the nature of the product, the perceived risk of the purchase and the free-time of the customer. The consumer can use information that he has already in memory because of a previous experience or he can use information coming from advertisements, friends… In our case, our luxury customer uses the Internet in order to find information luxury products. And according to Constantinides (2004), the fact that this purchase can be made online adds a sixth step to his decision-making process, “building trust and confidence” between him and the online brands (p.112). After this step, the customer has to evaluate each alternative making a comparison between several products according to some attributes like price, brand, quality, size... This evaluation leads the customer to a purchase decision that is the choice of the best product according to the customer criterion. Then a post-purchase evaluation starts. If the product fulfils the consumer’s expectation, he will be happy about his purchase. But if it is below his primary expectation, the consumer will have a negative opinion about the product. During his next purchase acts, he will use this experience in order to not make this same error again (Salomon, 2004, p.292).

Fig. 4: Consumer decision making process

Problem recognition

Information search + **Building trust and confidence**

Evaluation of alternatives

Product choice

Outcomes

3.3.3.2 Factors influencing online customers’ trust

The psychological factors’ goal is to make customers confident in the firm’s website they are visiting in order to build a certain trust between Internet users and firms to lead them to buy products or services online (Canavan et al., 2007, p.180). To build this trust several things have to be safe for an Internet user. Indeed, according to Karakaya (2001, p.44), the principal online anxieties is about privacy and security of operation.

Concerning the financial transaction’s security that is one of the most frequent issues on the Internet (Palumbo et al., 1998, p.253), we can say that as long as consumers don’t trust the transfer’ safety, there is a break to online purchase (Palumbo et al., 1998, p.258). Salomon (2004) agrees it telling that “security is one important concern” (p.338). So, the online payment must be secure. Nowadays, it is clearly surer than it was a few years ago, in terms of confidentiality of data and security of payment (Meli, 2008) and many sites provide a secure transaction declaration in order to put customers at rest (Dall’Olmo Riley et al., 2003, p.102).
So thanks to this improvement, a luxurious brand like Boucheron can sell online products for more than 10 000€. Up to this amount of money, a phone service will come to grips with the payment (Meli, 2008). Moreover, the collected customers’ data haven’t to be disclosed. The firm cannot resell it to another company for commercial proposes for example (Constantinides, 2004, p.119). When web users give their personal data, they totally trust the brand’s website. But they could completely loose this felling of trust toward the brand if their data were revealed.

Moreover, if it is possible, firms can propose several types of payment in order to satisfy each of the online customers in term of safety. Indeed, it will give comfort to online customers to see that they can pay either online or on the phone by credit cards or cheque at the delivery. Thus, the possible transaction anxiety can be decrease as possible (Constantinides, 2004, p.119).

Besides this, once there is order, all have to be clearly explain to customers about conditions of payment and delivery. To give as much information as possible, a firm can give access to a “frequent asked questions” (FAQ) webpages (Karakaya, 2001, p.46) in which every step will be defined and any needed information available. Moreover, luxury brands can also give the possibility to get hold of vendors either by phone or by email. This could substitute the lack of physical relationships for certain online customers and thus lead to the purchase act despite of the high price product and the potential risk that can represent for certain.

Lastly, in the case of any dissatisfaction with the product, online customers, as in traditional shops, can return the product (Karakaya, 2001, p.45) without any extra fees.

Here again, the offered services is equivalent as it can be in a luxury store, even if the online customer doesn’t have the brand staffs present physically around him. Indeed, secured payment, choices between many transaction possibilities, clear conditions of payment and delivery, possibility to contact vendors for advices and information and after sales services are many factors that can dispel online customers’ fears, and develop and strengthen their trust toward the luxury brand. This trust, once implemented, permits online customers to make their e-shopping without any risks in mind. Thus, they can enjoy online luxurious web experiences.

### 3.3.4 Online services

Online firms have a great capacity to influence customers’ behaviour and purchase fulfilment and to do so the Marketing mix could be a great tool (Constantinides, 2004, p.112). This marketing concept is composed of 4P’s which are product, price, place and promotion. By modifying these four factors luxury brands can modify and so create the best experience for customers. Each element has to be adapted to the marketing strategy the firm has decided to implement online. An Internet user, that has already visited one of French stores of Boucheron, would like to find online the same atmosphere and the brand identity.

#### 3.3.4.1 Product

Thanks to the Internet each product’s information can be offered to each web users. On the product sheet, online customers can discover all the information which they need to make the
good decision as in traditional store. The products’ presentation has to be similar online to offline one in order to keep the same marketing strategy and to facilitate the brand identification by online customers (Constantinides, 2004, p.120). Thus, product’s pictures and short films could be used in order to fulfil the lack of touch possibility. Moreover, products can be customizable in order to fit perfectly to customers’ desires. This personalization is one of the customized services that a brand can propose online (Chernatony, 2001, p.194). Indeed, thanks to the Internet, some of the luxury brands can give the possibility to customize online products. Moreover services options are adjusted to customers’ needs and wants (Drennan et al., 2003, p.296). This type of personalize products and services increased levels of service and it is really pleasant for online customers (Drennan et al., 2003, p.296).

3.3.4.2 Price

According to Constantinides (2004), the price “is the main motivator for consumers when choosing a particular website” (p.120) and Chen (2001, p.289) agrees saying that it is the factor the most important to determine a purchase act and to attract again online consumers to the website. About the luxury brands’ products, an e-commerce permit to online customers to know in advance the prices whereas in some traditional stores, they are totally absent until the payment step.

3.3.4.3 Place

The Internet is now one of the most popular forms of communication, transaction and distribution channel (Canavan et al., 2007, p.178). Thus, it has given and continues to give the opportunity for Internet users to discover the world and the identity of each brand as if they were in a real store in front of salesperson. As we have already explained, Internet users can discover the brand reading the brand’s history webpage, be aware about news through newsletters and then be able to buy online some items if they want. In comparison with traditional stores, online customers have no access to direct salesperson advices but thanks to many applications, they can now be in contact with vendors by phone or email (Chaffey, 2000, p.49) to ask their questions (Kirimoglu et al., 2009, p.251) and have the opinion of other web users. To compensate the lack of help by salespersons, online customers can read the FAQ webpage (Karakaya, 2001, p.46), use the search engines (Chen, 2001, p.292), the products description and watch pictures and short films in order to find what they want to know. When e-customers have found what they were searching for, they have the possibility to pay online. Once e-shopping done, a service of delivery is sometimes provided by luxury brands. Lastly, if there is any problem with the product, an after sale services is present online in order to provide the best advices and to give the possibility to return back the product (Karakaya, 2001, p.45).

3.3.4.4 Promotion

This element of the Marketing mix is rarely stated as essential in literature. But according to Constantinides (2004, p.121), free extra services as loyalty card, sales promotion and incentives programs like sponsor friends for gift or advantages are good elements that improve the Web experience of online customers.
So luxury brands using the Internet can provide a good service level in term of information access about its brand, its products or its services and in term of purchase and delivery services. Moreover, it provides it to a larger number of customers. As we have seen before, the service level provided to customers is one of the two pillars of the French luxury industry. Here we have shown that the Internet offers to the luxury brands the possibility to provide this high level of services to their online customers. About the strong need of relationships by this luxury sector like an advice from a salesperson or the need to find the brand identity online, luxury brands had to wait for a while in order to exploit the full interactive potential of the Internet (Dall’Olmo Riley et al., 2003, p.103).

Develop the perfect Web experience is really complex and difficult for firms, and more difficult again for luxury brands. Firstly, they have to understand who their online customers are and which elements can influence their online experience. Then, they can create a customer-oriented website easily to use, delivering enough information, giving several possibilities of ordering and delivery in order to guide customers until the purchase decision step. All this process takes time and money but it also determine if a website will attract or not customers. This Web experience building is a powerful tool to the luxury brands. Besides a huge services offer, they can almost provide to their online customers the same luxurious experience than in traditional store. They can make experience an online customer the same feelings than in store through colours, pictures, sounds but also constant help opportunity from both vendors and consumers and information availability.

Nowadays, this process is a way to guarantee to the luxury industry that the Internet is probably a distribution and communication channel as much pertinent and powerful as is a traditional store.

3.4 Summary

We have, firstly, talked about concepts that describe what are the characteristics of the luxury industry and the motivations of their customers. We have concluded that a luxury product is rare and sophisticated, and provide a feeling of exclusivity and prestige to its customer. Thus, we showed that the three types of purchase motivation for luxury products are the pleasure, the experience and the identification to others. Lastly, we have underlined that luxury activity has four main features: a customer-centered culture, the best staff and retrain employees, and an ongoing improvement of provided services. We have also showed that provided services take a large and important place in the luxury sector.

Secondly, we have given some Internet and marketing concepts. In the introduction, we defined the Internet as a mass communication medium that doesn’t give the possibility to have physical relationship. So, in this second part, we have enumerated several of the marketing tools that permit e-brands to create bonds between them and their online customers. Viral marketing permits to lead customer to talk about a brand in good terms in order to give the desire to their peers to test and purchase a product. It knew an important development with the Internet extension thanks to blog, networks and other applications. Relationship marketing definition explained the benefits for both brands and customers to build strong relationships. And online Customer Relationship Management was defined as a great tool to allow online this relationship marketing.
Lastly, we analyzed in depth the luxury Web experience, which is illustrated in Figure 3, by listing and examining each one of its elements: technology, interactivity, psychology and online services. Indeed, these four components were identified as those which determine the quality level of a Web experience.

**Fig. 5: The luxury Web experience**

- **Technology**
  - Usability
  - Aesthetics

- **Interactivity**
  - e-CRM
  - Interaction with vendors
  - Interaction with web users

- **Psychology**
  - Privacy and security
  - Choices
  - Information

- **Online services**
  - Product
  - Price
  - Place
  - Promotion

The luxury website
Chapter Four: Practical methodology

This chapter discusses the data collection methods we used in order to guide our empirical study and support our theoretical findings. This part of our thesis describes literally what we have done to gather data, to make the observation and finally to analyze them.

4.1 Data collection

This part called “process” deals with the practical aspects of our empirical research. We discuss here the choice of the method used (we chose to audit mainly eight websites and to make a press monitoring), the process, since we based our research on four criteria. We will finish with some critiques about our methods.

4.1.1 Audit of website

We have decided to audit and analyze eight luxury websites. Firstly, we wanted to make interviews with people from luxury brands in France and tried to do it also in other countries like the USA. But when we contacted the luxury brands by e-mail through their website forms, the managers didn’t answer us positively. So we decided to change our strategy and to focus our attention on a direct audit of luxury websites. Moreover, due to the short time we had and the difficulty to have an answer from luxury companies, the audit of website seemed to be a good solution for us to drive an empirical research.

Thus, we decided to select eight websites and to audit them. Indeed our research question is “How can the Internet promote a luxurious image for the French brands?” So in order to answer this question it seems interesting for us to consult some websites and see what strategy is used by luxury brands. We have chosen to study four French luxury brands and four American brands. Louis Vuitton, Dior, Hermes and Boucheron are the four French luxury companies we decided to analyze because they are considered as being some of the most famous French luxury brands and because they all own an e-commerce website which is one of the important aspects of our study. Indeed, in order to guide our research deeply about the web experience, we think e-commerce is an important part of this web experience. Then we decided to choose four American luxury brands in order to observe what is done by other luxury brands in the world. Indeed, French luxury firms have realized 36% of the worldwide luxury turnover. During this time, the American luxury industry has made 23% and the Italian luxury sector have done 13% of this same turnover. (French government of economy’s website). So we chose the US luxury brands because they are on top of the ranking with French and Italian luxury brands. However since American use to utilize e-commerce websites, and mail order selling, it was interesting to see how their websites are built. Ralph Lauren, Calvin Klein, Tiffany & Co. and Coach are the four American luxury brands chosen for this part.

When we audit the eight brands we also saw that other brands used some strategies which our main brands did not use. So in our empirical observations, we are dealing with other luxury brands’ practices in order to be the nearest possible of the research question answer.

4.1.1.1 Criteria
Before auditing these eight brands we decided to establish three criteria, in order to guide our research and in order to stay the most objective possible, so that the collection of data doesn’t be too much influenced by our feelings. Indeed, when auditing some websites we could be attracted to give our own opinion whereas the goal of data collection is to make a review of these eight websites.

For our theoretical part we decided to focus our attention on four different aspects that are the technology and the interactivity, then, the psychological elements that can encourage consumers and internet to buy online, and finally the online services. For our empirical research we decided not to use exactly the same criteria but we wanted to analyze some other criteria that we can find in the four domains that we have developed in the theoretical part. Firstly the level of service that is as a functional point of a website and that is important in consumers mind before their purchase, so it is also a psychological point. The second criterion is the technology and the quality of the website that we used as functional point and as an aesthetic point. And finally the third aspects we used to analyze the websites are the interactivity between the brand and the internet users. The interactivity is referred to the functionality in the theoretical part. So it is easier to evaluate the various websites with these criteria in order to relate it to the theoretical framework in our analysis. Then we could use the “psychological elements” as a criterion for our empirical research since psychology refers to the consumers’ behaviors. We don’t make analysis of the consumer behavior because it could have been necessary to ask online some questions to consumers of luxury brands. However, the online customers for this kind of products are in small number and it would have been difficult to achieve questioning them.

First of all, the first criterion was the level of service provided through each website. That is to say the various advices that can give a brand to the visitors or customers, the contact means (E-mail, phone, postal address), the delivery condition, the secured payment, the frequently asked questions (FAQ), the after sale service. This criterion was used to support the idea that luxury brands can suggest the same high level of service as they provide in their traditional stores.

The second point was the technology and the quality of the website. We had to pay attention to the technology used to build the website (Flash or not), the way customers can visit the online website (Is it fluid or not?, How much time is needed to download a page?), the high resolution of films and pictures, and the typeface originality. The search engine is also an interesting point for us since when you are on a website it can be useful to quickly find information. This criterion was used to see if luxury brands can transmit a sophisticated, luxurious and nice image via some webpages.

The third and last criterion used for our observations was the interactivity proposed to the online visitors and customers. These interactivity possibilities can be accessible through official websites but also on other websites like social networks like Facebook, MySpace, and on blogs or every kind of applications. Interactivity means the use of the Web 2.0 technologies. It takes in consideration all kind of means related to the Web 2.0: Newsletters, communities, networking, customization, personalization, and blogs. This criterion was used to support the ideas that we develop in the theoretical framework about the web experience and mainly about the interactivity between Internet users and luxury brands.
4.1.2 Press monitoring

It was not really possible to answer the research question questions only through the audit of different websites so we decided to make some researches. We try to find some newspapers articles, some survey and other secondary data to deal with this subject. We have some searches via search engines like Google, but also in various database like EBSCO and Delphes. When searching some articles, we focused our attention on various subjects, in particular, the current use of the internet by luxury companies, their strategies, and the evolution in the luxury sector.

4.1.3 Critiques

We decided to choose the option of visiting and analyzing mainly eight websites in order to make some observations and to relate it to our theoretical framework. However, it could have been interested also to make some interviews directly with the eight luxury brands, due to the fact that an interview can be more complete and precise than our observations. It is even important to note that we contact some brands to have information. Unfortunately, time was too short and luxury brands were not so reactive to our requests or reply negatively. Thus, we sent them e-mails through their official websites as they told us by phone when we have called them at the beginning of our researches. And regrettably, we get only few answers positive back and it was too late to send them our questionnaires and wait for their answers. Moreover the newspapers we used to complete our auditing can be considered as not completely truthful due to the fact that the journalists focused their attention on certain points and with a certain point of view. Lastly, what they quoted in their newspaper about CEO of famous French luxury brands cannot be considered as the absolute truth with certainty.

4.2 The eight websites audited

4.2.1 Process (practical aspects)

We decided to choose eight luxury websites, four of which were French and four others were American. The reason of this choice is that we only chose luxury brands with e-commerce website. We also based our choice on the ranking of Interbrand that ranks the most famous luxury brands. Moreover, the French luxury industry and the American one are respectively at the first and the second place on the luxury sector according to their turnover, so we decided to focus on these two countries. We could have taken also the Italian luxury brands like Gucci and Bottega Veneta but most of them are owned by French luxury groups like LVMH or PPR. So their strategies are similar to the French luxury brands.

We made the audit of the eight websites keeping in head the fact that we had to stay in the file of action of our main three criteria. For each websites, every detail was scrutinized. Firstly, the general aspect of webpages, the ease of use and surfing on webpages were analyzed. This general aspect helped us to see what kind of technology was used and to see the quality of the photos and videos. Then we looked at the e-commerce websites of every websites, and also the official websites, when the two websites were separated. So we could find some details about the level of service for each one of these two types of websites. Some websites gather an e-commerce and an e-business part (cf check list of criteria below).
In order to state the interactivity that exists between the brands and the consumers, we used a different way. First we visited the websites in order to find the contact directions (phone, e-mail…) and if there were some links to other websites, and to see if the brand suggests a customization of the items and also a personalization of the website. However, as the interactivity go also through new means like social networks, blogs… we have visited various websites like Facebook, MySpace, and some blogs too. We find that other brands that the brands we were studying used also these applications (for instance Cartier uses MySpace, and Clarins has created a blog).

The main objective was to collect many data in order to build our own observations and then to analyze them.

4.2.2 List of criteria

<table>
<thead>
<tr>
<th>Level of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact:</td>
</tr>
<tr>
<td>Phone number</td>
</tr>
<tr>
<td>Postal address</td>
</tr>
<tr>
<td>Stores location</td>
</tr>
<tr>
<td>Be call back by the brand</td>
</tr>
<tr>
<td>Frequently asked question (FAQ) page</td>
</tr>
<tr>
<td>Search engine provided</td>
</tr>
<tr>
<td>E-commerce level of service:</td>
</tr>
<tr>
<td>Information about payment and security</td>
</tr>
<tr>
<td>Possibility to call (or be called by) an adviser</td>
</tr>
<tr>
<td>Delivery information</td>
</tr>
<tr>
<td>Description of products and pictures</td>
</tr>
<tr>
<td>After sale service information</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flash technology used</td>
</tr>
<tr>
<td>Quick time of downloading</td>
</tr>
<tr>
<td>Search engine provided</td>
</tr>
<tr>
<td>High resolution of films / animations</td>
</tr>
<tr>
<td>Sound/ music used</td>
</tr>
<tr>
<td>Pictures (high intensity, color, resolution)</td>
</tr>
<tr>
<td>Color codes of the brand respected</td>
</tr>
<tr>
<td>Logo and typeface of the brand respected</td>
</tr>
<tr>
<td>Nice general aspect of the website</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interactivity (use of Web 2.0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Link to other websites</td>
</tr>
<tr>
<td>Presentation on various websites:</td>
</tr>
<tr>
<td>Social network (created or not by the brand)</td>
</tr>
<tr>
<td>Blogs</td>
</tr>
<tr>
<td>Forums</td>
</tr>
<tr>
<td>Possibility to customization products</td>
</tr>
<tr>
<td>Possibility to log in to the website (creation of personal account)</td>
</tr>
</tbody>
</table>
4.2.3 Data transcription (observation) according to the criteria

When all the data we needed were collected, we made a transcription of them. This part is divided in two categories:

- A transcription of the data for every websites. That is to say, a description of every websites’ components to give an idea to the reader of how each brand build its websites and what is its strategy. A photo of the websites was put in the description because it is more realistic than only a transcription.
- A transcription of the data according to our 3 criteria was done after because it was important to compare the way of doing between every websites (not only to make a condition of the things), in particular between the American and French way of doing.

4.2.4 Critiques

Gathering so many data from the eight websites and the other websites visited was an interesting part of the work. However some critiques can be made about the all objectivity. Indeed, we are most of the time influenced by our own ideas that make a website good or not, or what are the details or information we want to find when surfing on a website. However we had to stay the most objective as possible when collecting the data since the goal here was to make observation. So we decided to make a precise list of what we want to observe and analyze. The sensations and opinions about a website is however personal, so our data collection can sometimes reflect our sensations and feelings in front of the eight luxury websites. Secondly, we think about the possibility of another bias. The fact we have firstly found four criteria in our theoretical part could possibly biased our data collection. Indeed, we perhaps were focused only on these four elements and we could forget other important ones.

4.3 Data analysis

Concerning this part of our thesis, we made an analysis between we have supported in the theoretical framework according to the observation we have done with our eight luxury brands websites. So we took the four points on which we have built our theoretical framework: technology, interactivity, trust and services, and we related them with the three criteria on which we made our audit: interactivity, technology, and finally level of service. Thus, in one hand we found online some characteristics that were defined as crucial for luxury brands and in another hand, some factors seen as important in theory were actually not so much used in practice by luxury brands.

4.3.1 Critiques

Once the study made, we thought about the possibility of a bias in our data analysis due to the bias of our empirical data. Indeed, as we already said before, we were focused on only four main elements during our data collection so the analysis of these data is possibly affected by it.
Chapter Five: Empirical research

5.1 Empirical findings from the eight websites auditing

In this part we are going to present the different results and data collected from our research in order to guide the answer to the main question which is: How can the Internet promote an online luxury experience of high quality and relationship by the French luxury brands?

One of our sub research questions was to show that the Internet is a medium equal to the luxury industry’s demands and needs in terms of communication and distribution. The audit of eight luxury websites has given us answers about how they practice. The other sub question was how luxury brands can communicate with the potential consumers, use different possibilities offered by the Internet. First of all we are going to present the results from the eight websites consulted: Louis Vuitton, Hermes, Dior, Boucheron, Coach, Tiffany & Co., Ralph Lauren and Calvin Klein.

For this chapter we have decided to focus our attention on three main elements: the interactivity of the website, the place of the technology with regard on the communication tools (pictures, films, sounds…) and the website’s ease of use and its level of services.

We have decided to focus our attention on the websites of four French luxury brands and four American luxury brands. Indeed, according to a Eurodafa’s study, in 2005, the worldwide turnover of the traditional luxury sector was between 110 and 170 billion of euros. This figure takes into account personal equipments (watches, rings…), house equipment, but also wines and spirits. Thus, some sectors like cars and services are not contained in it. The French luxury firms have realized 36% of this turnover. During this time, the American luxury industry has performed 23% and the Italian luxury sector has realized 13% of it. (French government of economy’s website) For all these reasons we chose to study mainly the luxury brands from these two countries.

5.1.1 Louis Vuitton

Louis Vuitton was created in 1854 and is owned by the French group LVMH which also owns Dior that we will also study. Louis Vuitton sells in particular leather items but also proposes ready to wear and haute couture clothes, and jewelry.
Concerning general aspects of the website, we have observed that information is clear and quite easy to find. Moreover, the brand doesn’t present too many information on its website. The Louis Vuitton’s website has diverse roles. When looking at the home page, online visitors can discover the new collections, find a store, acquire the brand’s universe, the world of Louis Vuitton, and also have access to the e-store.

Concerning the technology used, the website is completely built with the Flash technology which gives to the Internet user a real ease of use. Music is played when entering the home menu that is a sign that the brand gives a very important attention to the details. Indeed, sounds but also pictures and videos are of high quality. So we can consider the visit of the website as the visit of a Louis Vuitton store. Moreover the website owns the same code of colors that the brand’s outlets, that is to say mainly maroon.

When visiting the webpage online customers can have an access to their account after subscription on the website. Indeed personalization plays an important aspect on the Louis Vuitton’s website. A luggage personalization is proposed. And you have the possibility to receive a newsletter and also to contact and to be contacted by the staff of the brand.

Louis Vuitton clearly proposes to shop online. However every item is not proposed online. For instance the ready-to-wear items are not suggested. Concerning products for sale, a large range of luggage (the main activity of Louis Vuitton) is sold online. However the last collections are only sold in Louis Vuitton’s stores.

The products’ descriptions are clear and precise. Thus, contact the brand to have more information is almost unnecessary. You can zoom in product’s pictures, and see (of course) the price. In this part of the website also, products personalization is proposed. Indeed when buying an item made of leather, you can ask for stamping. Phone numbers and contact box are also available for Internet users in order to contact vendors.
So we can see that Louis Vuitton through its website and its e-shopping section proposes to web surfers a high level of service which it makes visit nicer and visitors confident when making their shopping in this e-store.

Louis Vuitton is always present on the network Facebook even if we are not sure that it is the brand itself that manages these various communities. In one of these groups, there is the possibility for members to participate to some forums about subjects around the brand like “what do you own?” or “what do you think about counterfeit products?”. Lastly, each of the members can leave some comments on the “wall” of the brand Facebook page.

5.1.2 Hermès

Hermès is a French luxury brand created by Thierry Hermès in 1837. Its first activity was saddler. Nowadays Hermès sells many kinds of products like leather goods, haute couture, ready to wear clothes, cosmetics, home items and various fashion accessories.

The online shopping website

Hermès has a website split in two different parts. Indeed, the presentation of the universe of the brand and the online shopping possibilities are available through the same website (www.hermes.com). So, both the online available collection and the information about the company and collections are accessible.
The presentation of the universe of this brand is made like a game where you can click on pictures to have an idea of codes, identity of the brand. Through this part of the website you can have a quick and global view of Hermès brand and services that can be proposed to the Internet users. However more communication and information are available on the online shopping website.

Internet users enter directly in the wanted store through a menu that presents all the available items you can buy online from fashion accessories to jewelry… Thus, the visit of this website is made easier thanks to the clear menu.

Concerning technologies and details, Hermès’ website does not use so much the Flash technology but it mostly use pictures of a very good quality, and a very clear and complete menu. However, Flash technology is used in the website that present the universe of Hermès. And the time of presentation of the universe of Hermès before the menu appears is quite long. The visitor can sometimes be lost in this part of the website due to the fact that you don’t have so much information compared to the online shopping website. Hermès also mentions that its website is “highly secured”.

Hermès has a very good level of service with very good details. Indeed, for each product, a description is made and there is enough information in order to purchase online. For instance you can measure the size of your body. For each product the description sheet is complete (color, price, and details). If you don’t have enough information about a product, you always can contact the customer service via a phone number or via e-mail.
Concerning the level of service and the interactivity with internet users, Hermès suggests a subscription to a newsletter, to create an account and also propose a Frequently Asked Questions (FAQ) part. Confidentiality of data from customers seems to be very important.

Hermès owns 13 versions of e-stores for 13 different countries around the world.

5.1.3 Dior

Dior is one of the most famous luxury brands across the world. It was created in France in 1947 by Christian Dior. Nowadays, it is also owned by the LVMH Group. Dior is specialized in ready to wear and haute couture clothes. Its offer is also diversified with jewels and cosmetics few years ago.

Dior has launched different websites, in particular, for women, men, jewelry and for fragrance. The website is available in 11 countries. Dior was the first brand to create a shopping website in 2005.

Concerning the technology used all the website is in Flash technology and is presented in full screen and it reflects the luxury of the brand. Many pictures and many movies are used to present products, however pictures are not always of good quality.

Concerning products available for purchase and the e-shopping website, we have noticed that Dior, more or less, markets all its items already available in stores. The level of service is close to the level in traditional stores since a good description is proposed, with references, prices and many pictures as well as a zoom. Moreover, you can choose your size (many sizes are available for shoes for instance). Once on the order webpage, you can give your phone number to be called back by an adviser.
Moreover, Dior proposes, as other luxury brands, registration for newsletters service and a contact box for various purposes (products, information about the company, about the events...). So Dior also interacts with its customers and potential customers, in particular through newsletters. People have the possibility to create an account, in particular for the fragrance and make up website, so the future visit, they will access directly to their account.

5.1.4 Boucheron

Boucheron is the only French jewelry company that we study. It was created in 1858 by Frédéric Boucheron. It mainly sells jewels and watches. It also diversified its activity with perfumes. This brand is owned by the Pinault Printemps Redoute Group (PPR).

Boucheron opened an e-shopping website in September 2007. In general, visits on www.Boucheron.com is quite nice thanks to Flash technology use which allows the brand to transmit its identity of luxury and glamour touch. However the websites’ downloading is quite long and it can take some time to see the webpages appearing. This is one of the defaults of this websites that is very nice.

The website’s design is dark and owns the same colors as the Boucheron’s stores design with light and pure pictures. The pictures’ quality is very good and its atmosphere also. One of the Boucheron’s options has been to put the menu at the bottom of the webpage which is quite original. However, webpages are quite long to download.

Boucheron is one of the brands that interacts the most with Internet users. It uses different medium. First of all, it clearly suggests a category “Boucheron and you” in order to allow people to subscribe to newsletters. Another category in the menu is “custom made” that means that each Internet users can customize the items he wants. When audit the different websites, presented in this chapter it was quite rare that a brand suggest the “custom made” (we will see that Ralph Lauren suggest also this service). Moreover, Boucheron mentions that you can contact the company via e-mail, phone or directly in the stores. The customers of the website can also hide the price. This option is quite interesting one man wants to show a
future gift to his girlfriend or wife without showing her the price. Once on the order webpage, you can give your e-mail and phone number for advices.

Some groups exist on Facebook. However, Boucheron is a rare luxury brand that has created its own Facebook group in order to communicate out of its official website. So Boucheron offers to its web-customers, a real service online as we could find in a store. Boucheron via its website (and other means) follow its customers.

5.1.5 Ralph Lauren

Ralph Lauren was an American fashion designer. The Ralph Lauren brand was created in 1967 in the United States. It mainly sells ready to wear clothes and accessories like ties. Nowadays it diversified its activity and sells also parfums and household linen. But its most famous items stay the english style polo.

When visiting the American website of Ralph Lauren, we can see some differences compared to the French luxury websites. First of all, the online shopping is quite predominant, it means that the official website can be considered more as a “store” than as a showcase for the brand. At the bottom of website comes the collections’ presentation, the advertising campaign, the location of stores… Ralph Lauren insists on the shopping via the internet. Some details show that we are on a e-shopping website as for instance, the fact that the brand suggest to “shop now” and you always have the indication of your shopping bag at the top of the website.

Concerning available items for purchase, Ralph Lauren markets every products from its collections, from jackets to underwear thorough the home collection and a service of personalization is also available. This website looks like a common online shopping website that is to say a big difference with standard websites but big difference with French luxury brands websites. However, Ralph Lauren makes good presentation and detailed descriptions
of its luxury items with many pictures for each product. Other products are suggested in addition to the product you are looking. So this kind of suggestions encourages people to buy or think about other products than the product you are searching.

Concerning the website and technology used, Ralph Lauren doesn’t use so much the Flash technology (which is commonly used by luxury companies). However, the website is clear with distinct categories, (men, women, children, sale …) and Ralph Lauren’s style guide, Ralph Lauren’s TV, Ralph Lauren’s magazine, Ralph Lauren’s Home… It is not really long to download webpages and pictures are nice, videos are also of good quality. The visit of the website is fluent thanks to the clarity of webpages.

Ralph Lauren also tries to create a relationship with the customers. In particular with the registration for newsletters, or directly as a customer, and something new thanks to the I-phone new application. Ralph Lauren tries to be present everywhere. The customer assistance is well detailed with a lot of information about payment step, purchase step, the return of a product possibility, but also for the contact: phone number, email address, FAQs are present on the web pages. Ralph Lauren encourages Internet users to stay and spend some time on this website through Ralph Lauren’s TV with the presentation of various short films about fashion shows, home and design, and celebrities.

Moreover Ralph Lauren is present on Facebook. There is one very important group created by the brand itself with many members (313 000 members) and other small fan groups with lower number of fans.

5.1.6 Tiffany & Co.

Tiffany & Co. is an American brand selling jewelry and tableware items. This brand was created in 1837 by Charles Lewis Tiffany and John B. Young. This brand has given its name to a special blue, the Tiffany blue.
Tiffany & Co.’s website is mostly an e-shopping website, with different categories for the different kind of product that the brand proposes: (jewelry, diamonds, watches…). In the same way as Ralph Lauren, you always have your shopping bag at the top of the webpage. The downloading of the web pages is quick. And pictures are of good quality.

Tiffany & Co.’s website provides a certain level of service to the customers, in particular about the purchase information and the product information. Indeed Internet surfers can fill in a form in order to ask questions he wants to the expert of the brand. Another possibility is to take an appointment in a “traditional” store. The last and usual solution suggested is, of course, to call by phone (bottom of the webpage).

Always concerning the level of service provided by Tiffany & Co., but on the product side, this brand suggests the customization of its jewels in particular engraving. The description of products is clear and detailed enough even if no zoom is available (an option that could be interesting for jewels).

Once on the order webpage, you can have access to all information about delivery and ordering. For ordering, you have absolutely to create an account that is to say to identify yourself and give personal information to the brand for Customer Relationship Management.

5.1.7 Calvin Klein

Calvin Klein was created in the USA in 1968 by Richer Klein. Its jeans are famous all over the world. It then diversified also selling ready to wear, perfumes like the unisex “Ck One” and watches.
The homepage of Calvin Klein is built with a menu to the different brand of Calvin Klein and to Calvin Klein online shopping (for US only) and to Calvin Klein’s TV.

The website is mainly used for the presentation of the collections, we have also noticed that as most French luxury brands do, Calvin Klein doesn’t present too many products on its website. It presents the collection by brand and it also presents its “universe” through a menu called “experience”. Calvin Klein proposes an independent website for the underwear, www.cku.com.

After the visit of the Calvin Klein website we can observe that it uses Flash technology that gives to this brand a real image of luxury brand. Indeed everything is nice. The pictures are good quality one, the downloading of webpages is quick. The pictures are nice and relevant of the brand’s spirit. The visit of this website would have encouraged us to visit the e-shopping website; however, this one is only available in the USA. The only inconvenient is related to the videos that appear on Calvin Klein’s TV and that are more or less of bad quality. Calvin Klein tried to gather many details (TV, advertising, communication of the events…) in order to transmit its codes and identity.

Calvin Klein, through its website, wants (as many Luxury brands use to do) to establish a sustainable link with its visitors and customers. Registration for updates, invites, ad information is available online. The website indicates also, the store location for each brand (Calvin Klein, CK Calvin Klein) and it also provide a web link to the group owning Calvin Klein.

5.1.8 Coach

Coach was founded in 1941 by in the USA and more precisely in Manhattan. This brand is seen as a great designer, producer, and marketer of fine accessories and gifts for women and men like handbags, luggage and travel accessories, eyewear, gloves, scarves, fragrance and fine jewelry.

Coach’s website is built with a main menu on the left side of webpages and many good quality pictures. To make the visit easy and fluid, Coach suggests in its menu seven main categories (for instance, Men and Women…) that allow customers to directly go in the
category they want without searching and losing their time. Moreover to make it even simple and easy, a search engine is available which is quite rare to be mentioned. The website is built horizontally, that is completely original, due to the fact that usually websites are built vertically (for instance Tiffany and co website and Ralph Lauren website too).

Concerning the presentation of products and the quality of the service suggested, we have observed that Coach provides to its customers a certain ease of use of the website. In particular when your mouse is on a product, the information of this one appear, and when you click on the product, the descriptive sheet appears, with pictures for each colors, clear information, additional items and accessories are proposed. Finally the possibility to buy online or to pick it up in a store, or to be delivered is suggested. Once on the order webpage, a gift option is proposed and there are again additional products proposed. Then the customer has the possibility to see all the bags of all collection in only one webpage. This is very rare and practical for Internet users. Moreover, to make the research of a product easy, some pop up menu with various criteria are present on the website.

Coach communicates about the product counterfeit. It gives also information about the delivering process (a gift is added to any delivered product), the possible discount available. This brand also communicates by other online ways, in particular via Facebook. Indeed, a web link from the official website to the Coach Facebook’s page has been established. That was really surprising to find it because we didn’t find another brand that made it before in our research. Another link to wallpaper is also available on this website.

Some general observations can be done, like the quick downloading of the web pages, the fact that customers or visitors can easily find information about a product, a gift, an order, a contact… A form and phone number are available to contact the brand.

5.1.9 Table summary
### Contact

<table>
<thead>
<tr>
<th></th>
<th>Louis Vuitton</th>
<th>Hermès</th>
<th>Dior</th>
<th>Boucheron</th>
<th>Ralph Lauren</th>
<th>Tiffany &amp; Co.</th>
<th>Calvin Klein</th>
<th>Coach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone number</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
</tr>
<tr>
<td>Postal address</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
</tr>
<tr>
<td>Stores location</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
</tr>
<tr>
<td>Possibility to be called back</td>
<td>Ok</td>
<td>No</td>
<td>Ok</td>
<td>No</td>
<td>Ok</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>FAQ available</td>
<td>Ok</td>
<td>Ok</td>
<td>?</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>Search engine available</td>
<td>Ok</td>
<td>No</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
<td>Ok</td>
</tr>
</tbody>
</table>

### Level of services

| Information about security and payment | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |
| Possibility to call an adviser       | Ok | Ok | Ok | Ok | ? | Ok | ? | ? |
| Fast delivery (2-3 days)              | Ok | Ok | Ok | No | ? | ? | ? | ? |
| Delivery information                 | Ok | Ok | ? | Ok | Ok | Ok | ? | Ok |
| Description of products, pictures    | Ok | Ok | Ok | Ok | Ok | Ok | ? | Ok |
| After sales service information      | Ok | ? | Ok | Ok | Ok | Ok | ? | ? |

### Technology

| Flash technology used               | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |
| Quick time of downloading           | Ok | Ok | Ok | No | Ok | Ok | Ok | Ok |
| Search engine used                  | Ok | No | ? | Ok | Ok | No | Ok | Ok |
| High resolution films, animations   | Ok | Ok | Ok | Ok | Ok | No | Ok | Ok |
| Sound and music used                | Ok | No | No | No | No | Ok | No | Ok |
| High resolution pictures            | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |
| Color codes respected               | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |
| Logo and typeface respected         | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |
| Nice general aspect of the website  | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |

### Interactivity

| Link to other websites              | Ok | No | Ok | No | No | No | Ok | Ok |
| Brand’s blog available              | No | No | No | No | No | No | Ok | Ok |
| Brand’s forums available            | No | No | No | No | No | No | No | No |
| Social networks created or not by the brand | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |
| Possibility to customize products   | Ok | Ok | No | Ok | Ok | Ok | Ok | No |
| Possibility to log in on the website (to create a personal account) | Ok | Ok | Ok | Ok | Ok | Ok | Ok | Ok |

The sign “?” indicates that we cannot find this information during our audit. About the American luxury websites, we were confronted to the fact that many of them are strictly reserved to Internet users from the USA. So we cannot visit the part “e-shopping” of the website.

### 5.2 Some characteristics of the internet use by luxury brands

In this part we have decided to focus our attention on three key elements that luxury companies use in order to communicate, to sell, and to give their brand’s image as in
traditional channels. We pay attention to the level of service, that is to say the service proposed online for Internet users (in general) and more specifically to customers who come make online purchase. It takes in consideration different points like FAQs, contact information, the possibility to register for any kind of newsletter, customer account…, and information about payment. The second point is the technology used and the quality of the website. This is a crucial aspect for luxury brands because the quality of website, pictures, videos, and time of pages’ downloading are characteristics for which an Internet user is very demanding. The last point and relatively new aspect of the use of the Internet is the capacity for brands to establish sustainable relationships with web surfers through this tool. It can be thanks to the website itself, to newsletter, the creation of an account to be recognized for future visits on the website, the product’s personalization, and the possibility of customization.

5.2.1 Level of service

As we have observed with the audit of the eight websites, luxury companies use to offer the best level of service possible. Indeed they all propose a contact box via different means like phone numbers, email address, postal address, and the possibility to be called back if customers need further information about a product. In particular for some jewelers like Boucheron that sell online luxury items with a very high price (up to 10 000€) the level of service is perfect. In an article in Le journal du Net (2007), the Boucheron’s CEO, Jean Christophe Bédos explains that the website has been created to provide the same level of service as customers use to find in Boucheron’s traditional stores, (about 35 stores around the world). He also notices that people can pay up to 10 000€ thanks to a secured payment with credit card, but up to this amount people will be connected with a phoning service to pay.

Concerning the level of service when visiting the website, many brands proposes web visitors some kind of contact in order not to let the customer confused if he is a bit lost or if he doesn’t have enough information. Most of the brands visited have a contact box as we said but some like Tiffany & Co. Suggests filling in a form in order that the customer can precisely ask what he wants. Some brands, like Boucheron, propose to its customers and visitors that they send their directions in order that Boucheron can call back the customer to give him further information. For the purchasing at Boucheron some online purchaser can call you online to advice you and make the purchase with you.

The delivery is also quite short for most of the brand; this is a key point for luxury brand compared to a standard brand. Customer in general are very demanding due to the price they pay, and they more demanding on the internet. Dior delivers its items under three days (maximum), Hermès can deliver its products in lower than three hours if required but only around Paris (De Saint Seine, 2008) and from two to four days in the rest of the France. Some brands deliver the products in less than ten days like Boucheron. However we can notice that the delivery service is made in a relatively short time.

Frequently ask questions (FAQ) is a significant category on a luxury website due to the fact that people want to have all kind of information about products, delivery stores… And we have observed that every brand studied above propose this kind of part on their web pages. Louis Vuitton for instance, communicates through this category about the after sale service, the origin of the product, where it is manufactured, the counterfeit products…
According to a Journal du net’s survey, Internet users who visit luxury websites, want firstly to have information about the products, then they want to know the prices, thirdly they want to know the addresses of stores and lastly, the online shop. Thanks to the Internet, Internet users can buy items wherever they want, it means that even in the country or small towns, where luxury brands don’t have any stores, people can make their “luxury” shopping (Guinot, 2007).

5.2.2 Technology and quality of the websites

When we have visited the different websites of the eight brands we have studied, we have noticed that, in general, they manage to give the idea of luxury, exclusivity, and to transmit the codes and to stick to the image we have through the magazines and the various traditional advertising. We have also seen that most of the eight companies use the Flash technology. The flash technology allows luxury brands to make their websites animated, and that gives the visit more fluid. The internet user can find online the same codes which are used in traditional stores for instance. Thus, the Flash technology gives to luxury websites the smart and fashionable image of each brand. Websites are more attractive. According to Elisa Morère in an article for My prestigium.com, the strategies of luxury brand are always improving. Indeed they try to adapt to the cultural behavior of every culture. She says that the Americans use to use the online selling, so for them the website and the proposition of luxury items have to be clear and easy. Whereas, as she says, the Japanese like the idea of brand’s universe and “lifestyle”. To dream when visiting a luxury website is important for Japanese. Lastly, Europeans want a websites to be clear as the Americans but also secure. As we have observed, luxury brands propose their website in many languages, in particular French, English, Japanese, Spanish, German...

For most of the websites that we visited, the brands present their universe, in particular for Louis Vuitton, Dior, Boucheron, and Hermes that clearly present the universe, the lifestyle and the history of the brands. Some websites does not present the universe, but directly present the collection. For instance Tiffany and Co and Ralph Lauren are the two main examples, since when entering their websites; you are directed directly to the different categories of products.

Some brands don’t use systematically Flash technology to build their websites. In particular Ralph Lauren and Hermès don’t use a full Flash website. Indeed for the online shop of Hermès the menu is on the left (all the different products) and the characteristics (price, colors, description) on the right.

However each brand respect the color codes they use to use in their physical stores, and magazines’ advertising. Hermès’ colors of reference are the orange and on the website, the predominant color is also the orange. We have observed the same for Louis Vuitton where almost every store is painted with a range of maroon colors as their bags. So the codes are also respected on the Louis Vuitton’s website. Other codes like the logo and typeface are most of the time the same as we use to see traditionally on the front of the stores or on advertising too. From Calvin Klein to Dior passing through Tiffany & Co., all the brands we have audited respect the same typeface they usually use. An interesting point is that the entire brands from our list systematically represent the logo of the name of the company on every web page.

Luxury brands also use many videos, pictures, and sounds in addition to the elements mentioned above. It is important for the brand to communicate through pictures and different
movies, in order that the consumer be aware about what propose each brand. According to Charles Henri Leroy, customer-relationship manager of Hermès, “The internet user can surf in the universe of the brand, having access to the functionalities of the web: zoom, zap from a theme to another, use a search engine, watch videos etc…” (Le Journal du Net, 2008). Some brands propose a search engine, like Louis Vuitton and Coach. However Coach proposes also a multi criteria search engine with criteria about the color, the price, and the category of bags.

Most of the brands we have studied in this chapter own an e-shopping website and an important point for us is that it is not complicated to buy online thanks to the fact that most brands make the purchase a very simple task. Dior for instance uses five steps to shop online, so it is very simple: (shopping bag, account, delivery, summary, and payment). This is a point on which luxury brands have to be careful due to the fact that people need to buy online very as much simple as possible, like in traditional stores.

In order to stick with the image that they use to give via traditional channel (stores, advertising campaign, magazines…) Luxury brands want to give the same image with the Internet thanks to good quality photos and videos, flash technology in particular, and thanks to the various functionalities available on the websites, like the zoom, the search engine…

5.2.3 Interactivity

5.2.3.1 On the official website

Interactivity is a very good and important tool for luxury brands to establish relationships between the brands and customers. Various means are available for luxury brands to build a customer relationship. Indeed as we have observed, all of the eight companies we have audited propose to customers and online visitors to subscribe to newsletter. This is a good tool of direct marketing that allow luxury brands to have a direct relation with internet users. According to the article “Luxe Internet; Le Nouveau Monde” by Julien Tarby (2009) some arguments like recognize the customers when they enter the website, suggest him some advices, offer in exclusivity some products are good means of personalization. Moreover some brands like Jean Paul Gaultier, suggest to online visitors to fill in a form in order to collect enough details about them and, during their next visit, recognize customers and guide him to precise products that may interest him. Tiffany & Co. That we audited also proposes this kind of form.

The internet is also a medium that is clearly more participative, in particular since the arrival of the Web 2.0. According to Moria Levy, Web 2.0 was born from three factors: The maturity and the development of the Internet since about ten years, the huge number of Internet users worldwide and their active use of it, and a new Internet vision after the bubble burst of 2001 (Levy, 2007, p.121). Thus, luxury brand don’t communicate only in one direction but customer wants to communicate with them. Talin Mouradian in the article written by Julien Tarby says that “The lords of luxury were sharpened on the traditional print media, more declarative, more unambiguous. Internet is in contrast a media of use, it is necessary that the client understands commitment. It will enhance the brand, offer services, dialogue” (Le Nouvel Economiste, 2009). Charles Henri Leroy, Customer Relationship manager at Hermès, in an interview for Journal du Net mentions that with Hermès’ Website, people can send their photos or to talk about some histories about the brand. (2008)
The personalization of products is also an interactive medium that use the luxury brands that we have audited, in particular for the two following brands, Ralph Lauren and Boucheron. Boucheron suggests on its e-shopping to customize some rings that you will be able to buy. This is an interesting tool that is most of the available in stores only. Ralph Lauren proposes some kind of t-shirt for which people can choose the color and the monogram. And about Longchamps, online customers can also find custom-built bags (Eschwese, 2008).

The Web 2.0 encourages brands to communicate differently. Thus, they have to communicate with and no more toward their “audacity”. It is a dialogue that is possible. They have also to understand how and why to use the “buzz” on the Internet. The Internet is not only a tool used to make advertising, as we have seen; it is also used to create or reinforce loyalty with the customers according to Julien Tarby (Le Nouvel Economiste, 2009).

Moreover, some companies use links on their own e-business websites in order to guide online surfers on other sources of official information about the brand or the products. For example, Clarins Paris has a direct link on its website for Clarins Group. Givenchy Perfume is linked with the official website of Givenchy (Clothing). Chloé (a French luxury brand) uses the link to guide its customers to another online shopping website, independent from Chloé, since this brand doesn’t provide any e-commerce service on its own website.

5.2.3.2 On other internet websites

When we have audited the eight luxury brands websites, we also tried to find other channels that the brands can use. Luxury brands want to communicate and establish a relationship with customers through other applications. Louis Vuitton, Ralph Lauren, Dior, Hermès, they all have official pages on Facebook where people can give some comments and where the brands can also put some pictures videos, and comments events on this page. This tool is certainly one if the best means to encourage the fans to enter the brands stores or e-store. With these tools people are aware about what does their preferred brands, and they can clearly keep in touch with the brands.
Others social networks like MySpace are also used by luxury brands in order to touch the internet users. Cartier even if we didn’t choose this company as an illustration for our thesis, is still a company that has used and still uses MySpace to launch one of its most famous ranges of product called “love”. So Internet users can send some comments on MySpace about this product, and discover this collection, and become a “friend” of the “love” collection promoted on MySpace (http://www.myspace.com/lovebycartier).

The Journal du net (2007) said that the luxury brand of cosmetics, Clarins, is one of the first companies who used the Internet as a tool of promotion, in particular the Web 2.0. Clarins launched the blog *Orsérie* which address to people between 35 and 50 years old who wants to talk about luxury. They can give some comments about an experience in a luxury hotel, about the last collection of a fashion designer; about a cosmetic product…so Clarins offers internet users the possibility to talk about any kind of subject related to luxury.

Social network like MySpace, Facebook and also blogs give the opportunity to Internet users to give their opinion, their comments and so to interact directly with the brand. Indeed ten years ago before the arrivals of the Internet and mainly before the arrival of the Web 2.0, the relationship between brands and customers or admirers of a luxury brand was only in one direction (from the brand to the customer). Now luxury brands pay more attention to what people and customers say thanks to this type of applications.

According to Elisa Morère for Myprestigium.com, the internet users have an important power. Indeed 70% of what is said on the internet doesn’t come from the brands itself. So each new information that can be good or bad is amplified. She mentions the example of Hermès; the employees of the store of Paris refused to let enter Oprah Winfrey, a famous anchor, who wanted to enter at the closing of the store. This famous person had blame Hermès for racism, that is not the right reason. However the story had taken some important proportions that was a bad communication for Hermès. Finally the CEO of Hermès had to apologize publicly.
5.3 Comparison between French and American luxury brand

Once we have visited the eight websites, we have seen some similarities and differences between the American and the French way of doing to build their websites and in their way to communicate. First of all, most of the American luxury brands use their websites as an e-commerce website and not only as an official website. Concerning Ralph Lauren, Tiffany & Co. And Coach, their websites are clearly created to sell their products, with for instance, various categories, like Men, Women, Children, Bags…

Most of the American websites propose all the products available of their collection. For instance Ralph Lauren offers an important part of its collection online. For men, they propose polos, pants, sport shirts, dress shirts, sweaters …etc. Moreover Ralph Lauren also proposes some sales. Whereas French luxury brands don’t practice this kind of tool due to the fact that it would not be bad for their image of exclusivity and luxury. However this practice is not really used in the USA too. According to Julien Tarby (Le Nouvel Economiste, 2009) “Dumped prices would be a direct attack on the image and would lose cachet to the brand”.

Compared to the American websites, French Luxury brands websites are better build using Flash technology more often and in particular for their all web pages. Louis Vuitton, Boucheron and Dior clearly use Flash technology, so the visit is more attractive and fluid. This technology gives to them an image of sophistication and luxury. American brands are simpler and less sophisticated; they don’t reflect an image of luxury than French brands do. Indeed Americans are more direct via their websites. An important detail is that concerning the e-commerce. For instance, Tiffany & Co. doesn’t propose as much animation around the product as Boucheron can do, whereas each of us is a jeweler.

Some similarities are that both French and American luxury brands uses social networks like Facebook for example. The eight brands are represented on Facebook.
Chapter Six: Data Analysis

In this chapter we are going to make the analysis of what we have observed in our empirical part according to the theoretical framework, in order to answer our research question. We will first present the analysis according to the technology used by luxury companies. The focus will be on the usability of a website and the aesthetics aspects. The second point will be the Interactivity between the brands and the web users. Thirdly we will analyze the psychological elements required in order that the web users are confident when making a purchase online for a luxury product. Finally we will focus our attention on the level of service provided by luxury companies on their websites, and how they use the Marketing mix.

But, before starting the analysis of the study, it seems important to remind our research question to readers:

How can the Internet promote an online luxury experience of high quality and relationship by luxury brands?

6.1 Technological level

The technological level of a luxurious website is an important point to take care of. This is indeed, the first things that an online customer will judge about a website. Can he navigate easily? Does he feel well on it? Thus, many details are important to look after.

6.1.1 Usability

As we have seen previously, usability is a key point for internet users who visit luxury brands’ websites. Since consumers of luxury products are very demanding, and since luxury brands are known as furnishing a high level of service, website may be an answer to these expectations.

Luxury brands provide many kinds of tools and techniques which help online customers and web users to have an ease of navigation online. As we have seen, both search engine, with sometimes multi criteria research, and a clear menu on webpages are elements which make the online visit of a luxury website simple. Moreover, as we have also observed, the brand’s positioning on results lists of search engines like Google permits to web users to find directly the website of the luxury brand.

Other aspects like a fast downloading, the use of Flash technology are some key points which online customers expect and on which most of luxury brands take care of. So luxury brands should use more and more this Flash technology because it well transmits a luxury and sophisticated image. They also should improve again the downloading time in order to allow web users to stay on the webpages of the brand and not to switch for a competitor.

As we have observed, security of payment, data confidentiality, ease of online purchase and information provided are mostly used by our eight luxury brands. Lastly, and more often, they could propose to customers to be called back by a vendor for expensive amount purchasing in order to make this moment easier again.

Luxury brand try to be the most complete and demanding with their websites in order to satisfy the more possible internet users and customers. They understand that the ease of
downloading, the ease of navigation and the ease of shopping are key elements that encourage consumers to stay connected, visit the website and perhaps buy online the brand’s items.

6.1.2 Aesthetics

About the luxury industry, in term of design, interactive features, and technologies, as we have already seen, customers have really important expectations. They want to find online the traditional and luxurious brand identity. To do that, web designers have to pay attention to many elements.

The use of the same color chart as the traditional stores is a good way for luxury brands to provide the same visual atmosphere to both online and physical customers. Thus, the customer is not lost at all. Moreover, it is a good idea that the brand use sounds, music, high resolution pictures and films. Thanks to Flash technology, customers seem to be immersed in the brand’s universe and most of them may appreciate that. However, for website design, luxury brands should be careful of the cultural differences between Europeans, Americans and Asians due to the fact that they don’t have the same culture and expectations. Maybe luxury brands could adapt their websites to these different cultures by changing only the language or propose one different website for each of them.

Through slogan, colours and products presentation, the identity of the luxury brand have to be present online in order to compensate the absence of the touch possibility. Thus, during their online visit, customers have the real impression to be in a traditional store with a great atmosphere and the desire to stay longer.

The technological level of a luxury website permits to improve the usability and the aesthetic. The usability gives the desire to Internet users to stay connected and continue their visit while aesthetic attract their attention and gives them the impression to be in a luxurious traditional store through a perfect atmosphere.

6.2 Interactivity

As we have seen in the theoretical framework, interactivity between luxury brands and consumers is an important point of the use of the Internet and luxury brands. Techniques like e-CRM, interaction with vendors or between consumers themselves, is nowadays anchored in the use of the Internet, and in particular concerning luxury brands.

6.2.1 E-CRM

CRM is a good tool for luxury brands to establish a relationship with their customers. And we have seen that these brands don’t hesitate to be in contact with web users. Indeed, the creation of an account and subscription to newsletters are good ways we think because thus web users transmit personal data. At the opposite, most of people don’t dare to enter a luxury store. We think that it is also a good mean for luxury brands to be known by the larger number of people through the Internet. The creation of an account can increase the loyalty of a customer because by this way he can feel a privileged customer.
So through this marketing tool that is e-CRM, luxury brands can collect and save customers’ personal data in order to optimize their next visits by sending newsletters, offering customized product suggestions or to avoid to fill in a personal information form at each online purchase.

6.2.2 Online interaction with vendors

The luxury brands that we have observed propose their store locator, their headquarter address, e-mail contact address, and phone number in order to help consumers to contact in a more direct way the brand.

Since the most important difference that exists between the visit of a real store and the visit of a luxury website company is the lack of relationship, luxury brands have to show that they are accessible by other means that the Internet way. Proposing to customers to be called back by an adviser of the luxury brand, proposing a large number of tools like forms, newsletters makes customers confident in a brand. We believe that luxury brand should improve this kind of interactive service in particular the phoning service. We also think that the contact address like postal address, phone numbers, email address of luxury brand are means which customers could appreciate in certain moment of doubt about an item for example. By increasing interaction, these tools also improve loyalty and luxury brand awareness.

Thus, phone call, email sending, newsletter... All means to build bonds between luxury brands and online visitors are good. Because of the lack of physical relation, the luxury sector has to make many efforts to create certain interaction opportunity with their online customers.

6.2.3 Online relation with other web users

Online customers who want to buy luxurious products online search to reduce their uncertainty about many subjects: quality of products, seriousness of a luxury brand... Web users want to obtain advices from others actors than luxury brands vendors.

We think that the Web 2.0 applications are very good tools for web users to find the information they want. Indeed, as we have seen before, the most commonly used applications are the social networking and blogs. These both tools can provide an important source of information in particular when luxury brands themselves are present on social networking for instance. Luxury brands can create a link with web users and we think that social networking is a powerful mean for making online customers “fans” and loyal. Luxury brands should more and more control the tools proposed among the Web 2.0 applications in order to create bonds with web users and also control more or less what is said about them.

As we have seen, viral marketing build awareness but also buzz. We think that if the buzz is produced and controlled, the brand doesn’t need to be worried. But, if the buzz is not controlled by the luxury brand anymore, it can become very negative and dangerous for the brand’s image. That is why we encourage luxury brands to pay attention to what is said on the web and between web users.

As we have already seen and repeat, one of the two pillars of a luxurious brand is the relationship built with customers. Online, it was much more difficult for a brand to manage this relationship. Thanks to marketing tools like e-CRM, communication technologies like
phone and electronic mail, and Web 2.0 applications like networks and blogs; luxury brands can nowadays create and maintain this relationship with success. Interactivity is a powerful element that luxury brands have learn to use and make good use of. Indeed, it allows brands to building communities, awareness and creating traffic on official websites. About online customers, interactivity provides them a nicer image of the luxury brands and reduces their uncertainty in front of the Internet risks.

6.3 Psychological elements

We observed that privacy and security of operation are the main elements to develop trust between online visitors and luxurious website. Because on luxury brands’ website, products own a real high price of sell, the perceived risk seems higher than in traditional sectors.

Firstly, luxury brands should to pay attention to provide a secure online payment but also to inform clearly its online customers about it. It directly reassures potential online customers decreasing their e-shopping risks. Then, several possibilities of payment can be offered like paying online of by phone in order to satisfy each of the online customers in term of safety. Secondly, all conditions of payment and delivery have to be clearly exposed to online customers through a Frequently Asked Questions (FAQ) webpage for example. Thirdly, the opportunity to get hold of salespersons is a powerful service to decrease the anxiety of luxurious online customers. Indeed, if any question remains despite all the online available information, a salesperson should be available through many means giving a phone number, email address. Online customers would appreciate the fact to take an appointment or be called back to any further information. Fourthly, luxury brands leave the choice to e-customer to be delivered or to pick up their purchases in one of the brand stores. Moreover an after sales service should be available for any type of items bought. Lastly, about privacy, personal data haven’t to be disclosed or resell by the brand. Thus, e-customers won’t be afraid anymore to give their personal data for newsletter, delivery or online payment. They trust the brand because they know it.

There are many tools for luxury brands to build trust with e-customers. In short, privacy and security are the catchwords of this confidence. The best solution is to give the choice to online customers at each important purchase steps in order to reassure them and motivate them to go forward in the order act.

6.4 High services level and Marketing mix

One of the particularities of the luxury brands’ websites is the high level of services that is proposed to any online customer. These services can be split into four main points, the Marketing Mix elements.

6.4.1 Product

About the product, luxury brands can choose between sell the same products online and offline or only make available a part of its collections or items like accessories. As we have seen, French luxury websites propose only a part of the collection available in store whereas the American ones offer everything online. It is a strategically choice.
The products’ presentation is always made using description sheets gathering the main information about products. For each product, description sheets include colors’ choice, price and other details. Online customers can use zoom in order to see products as if they were in a real store and that is a good point for them. Luxury brands should use Flash technology in order to offer many more pictures and films in high resolution to online customers in order to help them to make their choice. Moreover, some of online available products are customizable in order to fit perfectly to any customers’ desires. Thus, jewellery engraved, personalization of the luggage and stamping leather products are services offered to online customers. Boucheron has some rings which are completely customizable. Indeed, a customer can choose the color of gold (white, yellow or platinum) and the form and the nature of the stones. So, in this context, the Internet possibilities are used at their maximum in order to fulfill customers’ desires. Lastly, additional items are sometimes presented to online customers when they are on a product sheet or during the order step. It proposes items that perhaps online customers miss to see as salespersons do when physical customers are at the cash desk of traditional luxury stores.

6.4.2 Price

The price transparency gives access online to any prices and that avoid online customers asking for it like in traditional stores. The fact that it can be removed on Boucheron’s website is a great idea for a question of discretion. Sales promotions are sometimes made online but it is more done in American websites. In France it seems to be an unimaginable practice and at the opposite of a luxury price strategy.

6.4.3 Place

In our eight audited websites, e-customers have the possibility to contact vendors either by email or by phone call. Sometimes they can also be called back by a vendor of the brand after giving their personal phone number. Search engines services are provided to help online customers to easily navigate. Many websites make also easy the navigation by splitting their website in families of products like Men, Women, Children, Baby, Accessories, and Fragrances. And the list of traditional stores of the brand should be provided in order to direct afraid e-customers toward traditional shop. Delivery is also a great service to e-customers. Luxury brands should give the possibility to choose between deliveries or pick up possibilities. Luxury customers could deliver products in lower than 3 hours around Paris by Hermès. Other brands like Dior also deliver products but from one to two weeks that seems to be a little too long for a luxury service. About the after sales services, every audited websites provide this service to their online customers and we think that is a minimum for this type of activity sector.

6.4.4 Promotion

Promotion programs can be provided online. Incentives programs like sponsoring a friend or receiving newsletters permit to customers to get back some advantages and news from the luxury brand. Moreover, belong to Facebook’s fan club allows customers to be linked to a brand and get news about new collection availability and sales promotions. Free extra services
like gift offered by Coach for any purchase act represent all the little kind gesture from a luxury brand to online customers that can and should make the difference with competitors.

Thus, the 4Ps is a tool that has the power to influence the consumers’ behavior leading to an interaction between the luxury seller and e-buyers that will potentially finished by a purchase. All these online proposed services are present to try to live e-customers down about the fact that there is no direct relationship with the luxury brand. Because online customers have the same access to high quality services and sometimes more than in traditional stores, permits to make them enjoying their e-shopping times.

6.5 Summary

The website is the virtual place of interaction on which luxury brands and online customers meet them. As we have already defined, the web experience is the consumer’s impression and feelings about a brand in front of its website. And all of these four elements (technology, interactivity, trust and services) of the Web experience affect and determine the outcome of this virtual interaction.

E-marketers and web designers by improving at their maximum each one of these four online controllable marketing factors, create an online and perfect luxurious experience including the two main important criteria in which luxury brands build their reputation and offer in their traditional stores: high level of service and personal relationship with customers. Indeed, they manage to provide a real luxurious web experience to Internet users despite of the lack of physical interaction between them. Thus, we can say that the Internet is a perfectible marketing and distribution tool and particularly for the luxury sector despite what was their first feeling about it.

Thanks to the technological elements, online customers are attracted and retained on a luxury brand’s website. Indeed, the online navigation is easy, the brand identity is present, and pictures and short films help to make this web experience nicer again. Through the interactive possibility of the Internet, luxury brands and online customers learn to know each other. Luxury brands use e-CRM tool to understand their online customers has if they were in front of them and online customers use the Web 2.0 applications to know luxury brands through other online customers’ experience. This interactivity is also important to create real community of web users around luxury brands and to communicate toward them in a new way of doing, to build awareness and attract web users on official websites. This is the new way of getting relationships with online customers. Thanks to the Internet, luxury brands can also to inspire trust for uncertain online customers offering privacy, security, as much information as possible and choices at each step of order. Once this trust built, online customers stop to hesitate and can proceed to the purchase step. Lastly, the high level of services provided online is the same as in stores. Advices, conditions, information, pictures, customization, vendor contact, payment security… everything is gathered on the luxury brands’ website in order to satisfy each of the online customers.

Thus, this information technology offers so many possibilities to this luxury sector to concretely build and maintain relationships, trust, loyalty and high level of services. And it leads evidently to a powerful distribution channel providing the same perfect and practical services than in traditional stores.

69
As we seen, luxury brands don’t perfectly control the Internet. Indeed bad communication around the brands because of buzz is still uncontrollable. The time of downloading or the time of certain animation is not totally adapted to the expectations of the web users that want speed on the internet. Finally the adaptation of website configuration, layout, and presentation could be improved and adapted to the cultural differences. This aspect is not really taken in consideration by luxury brands.
Chapter Seven: Conclusion

The Web experience is the online “trip” that a website can offer to a web user. This experience is modifiable through four factors. The first one is the technological level of the website, its usability and aesthetic. The second one is its the level of interactivity. That is to say the level of relationship that is possible between the brand and online customers but also between online customers themselves. The third factor is the level of trust. It gathers all the tools that a brand can use to reassure a web user about mainly online privacy and security. The last factor is the high level of services.

Is the Internet a medium equal to the luxury industry’s demands and needs in terms of communication and distribution?

About the luxury industry, this Web experience has to be equal to its luxurious identity. Indeed, luxury shops’ customers are much more demanding in quality than other type of shops. Thus, luxury brands’ websites have to offer a nicer, more fashion, secured and practical web experience than other websites. To do so, e-marketers and web designers have to improve at their maximum each level of those four factors in order to generate a perfect experience to online customers. Here we reached our second objective by showing concretely how to design a luxury website in order to respect its identity and its needs.

How luxury brands should design and build their websites in order to respect their luxury’s specificities and reach their goals?

Through the eight audited websites and our theoretical framework we have seen that the Internet permits to provide a Web experience dignified of this particular sector. Thus, a really high level of services and a true relationship are possible. So we can say that nowadays the Internet is a media capable to answer to the high level of demand needed by the luxury sector and permits without any doubt to provide an experience as luxurious online as in traditional shops. By this way, we can say that the Internet is equal to the luxury industry and this was our first thesis’ objective to reach. However some improvements have to be done in particular about some technological aspects like the time of downloading and the adaptation of the websites to cultural differences. Moreover luxury brands have to be very careful of their image and the buzz it can be made around them, in particular because of the Web 2.0 and the interactivity of the web users.

Through this theoretical study, luxury managers and e-designers can identify which elements a website can hold and which Internet applications the luxury industry need to take care over in order to provide a Web experience equal to its identity and reputation.
Chapter Eight: Further research

The Internet is an information technology in constant evolution. New applications and new technologies are frequently invented in order to reply to online demands and to compete against an increasing online competition. In consequence, the luxurious web experience could be improved in those days without real limits.

In this paper we had analyzed the structure of this web experience delimiting each element in clear impacts on the online customer behavior. But some questions required some further research:

- What is the real weight of each of the four luxury web experience elements as influencers on the decision making process?

- Will one of these elements loose importances in the luxury web experience with the time? For example, will the trust factor have less and less influence on the decision making process? In this case a consumer behavior study should be done.

- Could this luxury Web experience need different element in an Eastern country like Japan or China?

Considering the ongoing character of e-marketplace, it is necessary to pay attention to the quick evolution of the communication, distribution and interaction possibilities. But the culture of the country is also an important factor to analyze and take in account.
References

Books


Articles


**Internet sources**


Varandat M., (2001), « Le rich media enrichit le contenu vidéo diffusé », *Internet Professionnel* N° 59, December 1st 2001 :
Http://www.01net.com/article/170841.html?Rub=1569