

Communicating Luxury Brand Exclusivity Online

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Abstract. Luxury brands have to maintain a fragile equilibrium between high exposure and awareness but a controlled level of sales. This problem, which is exclusive for luxury brands, is best summed up in the ‘luxury brand paradox’ in which the core is a balancing act. In this balancing act, the perception of exclusivity surpasses that of actual scarcity. The perception of exclusivity has to be invoked in consumers for the luxury brand paradox to maintain equilibrium. For brands, whose image, depends very much on, not only on selective distribution, but also many time exclusive distribution, choosing to go online, which is neither selective nor is it exclusive poses a challenge. Luxury brands have now been present on the Internet for a while and this paper views how luxury brands can communicate one of the basic premises for luxury brand management in an online environment, namely exclusivity. The results shows the luxury brand website as a locus for brand identity communication and the specific points of aesthetic communication, history and dynamic interaction as means of invoking exclusivity.

Keywords: Luxury Brand, Exclusivity, Scarcity, Brand Identity, Online

1. Introduction

Luxury brands have now been present on the Internet scene for, in some cases, more than a decade. The fears for brands associated with the Internet with transparency and greater consumer powers in order to for instance negotiate lower prices are heightened for luxury brands. This has been pointed out by for instance Kapferer [7] who claimed that luxury brands, more than any other brand categories have a great deal to gain but also a great deal to fear from the Internet. That the Web will give an opportunity to buy to those potential customers who do not have nearby access to one of the few distribution outlets of a luxury brand or who feel intimidated from entering “such temples of luxury”. He goes on to claim that at the same time, for brands whose image is based on excellence and on highly selective distribution channels, there is a real threat of ‘commoditisation’, arising from being referenced by other portals and being pirated by those who buy merchandise on the grey market. Peterson et al. [13] produced a typology showing that the Internet may be an effective transaction and communication tool for luxury goods, because of their high cost, relatively low frequency of purchase, high value and high differentiation characteristics. However, since many luxury goods are experienced it is proposed that the Internet could function better as a tool for communication than transaction. This study views the communication aspect of luxury brands online. It does not take into account websites selling counterfeit goods or websites based on consumer generated communication. Only websites under the control of the luxury brand are investigated and the questions posed are: how do you communicate exclusivity in an open online world? And how is the perception of exclusivity maintained in an open and accessible environment?

1.1. The Specificity of Luxury Brands

The term luxury rests on certain assumed connotations, like for example the ‘rarity principle’, the rarer the good, the more desired. For the distinctive sign of a luxury brand to work, it must be known by all, but paradoxically consumed only by few [6]. The word ‘luxury’ is used in every other advertisement, often indicating something positive, something worth striving after, something worth desiring and a luxury brand has by Nueno and Quelch [11] been defined as “those whose ration of functional utility to price is low while the ratio of intangible and situational utility to price is high”. Phau and Prendergast [14] point out that while ‘luxury’ is a subjective concept “luxury brands compete on the ability to evoke exclusivity, a well-known brand identity, [...] brand awareness and perceived quality”. Vickers and Renand [19] proposed that luxury

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goods can be differentiated from normal or 'non' luxury goods by the extent to which they exhibit a distinctive mix of three important dimensions of instrumental performance in terms of functionalism, experientialism and symbolic interactionism. Vigneron and Johnson [20] propose a framework of luxury brand index consisting of three latent luxury dimensions reflecting non-personal-oriented perceptions: perceived conspicuousness, perceived uniqueness and perceived quality. It also shows two personal-oriented perceptions: perceived extended self and perceived hedonism. Vigneron and Johnson [20] consider these five to be key luxury dimensions that have to be established or monitored for creating a lasting luxury brand. Berry [1] argued that the image of the 'exclusive' luxury good is a gambit to increase consumption and, secondly and perhaps less obviously, that neither expense nor rarity are themselves sufficient conditions for a good to be accounted a 'luxury'.

With the Internet as a distribution channel the 'rarity principle' could be lost when the brand can be desired as well as consumed by all. According to Dubois and Paternault [5] the prestige of the brand gets eroded, if too many people own it. The possibility of online purchase gives opportunity for the 'masses' to consume these products and the company can maximize its profits and sell even larger amounts. This, however, comes in sharp contrast with luxury brands' needing to maintain a fragile equilibrium between high exposure and awareness but a controlled level of sales [18,3].

A problem for luxury brands is to maintain the balance between selling a luxury good and making a profit and selling too much and commoditizing the brand. This paradox comes in even greater focus with online sales, having as their goal to facilitate purchases. Should then luxury brands only communicate and show themselves on the web and not distribute merchandise through online purchasing? Luxury goods, clothing as well as accessories are experienced and very much bound to the physical location of the store, the interior and the sales personnel and also the fact that luxury products must have entrance barriers to be considered 'luxury'. Luxury brands are expanding, with new stores all over the world and have now even reached the Internet, posing new challenges to luxury brand management as well as livening old ones.

1.2. The Online Environment

The Internet has become an important communication tool for brands wanting to reach customers. Today everything from groceries to furniture and housing can be purchased online. Unknown companies as well as well-known brand names are moving from a bricks-and-mortar environment to also incorporate a clicks environment, and luxury brands are no exception. Luxury brands can be viewed as well as purchased online by anyone having access to a computer.

An online brand experience encompasses all points of interaction between the customer and the brand in the virtual space [2]. Rubinstein and Griffiths [17] pointed out that "...on the Net you have to orchestrate everything you do to deliver a highly differentiated and consistent positive experience". Pine and Gilmore [15] encouraged marketers to "create a brand image emphasizing the experience customers can have surrounding the purchase, use, or ownership of a good". Pine and Gilmore's encouragement of emphasizing experience fit in well with the consumption behaviour of luxury goods, with conspicuous consumption or competitive ostentation, the social experience is high in luxury consumption. Luxury goods are for consumers to a high degree created and 'experienced' in symbiosis with the company and the surrounding. Mitchell [10] stated that: "...these 'little things' – or 'moments of truth', as some marketers call them – transform our understanding of brands. The brand is no longer the advertising of the product. The brand emerges from the sum total of real-life interactions between customer and company".

De Chernatony [4] argues that customers learn about brands through electronic conversations with other customers and brand owners need to listen and respond to these conversations. He proposes that by developing customer-welcomed enhancements brands will have some protection against the downward price spiral associated with great transparency. What in the luxury context could be said to be such customer welcomed enhancements? Luxury consumers see little or no problem with luxury brands having websites showing their merchandise but are less in favor of the possibility of online purchasing. The recognizability of the luxury products is accepted and even welcomed, but there is a fear of large distribution. The feeling of "me and a few more, but not everyone" is prevailing.

Omanson et al. [12] propose that “a critical consideration for companies is how to design their Web site to support the brand experience”. Luxury goods stores have always been very distinct in both location and interior store design, as well as display of merchandise to enhance the luxury and exclusive experience, this is as important, if not more, online. On the luxury online website eLuxury who sells brands like, Dior, Marc Jacobs, Louis Vuitton etc., Louis Vuitton has its own online store, separated from the other brands, making the distinction between them and staying with its’ original distribution policy of being sold exclusively in own brand boutiques only , not to be represented with other brands. Lately brand marketers have found themselves needing to rethink their branding strategies in order to have both off-line (bricks and mortar environment) and on-line (clicks environment) [4]. Luxury brands are no exception to this new thinking. De Chernatony [4] argues that a brand that exists in a bricks and mortar environment can be migrated to a clicks environment using the same brand essence, provided it remains true to the same values. This is for example seen on the luxury retailer eLuxury, belonging to the LVMH concerns, where Louis Vuitton has its’ own separate webstore. Louis Vuitton in the bricks and mortar environment has very selective distribution selling their products solely in their own boutiques which are strategically placed in key locations in larger cities.

2. Methodology and Results

The method used for generating data is a mixed method of qualitative online research where qualitative research online is defined as: “qualitative research that relies upon networked computers as a vehicle for data collection” [9]. Technology enables new types of Internet-based measurement, such as access to discussion groups, Website visitor tracking systems, e-mail consumer panels, on-line surveys and on-line focus groups [16]. Mann and Stewart [8] refer to this as computer-mediated communication (CMC), and is defined as “the direct use of computers in a text-based communication process”. CMC or qualitative research online in this study refers to a means of generating data and reaching respondents online and is not to be confused with research on behavior online.

This paper views only the luxury brand website as the core of communicated brand identity. The luxury brand websites are the sites that are officially connected with one brand, multiple brands or a conglomerate. In this category ‘umbrella’ sites are also included, which can be directly owned by a luxury conglomerate (such as the now closed eluxury.com, or sites such as prêt-a-porter.com or yoox.com that sell a wide range of upper-range and luxury brands). The websites that have been studied are online venues for interaction between consumers and brands. The websites represent different aspects of the identity-image construct [6]. The brand websites represent what is being communicated from the company, the desired brand identity.

For the brand websites, one of the most distinguishing characteristics is whether the brand has online sales and whether the whole product range is represented, as well as how much of the brand and company history that is communicated on the site.

When analyzed the brand website fall into two main categories: mono-brand websites and poly-brand websites. The mono-brand website is the official website of a particular luxury brand, such as dior.com or chanel.com and sometimes includes a web-shop for sales and distribution. The poly-brand website is a site established especially for sales and distribution. These sites can be the online store of an up-scale department store, such as neimanmarcus.com or berg-dorgoodman.com, or as in the case of eLuxury, by one of the luxury conglomerates (e.g., Moët Hennessey Louis Vuitton, LVMH). The poly-brand website can also be a pure online retailer of luxury brands, such as net-a-porter.com or bluefly.com

The only way for luxury brands to have full control over their representation online is through the own brand website, and to a somewhat lesser extent, through the poly-brand websites that sell and represent multiple brands. The material has revealed that one of the most significant things differentiating the luxury brand websites from one another is whether the websites have online sales or whether they are for communicating with consumers. Generally speaking, the mono-brand websites have limited sales, whereas the poly-brand websites always have online sales and the difference among them lies in which countries they have shipping. The examination of the mono-brand website has generated three main categories of characteristics that are important to distinguish as significant for the mono-brand website. These are (1) aesthetic communication, (2) history and (3) dynamic interaction.

Aesthetic communication is communication that expresses a sense luxury feeling; designer influences and an artistic touch. The luxury brands invest considerable effort into aesthetic communication on their websites in the form of moving pictures, music and different sound effects to create the feeling of quality and uniqueness even online. With luxury products, the online presentation of the luxury brands is not concentrated on functionality and user friendliness but on experiencing uniqueness and quality online. For instance, this has evolved into having runway shoes, including music and invitations for pre-viewing for registered consumers. The second distinguishing characteristic of the luxury brand website is that of communicating history.

History is essential for luxury brands, and in the cases of 'new' luxury brands, it is the perception of history. History is communicated in different ways and one example is the classic timeline used by many luxury brands. The timeline shows the birth and whole life of the luxury brand, including key moments, which in some cases (e.g. Rolex) they have chosen to label 'achievements'.

The third characteristic distinguishing a luxury brand website from any other is the dynamic interaction. The luxury brand's own presentation online is very much dependent on a certain type of interaction that is characterized as dynamic. It is conveying a feeling of which the consumer or potential consumer is a part of the 'luxury world' that is presented by the brand. This is often communicated in the form of interactive fashion shows and music (the sites usually use flash graphics). This interaction is also seen in the way luxury brands often pre-send their products online, as a moving fashion or picture show, where again functionality and easily accessible information is not the key, but instead the aesthetics of the presentation.

3. Conclusions

The examining of luxury brand websites have shown three distinct characteristics a a means for communicating luxury brand exclusivity. We see the luxury brand website as: (1) The locus of brand identity; (2) brand involvement; and (3) limited inclusion.

The locus of brand identity - The luxury brand websites are the only way for luxury brands to control fully the way they are presented online. The own brand website is the only site where the brand can control what type of associations that they want to communicate to a large audience of consumers and potential consumers. For the mono-brand websites, it is the communication of brand identity and core values of the brand that are most striking. The aesthetic communication as well as the dynamic interaction that can be viewed on the luxury brand websites is a way of communicating imagery that is connected to art and design. Whereas the mono-brand websites convey artistic values and represent the core values of the luxury brand, the focal point of the poly-brand websites is to benefit from these brand assets. The brand is maintained as a valuable asset on the poly-brand site, but instead of the aesthetic communication and the communication of core brand values the digital shop structure is essential.

Brand involvement - With the online presence of luxury brands, the possibilities for involvement in the brand are greatly extended. There is now a possibility of creating positive associations and a significantly more comprehensive brand experience that does not end with purchase, or that even starts with purchase. Brand involvement online exists regardless of actual purchase. Whereas a visit to the physical store is not accomplishable by all, or could be limited to those actually planning a purchase, the online store is always open, regardless of hour or location in the world.

Limited inclusion - Both the mono-brand poly-brand websites share the feature of selective inclusion. Although the websites can be viewed by anyone with Internet access, purchasing the items is another matter, especially be-cause the online sales are very limited to certain countries. Further-more, the information available on the websites contributes to only selectively include viewers, this in the form of having limited product catalogues or only a few products available for viewing online. This could result in the consumer who does not know that Hermès also sells handbags (including the world's most famous handbag, the Birkin bag) will still not be fully included in the brand by viewing the website, because the website only features a very limited range of products where some of their handbags and clothes are not included. This fact has to be compared to the growing evidence that many websites now include more people than was previously the

case. Someone who has never purchased an item from a particular brand can still be an ‘expert’ with respect to the brand’s history, designers and products, many times with information provided by the brand itself.

This study has focused solely on the luxury brand websites and the communication derived from these sites, further research should view how this communication is perceived by consumers and if it can be discerned how and where brand image is formed.

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