Luxury Marketing Challenges and Opportunities in the Digital Era

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1. INTRODUCTION

The luxury sector is currently one of the most exciting market segments, standing out because of its ability to keep growing during economic crisis. In fact, high end consumers are a particularly attractive segment. They are willing to pay more for exclusive products and unique experiences, they value the symbolic meanings carried out by luxury products and brands, and they demand superior performance from luxury brand suppliers. But they are not the only ones choosing and buying luxury brands, as luxury is being increasingly adopted by the middle class, namely as a signal of success (Wiedmann & Hennigs, 2013).

The democratization of luxury has been facilitated by the Internet, by widening the variety of products and services consumers can easily reach, giving access to detailed information and facilitating consumer to consumer interactions, just to name a few. At the same time, the luxury businesses have been adapting to the challenges and opportunities posed by the new media.

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While there is a growing interest on luxury marketing by both academics and practitioners, there is a need to further understand various themes of luxury. The luxury sector is facing a diversified set of challenges that result from technological, lifestyle, and other social and business trends. In order to capture mounting demands luxury brands enact virtual rarity tactics, construct themselves as art, and adopt a business model (Kapferer, 2012). Also, the cult of the designer is a potent tool in building emotional connections with a vast number of clients. Many brands and designers are increasingly concerned with issues of social and environmental responsibility.

Dall'Olmo Riley and Lacroix (2003) and Seringhaus (2005) highlight the importance and growth of new media and the necessity to integrate the Internet into communication strategies. Regarding websites content analysis, some studies revealed that websites frequently lack interactive functions and originality (Dall’Olmo Riley and Lacroix, 2003), having the focus set on brand image only, which may be particularly alarming for luxury brands, by failing to provide adequate online experiences. The issue of luxury brand ecommerce has been also raised in extant literature (e.g., Seringhaus, 2005; Kapferer and Bastien, 2008; Okonkwo, 2009), and needs further analysis considering the growth of this channel in recent years.

Moreover, it is necessary to further study how the luxury sector can manage social media as a valuable way of increasing customer engagement, developing new markets, and encouraging buyers to be brand ambassadors. Other topics that need further understanding relate to new geographies as unique markets, which in fact are not easy to decode.

Overall, brands’ online strategy is an area that is far from homogeneous and needs further studies, especially since the outcomes are mostly unknown. Goldston (2017) suggests that the trends for luxury industry for 2018 included paying attention to Millennials, focus on the experiences provided, and innovate, namely through partnerships. Some of these topics emerged in this special issue, confirming that luxury marketing has a very promising research agenda.
2. STRUCTURE

This special issue of the Journal of Marketing, Communication and New Media publishes six relevant contributions for both academics and practitioners who are working with luxury products and services, namely with regard to e-commerce and online strategy.

Digital channels offer clear opportunities and challenges to luxury marketing. This is the context of the first article included in this special issue, which focuses on e-commerce in the luxury clothes industry and analyses how companies may overcome the ambivalence between the importance of exclusivity in luxury brands and ubiquity allowed by the Internet. In the article “Keeping exclusivity in an e-commerce environment: the case of Farfetch.com and the market of luxury clothes”, Irina Balasyan and Beatriz Casais explore an important luxury e-commerce case study guided by eight propositions founded on extant literature, and demonstrate that adequate service and web design contribute to consumers’ sense of exclusivity on online platforms.

Moving to services, the tourism sector stands out as one of the most dynamic regarding luxury. The second article “Sustainable luxury in Brazilian hotels: A competitive differential or a concern with social responsibility” by Annaelise Fritz Machado and Bruno Sousa, analyzes how three luxury hotels use sustainability actions related to both the environment and social responsibility to obtain competitive advantages in the fourth largest luxury tourism market in the world.

The third article focus on the consumer behavior and adopts a quantitative approach, as it analyzes the social, individual and functional dimensions of luxury value perceptions and their impact on the probability of buying a luxury brand. Hence, in “The value of luxury – social, individual, and functional dimensions”, Paula Rodrigues, Teresa Barros, and Carlos Martins collected data on a well-known luxury brand and demonstrated that brand prestige and brand attractiveness increase purchase probability.

Next, Beata Stępień and Ana Pinto de Lima investigate Millennials’ behaviors regarding luxury goods in five countries: Saudi Arabia, Poland, Turkey, Portugal and Germany. Their article “Luxury goods’ perception within Millennials cohort – evidence against global homogeneity myth” employs mixed methodology enabling the comparison between Millennials and generation X. The study shows that that Millennials are a diversified cohort composed of at least two subgroups, but are similar
to Generation Y regarding perceptions of luxury goods’ value. International differences are also emphasized.

The fifth article of this special edition investigates the effectiveness of money-back guarantee provided by online shopping platforms in the case of luxury goods. In the article “Buying luxury brands online: The effect of money-back guarantee on perceived risk and purchase intention”, Muhammad Ashfaq, Jiang Yun, Abdul Waheed and Amir Zaib Abbasi confirm that money-back guarantee and website quality influence risk perception, which in turn affect purchase intention of luxury brands online.

This special edition of the Journal of Marketing, Communication and New Media sixth and final article, “Sale luxury fashion brands online: Contradiction of concepts or natural development of luxury fashion business?” by Sandrina Teixeira and Pedro Luís Machado use content analysis of luxury brand websites to identify and evaluate how brands approach the market in an omnichannel perspective and how they build a luxurious online environment. The study evidences different omnichannel strategies and approaches by the luxury fashion sector.

3. ACKNOWLEDGEMENTS

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4. REFERENCES


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