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Pedagogical Case of marketing strategies during the Covid-19 pandemic: the extraordinary case of Chanel

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Master in Business Administration

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BUSINESS
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Department of Marketing, Operations and Management

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“It matters not what someone is born, but what they grow to be.”

Albus Dumbledore

ACKNOWLEDGMENT

I am proud of myself for writing a complete master thesis in the middle of a pandemic. It was a completely different and volatile environment. Nevertheless, I never back down from a challenge and this was only another milestone to add to my journey. I am hoping that this work may be useful for future students of the luxury industry or maybe just an interesting case study for anyone that has a particular interest in both marketing and luxury.

Secondly, I thank my mom and dad, my boyfriend and high school sweetheart Bogalho, APN, BD Team, ACM, La Família, Tugaria, Mvdms, my “country-girl” Rita, Magô, Renata, “Pintainhos”, godparents, and so many other important friends and family members; that have contributed to not only my thesis but also helped me get where I am today. For every piece of advice, rant talk, for their help with dealing with my mental barriers, for their support. Every person in my life has helped me achieve some of my goals, one of them being the conclusion of this thesis during such unpredictable times. Besides, I also need to thank my tutor: Professor Daniela Langaro who has accompanied me throughout these challenging times, by giving me the tools to create the case study you see finalized here.

Honorable mention to Avó Adelaide and Avô Norberto who have always motivated me to finish the thesis by asking at least three times per week: “What are you doing again?” and “You are STILL writing that thesis? Jesus Christ, when does it end?”.

“Fashion is not something that exists in dresses only. Fashion is in the sky, in the street, fashion has to do with ideas, the way we live, what is happening.”

Coco Chanel

And this is why I try to do everything fashionably; this master thesis is the proof of that.

ABSTRACT

Due to Covid-19, many businesses and industries suffered with the pandemic. Luxury was one of those areas: products belonging to this commercial segment went through transformations about their distribution channels, with the purpose of maintaining sales or at least allowing the business to continue.

This pedagogic case focuses on this thematic: analyzing how luxury brands were able to survive in a period of commercial uncertainty. Particularly, it studies Chanel and its response to the online paradigm during the Covid-19 pandemic. This master thesis addresses the company's history, its business model, the digital transformation's impact on luxury and what was verifiable, succinctly, in terms of marketing strategies during the pandemic, for diverse luxury brands (concentrating on Chanel). The target for this thesis is either students of Marketing and/or Luxury, investigators of these areas or luxury enthusiasts.

With this pedagogic case, it is expected that the target can develop their insights from the pandemic era whilst also managing to creatively respond to the case study questions. The ultimate and master goal for this thesis is to broaden the horizons of the industry, specifically Chanel, on all the new possibilities in this digital new paradigm.

With an extensive literary and factual search, the results showed that the marketing strategies chosen by Chanel not only have a distinct weight on the conservation of values such as exclusivity, but also a positive aspect for the financial recovery of the brand after the pandemic.

Keywords:

Luxury, marketing strategies, digital marketing, Covid-19, pandemic, luxury online shopping.

JEL classification system:

- **M10:** General Business Administration
- **M31:** Marketing Advertising

RESUMO

Com o Covid-19, muitas empresas e áreas de negócio sofreram com a pandemia. O luxo foi uma dessas áreas: as distribuições dos produtos deste segmento comercial passaram por transformações, de maneira a que as empresas não perdessem vendas e conseguissem manter os negócios a funcionar.

Este caso pedagógico foca-se nesta questão: como marcas de luxo conseguiram sobreviver a este período de enorme incerteza comercial. Em particular, estuda o caso Chanel e a sua adaptação ao digital durante a pandemia. A parte inicial desta tese aborda a história da empresa, o seu modelo de negócio, o impacto da transformação digital no luxo e o que se pôde verificar, sucintamente, em termos de estratégias de marketing durante a pandemia, para diversas marcas de luxo (focando na Chanel). Os alvos desta tese são estudantes de Marketing e/ou Luxo, investigadores destas áreas ou entusiastas do luxo.

Com este caso, espera-se que os especificados consigam desenvolver conhecimento no luxo durante a pandemia enquanto conseguem responder criativamente às questões do caso. O objetivo final desta tese é expandir o horizonte desta indústria, especificamente da Chanel, para todas as novas possibilidades neste novo paradigma digital.

Após uma extensa pesquisa literária e factual sobre os conceitos chave desta tese, concluiu-se que as estratégias de marketing adotadas pela Chanel não só têm um peso preponderante na conservação de valores como exclusividade, como uma nota positiva para a recuperação financeira da marca após pandemia.

Palavras-chave:

Luxo, estratégias de marketing, marketing digital, Covid-19, pandemia, online shopping.

Sistema de classificação JEL:

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CASE STUDY CONTEXT

1.1. PROBLEM PRESENTATION

What is luxury? For some, it can be the consumption of goods of extreme high price, for other it can be as simple as traveling around the world in a small boat. This concept has created a lot of controversy since it is one of the most subjective words ever. Multiple writers, such as Chevalier and Mazzalovvo (2012) and Dubois & Duquesne (1992) have tried to create a general definition, but unsuccessfully.

Luxury consumption has spread throughout societies and has shown record values in the last three decades. According to Dubois and Duquesne, the luxury market has recorded incredible growth and despite the estimation of value in the order of €60 million, in 1991, this industry has grown more than expected (even though it does not present thorough investigation nor continuous surveyance) (Dubois & Duquesne, 1992).

If we change our scope to a more recent year, like the Financial Year (FY) 2014, we can still verify the revenue importance as it reached the value of €850 billion (overall). Although the figures come primarily from “at home purchases”, they can also be explained by the development of tourism which allowed people to buy luxury in other countries, spending three times more than they would spend domestically. This shift in mindset brought luxury brands’ focus to their product’s internationalization, rather than concentrating on local trends or tastes (D’Arpizio, Levato, Zito, & Montgolfier, 2014).

Despite the economic crisis in 2008, the luxury sector still showed some growth in 2014 compared to 2013 (in the order of 5% at constant exchange rates) and, specifically, in Europe: growth up to 2% even though tourism suffered extreme consequences from the crisis (D’Arpizio, Levato, Zito, & Montgolfier, 2014, p. 5)

In terms of online retail channels, one can also verify a global growth in value (at about 4%) while in specific : from FY2019 to FY2020, the UK showed an increase of 7.5%, China increased 4.2% and US increased by 3%, along with so many other countries (as you can see in Figure 1) (Nations, 2021).

Table 1: Online retail sales, selected economies, 2018-2020

Economy	Online retail sales (\$ billions)			Retail sales (\$ billions)			Online share (% of retail sales)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Australia	13.5	14.4	22.9	239	229	242	5.6	6.3	9.4
Canada	13.9	16.5	28.1	467	462	452	3.0	3.6	6.2
China	1,060.4	1,233.6	1,414.3	5,755	5,957	5,681	18.4	20.7	24.9
Korea (Rep.)	76.8	84.3	104.4	423	406	403	18.2	20.8	25.9
Singapore	1.6	1.9	3.2	34	32	27	4.7	5.9	11.7
United Kingdom	84.0	89.0	130.6	565	564	560	14.9	15.8	23.3
United States	519.6	598.0	791.7	5,269	5,452	5,638	9.9	11.0	14.0
Economies above	1,770	2,038	2,495	12,752	13,102	13,003	14	16	19

Figure 1: Online retail sales, selected economies

As the online market grew, so did the online luxury shopping values of the accessories and apparel sectors of 41% and 28%, respectively. However, online shopping still presents substantial constraints to brands as shown by the high percentage of brands that still do not sell online (35%) (D'Arpizio, Levato, Zito, & Montgolfier, 2014, p. 19). Figure 2 presents the previous analyzed evolution of the online market for luxury goods (2003-2014).

The online luxury market has grown twelvefold in 11 years

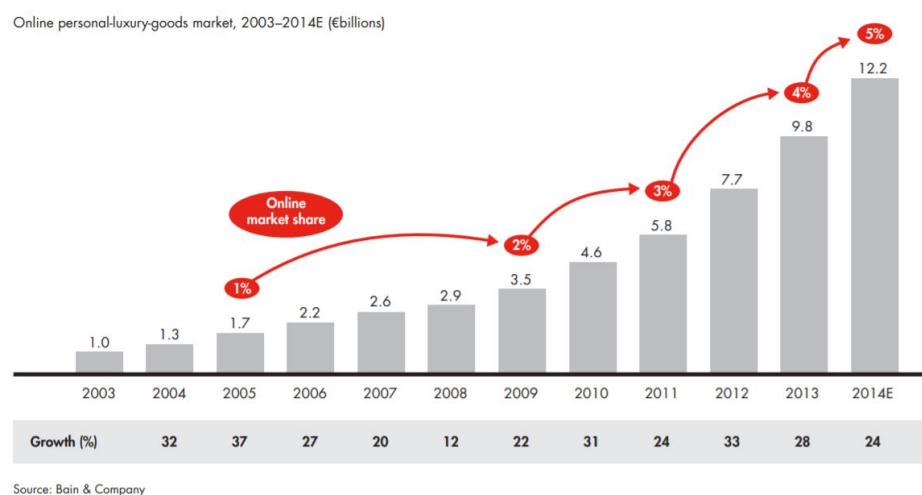


Figure 2: Online personal-luxury-goods market, 2003-2014E

As the luxury market developed into a more digital side, so did the consumers' behavior. More recently, as we have seen throughout 2019 and 2020, a lot of retailers have closed their stores changing traditional shopping methods: where and how we shop as well as shaping our

lives and values (Accenture, 2020). Changing into digital was a response to consumers' needs: online shopping is anticipated to continue (Accenture, 2020, p. 19) with an expected increase in this consumption behavior of 32% to 37%.

With this, we can verify the emergence of domestic (and online) luxury purchases which reflects on several drastic measures (online sales, discounts among other) taken by luxury brands that may have negatively affected the brand's value perception (McKinsey&Company, 2020). This change in behaviors (from both customers and brands) was accentuated by the upbringing of a Covid-19 pandemic, creating new needs for customers, as McKinsey&Company reported (2020). This reveals the significance of studying the pandemic and specifically, due to my personal interest in the area, its impact on the luxury sector: on Chanel, one of the first luxury brands ever created (that despite accompanying the evolution of consumers' needs and behaviors through times, still does not sell online).

1.2. CHANEL: BRAND OVERVIEW

In order to fully understand Chanel's company analysis, we must begin with its history. A deep research on the brand's heritage: from the creator's life to the beginning of the renowned brand we know today. It is vital that we investigate/understand what is behind the creation of the brand as well as several of the most iconic products, explicitly in the bag section (since the Chanel bags have defined generations of fashion trends and consumers and have always presented a significant percentage of value for the profit of the brand-<https://www.chanel.com/us/financial-results/>).

The mind behind one of the biggest names in the luxury industry is Mademoiselle Gabrielle Bonheur "Coco" Chanel. Gabrielle Chanel was born on August 19th, 1883 in Saumur, France. At first Gabrielle was registered as Gabrielle "Chasnel"- "...Gabrielle- meaning "God is mighty" in Hebrew..." and the last name came from a misspelling (Garelick, 2014, p. 24). Later, Gabrielle added herself "Bonheur" (meaning happiness).

The not-so-happy upcoming of this inspiring woman led to the creation of the brand "Chanel". After the death of her mother, Chanel and her sisters were discarded at the convent of the Congrégation du Saint-Coeur de Marie. Nevertheless, her father had promised to return for them, which never really happened. Despite this occurrence and the fact that she was an unhappy child always seeking her father's presence, the later-called "Coco" described him as "...generous man offering pretty gifts and affectionate nicknames..." (Garelick, 2014, p. 31).

During her stay at the convent, Gabrielle Chanel learned to sew (which, I would say, began to shape the young woman's path); this specific part of her life has numerous perspectives since she seemed to recall a luxurious life that, in reality, was not so. Precisely, Chanel often showed "... an intense fascination with death..." during her stay at Aubazine which particularly explains the fact that her favorite playground was a cemetery – a fact she told biographers (Garelick, 2014, p. 34). After turning 18 years old, the Chanel child moved to Moulins to a Catholic girls' convent.

Coco Chanel lived in an era when France was "giving" women another option than being mere "vehicles" to achieve familyhood: to be part of female congregations, which showed some discrepancy from the behavioral norms forced upon "regular" women. As the author describes: the sisters and mothers superior did not "...subjugate themselves to men...". While living with such independent but rigid and monotone females, Chanel's personality was toned down as well as her ambitions which made her decide that in order to succeed and counteract, she needed to make her own fortune: "...I had already understood that without money, one is nothing, and that with money, one can do everything. (...) I repeated to myself: money, is the key to the kingdom.... It wasn't about buying objects.... I had to buy my liberty, to purchase it at any cost." (Garelick, 2014, p. 39).

Gabrielle Chanel then started visiting her aunt with her sisters to produce hats and invent new designs. These encounters allowed her to accompany her aunt to her annual trip to the sewing supplies' shop. This developed Coco's skills which later helped her find a job as a seamstress at Maison Grampyre; their services began to revolutionize the custom-made outfits for women and girls at the time.

While working as a seamstress, Gabrielle also worked as a singer at La Rotonde, which originated the name we know today: "Coco", from a song called "Ko-Ko-RiKo" ("Cock-a-doodle-doo") or "Qui qu'a vu Coco?" ("Has anyone seen Coco?").

After some romantic entanglements, Coco Chanel moved into Etienne Balsan's stone property: Royallieu, a "...major center for breeding and racing horses". Later, her presence at this horse riding center shaped her choice of outfits (the manly and typical gait of jodhpurs) and activities that now included horsemanship (see Figure 3) (Garelick, 2014, p. 63). Coco has multiple photographs wearing "...open-collared men's shirts worn with little schoolgirl ties, oversize tweed coats borrowed from Etienne, and simple straw boater hats, like the ones the

men were wearing.” At the time, Gabrielle’s clothing already marked the difference from everything worn by other women (see Figure 4).

After this part of her life, Chanel started her hat business at Balsan’s bachelor pad with the help of her sister: Antoinette (Garelick, 2014, p. 70), the first to have her name on the Maison Chanel business’ logbook, in January 1910. With the upcoming of other Coco’s lovers, Chanel and her sister were able to expand the business which later could be found at the iconic n.21 Rue Cambon. This location was “...in the sanctum sanctorum of Parisian culture and luxury commerce...” near some of the most famous monuments known today like the Louvre, the Tuileries amongst others.

As time went by, the Maison Chanel grew in importance with the help of several of her new lover Boy Capel’s friends: by wearing Chanel’s creations the brand gained exposure, like in the case of Cécile Sorel who used to wear Chanel’s hats onstage (see Figure 5). This was not the only factor that allowed its evolution: with the beginning of World War I, a lot of wealthy French refugees in the area of Deauville saw in Chanel’s clothing the answer to their momentaneous fashion needs, which was the turning point for Chanel’s business (see Figure 6) (Garelick, 2014, p. 90). Nevertheless, in addition to this, Gabrielle Chanel focused on creating an essence, a perfume, to disrupt what was being done at the time for this specific section of goods.

In the 20’s, perfumes did not have more than floral, or animal derived essences and Chanel knew that her perfume should be as natural as possible. As known, with the help of Ernest Beaux, Chanel created what she wanted: the most expensive perfume in the world and the first synthetically created essence (Garelick, 2014, p. 139). Aside from being disruptive in terms of the products used and the packaging, Chanel also decided that the now-iconic “Chanel no.5” (see Figure 7) should bear that name due to the symbolism she gave to the number (luck). The brand’s double-C insignia, that is today one of the most recognizable brands’ symbols, was also created around 1921 and was a success amongst women from all over Europe and America that would then wear either her perfumes, clothes etc (Garelick, 2014, p. 291).

Gabrielle Chanel then created some of the most historic products of the brand, e.g.: the immortalization of the little black dress, the quilted leather shoulder bag (the well-known 2.55 bag- name originated from the date of its creation in February of 1955- Figure 8/9)10), the sling back pumps (Figure 11), the ribbon-trimmed skirt suit (Figure 12), the Gabrielle bag (Figure 13 and 14), amongst so many other products from hats to bags.

On January 10th of 1971, Gabrielle Chanel died of an internal hemorrhage which could not have been avoided or reverted by her maid Céline, the only one present at that time. All of her personal fortune was inherited by CoGa (as the name of the creator: Coco and Gabrielle), her foundation in Liechtenstein but, despite this, she never gave any other specific instructions on her fortune (Garelick, 2014, p. 424).

A few years after Coco died, a new identity was needed for the brand and Karl Lagerfeld was the solution. This iconic designer and creative director (amongst so many other things) debuted in Chanel in 1983, and with his renovations from a lot of historic products, Lagerfeld was able to bring back glory to Chanel: reaching values of 10 billion dollars. After his recent death, Lagerfeld's place was occupied by Virginie Viard, who is now focused on the future of Chanel's business (Bhasin & Kammel, 2019).

1.3. CHANEL BUSINESS MODEL

Besides the backstory of the brand, for a better understanding of this pedagogic case, it is necessary to analyze Chanel's business model and its strategy. The brand is defined by pillars of heritage, luxury, exclusivity, innovation and disruption. As Chanel informs in several of its platforms like LinkedIn, YouTube: it is a brand that spreads the concept of "uncomplicated luxury" (<https://www.linkedin.com/company/chanel/>).

Chanel's exclusivity as well as the prestige positioning in the market are what make the brand to be one of the most valuable brands in the world (Sabanoglu, 2021). Nevertheless, it is side by side with its competitors in terms of brands' value (Louis Vuitton, Hermès, Gucci and Prada (Comparably, 2021)). The fact that this brand also highlights consumer's insights is another point of advantage for the brand to be at the top ranks of the most recognizable and responsive brands (UKDiss, 2021).

In terms of distribution, Chanel separates from other known luxury brands by choosing to not sell online. Despite this, Chanel shows incredible values recording total sales for FY2017 of \$9.62 billion, shown in its first ever released financial statement since the brand's debut in 1910 (Paton, 2018). The choice of distribution through several other platforms like exclusive stores and high-end supermarkets is its strategy to maintain global consumption of the brand (Zihan, 2021).

This effort in advertising control is the most important thing for the brand to keep its value perception. While allowing consumers/ viewers to have a peak of the exclusivity with the

brand's visual impact, it also provides memories that remain with costumers forever, consolidating the brands' prestige and exclusivity (Zihan, 2021).

Regardless of restraining the sales of the brand to physical stores, Chanel invests a lot in advertising: TV commercials, magazines, as well as in marketing inside the stores/ resale points, fashion shows, amongst so many other sources of "brand support activities"; reaching a value of \$1.46 billion in 2017 (Paton, 2018). In order to maintain a determined luxury value associated with the brand's name, Chanel applies this strategy of non-online sales so that they can maintain a certain level of experience/of service which is a crucial part of buying the brand, according to Bruno Pavlovsky, president of Chanel Fashion and Chanel SAS (Guilbault, 2021) which also leads to retention of the so-needed feeling of being exclusive and special (UKDiss, 2021).

All in all, advertising and marketing are based on the specific target consumer groups that define Chanel's identity: there is a higher need of precision and planning for the marketing's decision-making process instead of a focus on "wide coverage" (Zihan, 2021). Axiomatically, being one of the official *haute couture* brands, Chanel has a need to follow specific guidelines and criteria like the highest level of craftsmanship or the quality of the material used to produce of the fashion seasons (Fury, 2017).

1.4. THE ONLINE IMPACT IN LUXURY

The digitalization process has defined not only an entire society but an era. The development of new technologies is closely related to societies' productivity as well as business' opportunities creation. With this, McKinsey Global Institute (MGI) projected that a value of about \$13 trillion dollars will be part of the global GDP in terms of increase of world's wealthiness. However, this will only be possible if businesses fully accept and emerge into the digital/ technology new world (McKinsey Global Institute, 2019).

In 2015, McKinsey had already predicted a general growth in the women's luxury fashion's sale (roughly \$12 billion) nonetheless there is a reinforcement on the brands' necessity of having a defined strategy of distribution channels. (Schmidt, Dörner, Berg, & Bockholdt, 2015)

MGI reviewed that in 2018 a mere 26% of the sales (worldwide) had been online coupled with the fact that the automatization that the digital era, supposedly, brought did not reflect on the operations volume (no more than 31% represented the number of digitally

automated operations). This digital revolution also brought not so positive effects like the creation of more competition and pressure for brands to keep up (as analyzed before in the specific Chanel case). Still, the digital presence has begun to rise in importance and it has allowed entrepreneurial diversification which, consequently, is a path to profit growth as MGI reflected in Figure 15 in the attachments to the case (McKinsey Global Institute, 2019).

The digital development and respective online impact on luxury brands is connected with the new type of consumer that now has the spotlight of brands: millennials. (Deloitte, 2015) Millennials are individuals with two main characteristics: sociability and urgency, which creates another type of pressure for brands to keep their marketing strategies up-to-date and interesting. This type of consumers focuses on different aspects than previous generations did and, thus, their consumption behaviors will follow (Faris, 2015). According to a Deloitte report, 58% of individuals under 34 years old consult the internet for information whilst 31% uses social media platforms to get informed on the best deals on products (from promotions to informative descriptions) (Deloitte, 2015).

This necessity to accompany millennials' social media usage leads to an increase of luxury brands that turn to the digital platforms as promotion and sales channels, making this one of the most discussed themes since many assume that the luxury selling experience and the flagship "*Maison*" environment are impossible to replicate through online tools, preferring the face-to-face interaction (Deloitte, 2014a). Despite this, some brands have accepted this revolution in technology and immersed in this new world of online sales, as is the example of Hermès (a family run brand that, despite valuing the traditional in-store sales, started its online service in 2018); Gucci (which also introduced online sales in 2002) (Guilbault, 2021).

The online sales then represent an important role for these new consumers (millennials) as Deloitte reviewed: being the most digitally-influenced luxury consumers, 42% of their purchases are done via computer or other mobile devices (Deloitte, 2017). This means that luxury brands must meet "new" consumers' needs by defining its strategies, according to the new online paradigm to be successful and generate millennials' interest, brand affiliation feeling and ultimately the sale of products (Deloitte, 2014a). These online sales are business opportunities and regardless of representing only 4% of luxury sales, the digital experience influences the consumers' purchase decision by about 40%. Brands must start structuring their online presences as well as their value perception through the online universe (taking advantage

of and resorting to all the available digital-performance metrics) (Dauriz, Remy, & Sandri, 2014)

By increasing its online presence, brands also need to turn to the social media platforms, which are some of the most effective tools to promote their new products, among so many other possibilities-Figure 16 attached- (taking into account that it has some negative aspects like: higher risk for the marketing process with the risk of exposure, loss of the so-discussed luxury experience...)- theme discussed further in the literature review of this pedagogic case (Deloitte, 2014b).

Looking at the Chanel case, Bruno Pavlovsky (President of Fashion at Chanel) says that (during the lockdown) some online marketing strategies were developed including the creation of content so that store assistants could interact with clients (Guilbault, 2021). As we can verify, not all the recommendations/guidelines to be a successful luxury brand were followed by all brands (like Chanel). This justifies the pertinence of the questions asked to the interviewees of my thesis (in the chapter “Methodology”) for a better understanding of what was done and, finally, allow students to answer the pedagogical case’s questions in the most informed way possible.

1.5. LUXURY MARKETING STRATEGIES DURING COVID

Analyzing the spectrum of brands and its respective strategies implemented during Covid-19, some deserve to be highlighted, specially from the LVMH Maison: Louis Vuitton as well as Dior showed spectacular resilience during the pandemic.

Louis Vuitton, being the biggest revenue driver of the LVMH group, had some benefit going through this pandemic since the brand had already pre-planned a new product launch (handbag). Moreover, despite the pandemic, LVMH has maintained consistent marketing spending values (White & Aloisi, 2021).

Dior has shown a 3% revenue decline in the fourth quarter of 2020. However, the Group presented a profit from recurring operations of 8.3 billion euros in the same year. The main strategies of the brands include: direct support in the fight against the pandemic, online sales acceleration, the creation of agreements with another iconic *Maisons* (*Maison Tiffany*) among so many others (not so relevant for this pedagogic case itself) (Intrado Globe Newswire, 2021).

By comparison, Chanel, did not maintain its marketing spending. In terms of advertising and promotion costs, Chanel has shown a reduction in value as well and in production and in

fashion shows as a preparation for the brands future, impacted by the decline of the international business (Yeung, 2020). The decline of international business decreased revenue by 18% and digital revenues were not sufficient to cover the brand's spending (Abboud, 2021) since Chanel does not sell online.

Nevertheless, during 2021, Chanel has risen its prices for twice, adjusting to the pandemic effect on sales (making it the third increase in a year). The first one being in January 2021, followed by another price increase on July 1st (which made the resale prices to accompany this rises) (Dusil, 2021) where classic bags like the Chanel Double Classic Flap showed an increase of about 15% (Fraser, 2021). However, there is an imminent fourth rise in prices (rumored to be expected around the 4th of November). Besides, and also as a marketing strategy, Chanel has now limited the purchase of some of its most "looked for" bags: one "Classic Flap Bag" and the "Coco Handle" per person per year, which some relate to the increase in resale prices (Nan, 2021).

1.6. CASE STUDY QUESTIONS

- 1- What are the main characteristics that distinguish the marketing of luxury goods from regular goods?
- 2- Create a SWOT analysis for Chanel's traditional business model.
- 3- Considering Kapferer's anti-laws and position on digital sales, how could Chanel compete with other luxury brand's that sell online, like LV, without jeopardizing its brand's value perception?
- 4- What does selling online add to a brand like Chanel?
- 5- Provide a digital strategy that Chanel can implement to correspond to the new type of luxury consumers' needs.
- 6- In case of future crisis like Covid-19, where the digital is the solution, how can Chanel be prepared to respond to that shift? Provide examples of security/ prevention measures for the brand to maintain sales as well as increase its value perception.

1.7. CASE STUDY ANEXES

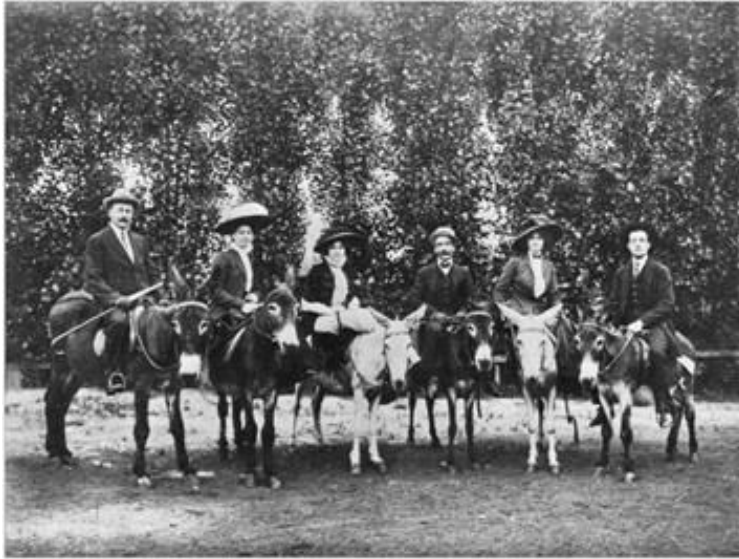


Figure 3: Chanel and friends riding for Chapter 1.2

Source: (Garelick, 2014)



Figure 4: Gabrielle Chanel and her not-so-typical outfits for Chapter 1.2

Source: (Garelick, 2014)



Figure 5: Cécile Sorel that used to wear Chanel's hats onstage for Chapter 1.

Source: (Garelick, 2014)



Figure 6: Gabrielle Chanel and Serge Lifar for Chapter 1.2

Source: (Garelick, 2014)



Figure 7: Chanel no.5 new designed bottle for Chapter 1.2

Source: (Garelick, 2014)



Figure 8: 1990's 2.55 bag- Front view- (second-hand) for Chapter 1.2



Figure 9: 1990's 2.55 bag- Back view- (second-hand) for Chapter 1.2



Figure 10: 1990's 2.55 bag- Interior view- (second-hand) for Chapter 1.2

Source for the 3 pictures:
(<https://www.farfetch.com/pt/shopping/women/chanel-pre-owned-1990s-255-shoulder-bag-item-16252330.aspx?storeid=9164> , 2021)



Figure 11: Women in 1957 wearing the Chanel sling back pumps for Chapter 1.2

Source: (<https://www.chanel.com/us/about-chanel/the-history/> , 2021)



Figure 12: 1980's Chanel iconic ribbon trimmed suit for Chapter 1.2

Source: (https://www.1stdibs.com/fashion/clothing/suits-outfits-ensembles/1980s-chanel-cream-suit-black-ribbon-trim/id-v_1649103/ ,2021)



Figure 13: 2018 Gabrielle bag- Front view for Chapter 1.2

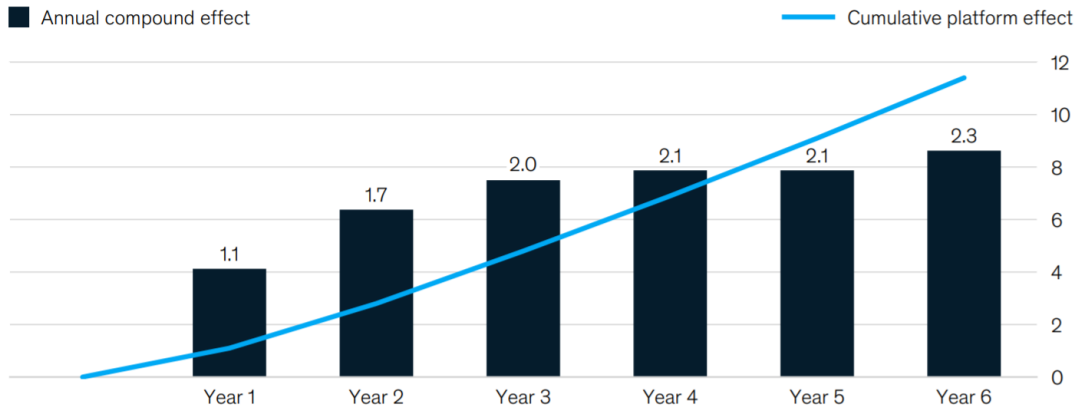


Figure 14: 2018 Gabrielle bag- Front view augmented for Chapter 1.2

Both images sourced from: (https://www.farfetch.com/pt/shopping/women/chanel-pre-owned-2018-medium-gabrielle-shoulder-bag-item-17187850.aspx?size=17&storeid=12709&utm_source=google&utm_medium=cpc&utm_keywordid=52964865&utm_shoppingproductid , 2021)

A successful platform play can achieve close to 10 percent growth momentum in EBIT in five years.

Impact of platform play on profitable growth,¹
EBIT growth, %



¹ Difference from no platform play; includes compound effect linked to growth momentum. EBIT = earnings before interest and taxation.

Figure 15: McKinsey Digital Survey 2019 MGI about Chapter 1.4

Source: (McKinsey Global Institute, 2019)

CHART 16. MARKETING CHANNELS

How important are the following elements for your marketing strategy? Please indicate on a scale from 1 to 10, with 1 indicating very low importance and 10 indicating very high importance. Answers only from brands

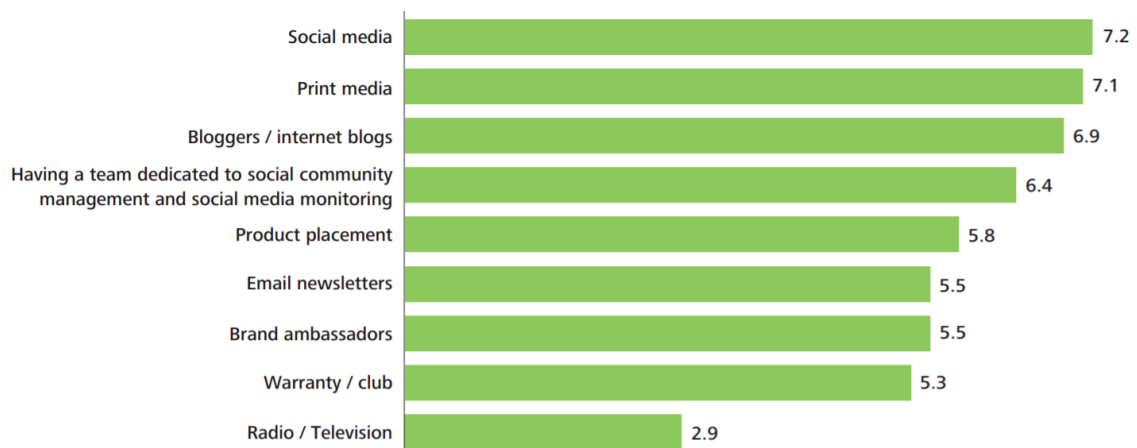


Figure 16: The Deloitte Swiss Watch Industry Study 2014 for Chapter 1.4

Source: (Deloitte, 2014b)

2. METHODOLOGY

This thesis' aim is to give students the knowledge and tools to enroll in the world of luxury whilst allowing them to understand brand management. Specifically, the online impact on the brand Chanel, during a pandemic; its aim is to retrieve qualitative results therefore the methodologies were chosen accordingly.

In order to achieve the proposed goals for this thesis, as it was implied before, an extensive Literature Review will be done: the classical views of concepts; a verification of the state of the art on articles and studies about the Chanel's marketing strategies during Covid-19, as well as a comparison of empirical and theoretical information so that students can better respond to the pedagogical questions.

One other method for providing information, complementing the case study, will be to schedule semi-structured interviews with professionals in the luxury area. This is to provide pertinent insights about the online impact in luxury brands, as well as the main barriers and motivations for the adoption of online platforms for brands' promotion and sales. Additionally, it will help students consider these workers' insights to answer the case study. It is necessary to highlight that, due to the characteristic luxury's exclusivity, only a reduced quantity of information was able to be retrieved from a small number of individuals whose names will not be referred due to confidentiality reasons. Therefore the representativity of the sample of interviewees is small; the fact that Stivali (one of the interviewed brands) is the only store in Portugal that has a shop-in-shop that belongs to Chanel, makes it imperative for it to be a central interview for this thesis (and since there was the opportunity to have a presential interview it was possible to retrieve fuller answers and even converge on some other questions).

Interview guide:

- 1- Could you provide your job's position and the main responsibilities (5/6 main tasks)?
- 2- In terms of the online impact on luxury brands, how do you see that **Brand X** has responded to this digital evolution?
- 3- How do you perceive luxury brand's marketing opposed to regular goods marketing?
- 4- What is your perspective on the online impact on luxury, in terms of brand promotion?
- 5- What can you recall as the main challenges for online marketing (and sales) during the pandemic?
- 6- Could you describe the main motivations for **Brand X** to adopt online sales channels?

- 7- Can you think of any marketing strategies' opportunities Covid-19 has brought to luxury brands such as **Brand X**?
- 8- The value perception of the brand is one of the most important immaterial things of a luxury brand. How was this part of **Brand X** affected with the Covid-19 and the digital transformation?

3. PEDAGOGICAL NOTE

3.1. TARGET AUDIENCE

The main target of this case study are undergraduate and/or master students in such areas like Marketing, Management and Business Administration with an interest in the fashion industry, particularly in the luxury sector. This pedagogic case aims to develop these students' attention to the marketing strategies, online impact and brand management of Chanel during the Covid-19 pandemic (2019-2021) whilst providing a broad and detailed report on the brand's history, applied strategies and even insight from an employee of the Chanel Maison, and other big fashion *Maisons*.

3.2. PEDAGOGICAL OBJECTIVES

The main goal of this thesis is to study how luxury brands, specifically Chanel, reacted to Covid-19 in terms of marketing strategies whilst maintaining the value-perception of the brand. To best achieve this goal, several educational objectives have been established:

1. Understanding the depth of the concepts used in this pedagogical case;
2. Deeply understanding the luxury market as well as the digital impact for this market during the pandemic;
3. Recognizing the valuable contribution of the digital platforms and marketing for luxury brands.
4. Developing knowledge in marketing strategies as well as knowing the tools, as the SWOT analysis, to construct an analytical framework;
5. Maturing student's problem-solving skills whilst engaging in creative thinking.

3.3. LITERATURE REVIEW

In order to answer to the questions of this case, it is necessary to define some relevant concepts that concern to the theme such as: luxury, digital marketing (whilst reviewing the concept of online store and consumption and subsequent concepts), consumer behavior and value perception. As explained: this chapter of the research project will review literature on relevant concepts and contribute to my personal view on the matter. This is a critical part for the pedagogic case because it provides the detailed evidence on how the concepts have evolved and how they all help answering the research questions.

3.3.1. LUXURY: A PERSPECTIVE

The concept of luxury and its scope have been studied by many writers but there is no unanimous definition. According to Chevalier (2012) “the luxury of one is not necessarily that of another” which validates the fact that so many definitions have been created for luxury. It is also important to remind us that this concept is constantly evolving according to the change of years and seasons (Chevalier & Mazzalovo, 2012). Therefore, in order to better understand not only the word itself but the relevance for this thesis, the varied explanations of different authors will be analyzed.

With the evolution of the luxury consumption market, previously mentioned, one can verify that the effective emergence of this sector highlights the importance of understanding the concept, for not only its impact in the world’s economy but also for society. Thus, we need to evaluate the concept of “luxury” in a more present and accurate definition. Nevertheless, this sub-chapter of the literature review is going to analyze the past and the present of the definition, while reviewing its evolution.

Luxury derives from the Latin word “luxus”, which means “something on the order of aberration” (Chevalier & Mazzalovo, 2012, p. 3), which could be interpreted as something out of the ordinary. Regardless, this does not totally explain luxury’s diverse definitions.

It is well established that *luxury* is not a new concept in the society, in fact, it has been present since the beginning of time. There is not a specific era when luxury began to exist. However, it can be understood that since our first funerals dated before the modern Homo Sapiens’ era, the notion of luxury is present. The tradition of giving our deceased loved ones some of the objects that represented their power and presence in life (Kapferer & Bastien, 2009a, p. 6) reflects the notion of luxury (the concept was not theoretically formulated nor the same as luxury as we know it today).

In fact, “luxury” was a “fundamental function of recreating this social stratification” (Kapferer & Bastien, 2009a, p. 5). This social stratification was attached to metaphysical principles, more than the physical objects we think of in today’s society, and one can take Kapferer’s example of the Ancient Egypt (that is one of the best examples of how luxury was present in previous eras and how it was applied even at the time of death to honor those with power/ on the top of the hierarchy): Egyptians practiced every luxury code reflected on their hierarchical and sophisticated societies, followed by the mourning processes that were focused on exalting their “great pomp and splendor during life and a highly ritualistic approach to the

afterlife” (Kapferer & Bastien, 2009a, p. 7). Certainly, this civilization was already part of something bigger, at the time there was no in-between, so people either lived in total luxury or in complete poverty which meant that any type of food or clothing was seen as a luxury, only available for leaders. As time passed and civilizations evolved, the wealth distribution started to accompany the increase of democratization which also meant that some goods began to be classified as the minimum for a person to be able to live (Kapferer & Bastien, 2009a).

Authors such as La Fontaine and Pierre Nicole are analyzed in “Luxury Brand Management” by Chevalier and Mazzalovo which allows us to reflect on divergent opinions about luxury. It is important to highlight that these writers belong to the 17th century, therefore the idea of luxury has been controversial since long before today, despite being a common practice at the time (Chevalier & Mazzalovo, 2012, p. 4).

As there have been several perspectives and evolutions in the definition of luxury goods, we can see it through the lenses of varied authors like Wiedmann (2007), who defined that luxury are goods that can bring honors to the consumer by the mere use or exhibition of such a product. This author underlines the psychological and functional characteristics of a luxury good. Nevertheless, Wiedmann includes four dimensions that complement the *luxury* notion: financial, individual, social and functional. The financial dimension refers to monetary aspects (such as price, resale price); the individual dimension raises awareness for personal matters; the social dimension refers to the prestige customers acquire, inside their social groups, by purchasing such products, finally: the functional dimension relates to the benefits and utilities that create the consumer’s necessity to buy a specific luxury product (Wiedmann, Hennigs, & Siebels, 2007).

Other authors have analyzed luxury goods from different perspectives. From a luxury brand point-of-view, these must reflect specific characteristics such as being high quality, needing to offer authentic value, prestigious image, being worth to ask for premium prices, and being a brand able to create inspiring connections to consumer (Ko, Costello, & Taylor, 2019).

It is possible to verify a development in the notion of luxury and related concepts. This can be explained by the development of technology as well as globalization (Kapferer, 2016), minds change, along with societies, cultures and so do concepts and notions for diverse markets (Sharma, Soni, Borah, & Saboo, 2019). Political factors have also shaped the evolution of luxury’s notion. The mix of these factors have generated the democratization of luxury: a loss of exclusivity for mass availability while products that are made specifically for its

massification are appropriating the traditional marketing strategies of luxury brands (Deloitte, 2014a).

With the evolution of societies new types of consumers have started to arise, specifically for luxury: the millennials or Gen Y. Luxury has changed substantially and so did its consumers: it is not about the wealthy older consumers (Baby Boomers- postwar individuals born between 1946 to 1964) (Dhanapal, Vashu, & Subramaniam, 2015) but rather about the younger generations (Generation Y or Millennials - born from 1977 to 1994) (Giovannini & Xu, 2015). Gen Y/ Millennials are a group of individuals that are starting to define an era with their upcoming purchasing power as well as with their influential capability (Giovannini & Xu, 2015).

According to Giovannini and Xu (2015), for this new generation of consumers (Gen Y), luxury is viewed from a more brand-conscious perspective being a right more than a privilege. This type of consumption exhibits higher levels of materialism associated with status-consumption behaviors, allowing to define Gen Y as a generation with higher self-esteem and self-consciousness as well as individuals that have a higher concern for their peers' opinions; correspondingly showing lower brand-loyalty when making purchasing decisions (Giovannini & Xu, 2015).

The combination of the development of technologies (leading to the development of social media and platforms that allow the sales of products) with this generational evolution of consumers is of utmost importance for the decision-making process (Burnasheva, GuSuh, & Villalobos-Moron, 2019). Moreover, Gen Y has shown a higher engagement with online platforms (like social media)- demonstrating an increasing importance to being “connected”- related to the higher use of these online communication platforms to sell and buy products (S-Commerce: Social Commerce) (Parker & Kuo, 2021). The digital marketing and online shopping topics will be discussed in-depth in the next chapters.

3.3.2. MARKETING FOR LUXURY GOODS VS. FOR REGULAR GOODS

The development of technologies allowed companies' to increase exponentially the scope of their communication, as it became possible to create “bridges” between countries and examine the tastes and preferences all around the world (Kotabe & Helsen, 2010, p. 249).

The concept of marketing was also affected by the technological development. This is because the increase in communications created higher competitiveness against brands, which

reflected on a new necessity for new marketing strategies to answer new needs and new tastes (Kotabe & Helsen, 2010).

Like most concepts, marketing strategy also creates conflicting definitions. According to the vision of Rajan Varadarajan (2009) a marketing strategy is "... an organization's integrated pattern of decisions..." that supports the business when it comes to the decision-making process: either about its products, communication, value perception for clients among so many other variables that represent a business. (Varadarajan, 2009). On the other hand, Perreault and McCarthy (2002) sees the concept of marketing strategy as a "big picture of what a firm will do in some market" having defined that it includes two slices that are interrelated: a target market- a specific group of consumers that the company wants to satisfy- and a marketing mix- the variables that the company will arrange in order to please the target market. (Perreault & McCarthy, 2002, p. 46)

Viewing the concept of marketing strategy through Zinkhan&Pereira (1994) lens, it is nothing more than an allocation and management of the marketing resources to achieve the proposed business' goals. Nevertheless, the authors infer that the focus for marketing strategies have been changing with the evolution of times (with economic changes and the theorists' thinking progression). Therefore, from the point-of-view of the authors, there is more than a need for entrepreneurship encouragement in and outside the organization so that new directions and solutions can be found (Zinkhan & Pereira, 1994).

After understanding what marketing strategies are, it is now possible to verify that each strategy is allocated to each specific business' objectives and targets. And as we have seen, with the technological evolution, some are used to present an informative service about products (informational); to modulate the brands identity into desirable phycological characteristics; or to proliferate interactions between the brand and customers (Tafesse & Wien, 2018). With these new guidelines for marketing strategies, societies started to abandon the traditional communication channels, creating a need to turn to the digital and social media marketing (Dwivedi, et al., 2021).

Thus, a need to define digital marketing emerges. Digital marketing is the process of promoting what the business offers (from services to products or other) whilst resorting to digital distribution channels (Ritz, Wolf, & McQuitty, 2019). This new type of strategies helps companies achieve higher market shares whilst accomplishing the projected marketing

objectives with reduced costs. Besides this, digital marketing is also seen as a tool to raise awareness of public services and promote political agendas (Dwivedi, et al., 2021).

With this, there is a need for a differentiation between the digital marketing for regular goods versus for luxury goods. As it was mentioned in previous chapters of this pedagogic case, there is still a lot of misunderstanding on the core of what makes a luxury brand, a luxury product and a luxury company (Kapferer & Bastien, 2009b). When it comes to regular goods: a lot of products that are created as “regular goods” (i.e. intended for its massification) are adopting various of the marketing strategies and techniques that “belong” to luxury brands (Deloitte, 2014a).

To be able to differentiate both types of digital marketing, we need to analyze luxury’s typical advertising: as Eunju Ko (2020) concludes, the process of marketing for luxury is full of intricacies due to belonging to one of the most multidimensional industries of all. And as the world evolves into a super competitive environment for businesses and industries, there is a heightened necessity for innovation in the luxury brands’ advertising to keep up with every competitor (Ko, 2020).

Several studies have allowed researchers to infer about the evolution of the digital marketing for luxury, one of them being Kim’s (2019) et al. The authors concluded that for one to be a leading premium brand, one must focus on its advertising in order to maximize the image difference from regular brands; whilst also focusing on the importance of the distribution methods (department stores vs. hypermarkets) as an influential on the factors related to “luxuriousness” (Kim, Lee, Lee, & Taylor, 2019). Also, Kapferer and Bastien imply this difference from the luxury marketing to the regular goods marketing. They highlight the necessity to follow specific and strict rules to achieve a luxury strategy: from the selective choice of the distribution method (corroborating Kim et al opinion (2019)), to the quality control of products and services, among many other factors.

Nevertheless, this generates a lot of discussion: Jean-Noël Kapferer and Vincent Bastien- two of the most important writers in the luxury area- defend that traditional marketing guidelines cannot be applied to luxury (Kapferer & Bastien, 2009a) and that what is applicable to premium brands is not for luxury. Kapferer and Bastien (2009a) even state that executing the regular marketing laws to luxury can bear negative consequences for the luxury brand itself; revealing that the business model chosen by the brand is also relevant to highlight if a traditional marketing strategy was implemented. From their perspective, luxury should follow a total of

18 doctrines that they call “anti-laws of marketing peculiar to luxury” fit to respond to this type of business’ objectives (Kapferer & Bastien, 2009a, p. 62). Nevertheless, the most relevant for this specific thesis and resolution of the pedagogic case are, resorting to Kapferer&Bastien’s book (2009a):

- 1- Forget about “brand positioning”, worship brand identity
- 2- Does your product have enough flaws?
- 3- Don’t pander to your customers’ wishes
- 7- Make it difficult for clients to buy
- 13- Raise your prices as time goes on in order to increase demand
- 9- The role of advertising is not to sell
- 10- Communicate to those whom you are not targeting

The anti-law no. 1 goes accordingly to what has been analyzed in this chapter: the need to follow specific guidelines on what a brand is, does or stands for. The typical, regular brands tend to give into the positioning mistake in order to please to a bigger audience and, therefore, sell more (Kapferer & Bastien, 2009b). This anti-law is relevant in terms of understanding not only “why and how” the subject of the pedagogic case (Chanel) reacted to the pandemic but also how brands try to maintain its identities via specific digital marketing strategies.

The second anti-law resorts to the fact that, even though there is an inherent perfection when thinking about luxury, luxury is more valuable when associated with specific details of flaws. These defects are taken as assumptions of luxury and authenticity (Kapferer & Bastien, 2009b) which can be seen in Chanel bags: the fact that a big percentage of the iconic bags are made out of calfskin makes them susceptible to things like scratches, “sunburns” and other types of fragilities (see Annex A). But these characteristics are what makes a Chanel bag what it is; one knows about these specificities but still buys the brand, despite having to double or triple the care on the bags: this is luxury.

The “*Don’t pander to your customers’ wishes*” anti-law indicates that a luxury brand should not follow the customers’ needs and what they have to say. On the contrary, a true luxury brand does not follow what consumers want, but rather produce following its brand’s identity and creator’s ideas (in this case, Coco Chanel jock and formal style has always been intrinsic to its fashion *couture*- see Annex B and C) (Kapferer & Bastien, 2009b).

On fourth place, relevant for this pedagogic case, the anti-law that dictates that brands should “*Make it difficult for clients to buy*” focuses on the idea that inaccessibility leads to need/desire. From traditional marketing, we can retrieve the idea that the easier the access to the product/ service, the better (Kapferer & Bastien, 2009b). On the other hand, for luxury it needs to be the contrary: the longing desire is necessary, as for the case of the Chanel Double Flap Bag that shows a continuous increase both in desire (by the never-ending waiting list) and price (see Figure 20)- which leads to the next anti-law defined by Kapferer&Bastien (The Luxury Strategy, 2009a).

“*Raise your prices as time goes on in order to increase demand*”: the golden rule for the traditional marketing is to decrease the price so that demand rises. This brings a varied set of customers and, in luxury, that is not the end goal (Kapferer & Bastien, 2009b). By increasing prices, luxury brands try to attain that specific group of consumers, despite not meaning that the brand cannot have lower priced products as long as the “average price of the whole range” increases (Kapferer & Bastien, 2009b). Which is what Chanel does, continuously, with its prices: registering an increase in the whole range of products (bags) rounding values up to 15% (see Annex D). (TFL, 2021) These price increases can be understood as marketing anti-laws to maintain the luxury values of the Chanel brand whilst helping to recover from the Covid-19 pandemic.

Anti-laws number 9 “*The role of advertising is not to sell*” and 10 “*Communicate to those whom you are not targeting*”, in the Kapferer&Bastien (2009a) list, should be taken into account as one: firstly, luxury (as said in *chapter 3.3.1*) is something out of the ordinary, exclusive and associated with a “dream equation” and what the authors express with anti-law 9 is that in terms of marketing you should not overdo it with excessive marketing and focusing on sales growth (Kapferer & Bastien, 2009b). Jean-Noël Kapferer (2015) defends that, in terms of marketing, the internet was not built to meet luxury’s requirements. The fact that it allows for more people to buy it, generates an annihilation of the “dream equation” and, in addition to this, the author claims that the internet also allows for easier creation of imitator brands, whilst not letting luxury brands recreate the physical atmosphere or prestige feeling that clients would have in-store (Kapferer, 2015).

Secondly, one of the main goals for traditional marketing is that only the (previously defined) target audience of the brand must be attained, generating efficiency of the marketing strategies; nevertheless, in luxury, if you only focus on a specific group/target the desirability

of the brand decreases (Kapferer & Bastien, 2009b). As the authors say: in luxury, the goal is to raise brand awareness more than raising the number of people that can afford the brand (Kapferer & Bastien, 2009b).

As we see, these anti-laws are meaningful in the way that they lead luxury brands into achieving successful marketing campaigns. Notwithstanding, we must keep in mind that Kapferer was not the biggest supporter of the digital sales for luxury brands (which will be examined further on the *chapter 3.3.3* focused on the online shopping). Kapferer (2012) also identified that factors such as the control of distribution and the delocalization of production are not so relevant anymore (Kapferer, 2012) due to, respectively, the increase of the (also previously analyzed on *chapter 3.3.1*) online sales and the fact that luxury does not abide by the “reduce the production costs” rule ((Kapferer & Bastien, 2009a); (Kapferer, 2012)).

The marketing and sales process for luxury follows specific and firm rules so that consumers can relate to and sense the “dream”. Nevertheless, the purchasing intention requires more than the marketing campaign itself. As Amatulli&Guido (2011) studied, and using a Means and Chain (MEC) analysis, there are internal and external motivations for people to consume luxury products/ services (taking into account that both internalized and externalized luxury can occur within the same individual) (Amatulli & Guido, 2011). Nonetheless, this topic on what makes consumer value luxury brands (consumers’ luxury value perception) will be addressed in upcoming chapters.

Finally, the indisputable difference between regular goods vs. luxury goods’ marketing is highlighted and explained, as well as how important it is to adopt the correct marketing strategies for the digital, to keep up with the competition. In order to achieve better results over time, brands need to know the digital opportunities at each moment whilst making a bet on digital experiences for the brand (Heine & Berghaus, 2014). As Parker&Huo (2021) claim: the transition to the digital sales, besides necessary, is only possible with up to date information and knowledge in the e-commerce area, however, this issue will be extendedly studied in the previous chapter (Parker & Kuo, 2021).

3.3.3. DIGITAL MARKETING: IN THEORY

With the previous analysis of concepts and explanation of context, we can see how the luxury area has been triggered by a systematic need for the use of digital marketing (even though some authors do not stand by this evolution- see *chapter 3.3.2*). As this implies the importance of the

technological development for not only companies but also consumers, it became a relevant notion to analyze for the writing process of my thesis.

As seen in *chapter 1.4* (The Online Impact in Luxury), there has been an exponential increase on the use of online platforms such social media (Trifiro & Gerson, 2019), reaching values of around billions of users at the moment. For 2022, the estimate of social media users is 3.29 billion. This means that billions of individuals that have embraced social media as “today’s technology” and willingly spend a large percentage of their day using these online platforms (Appel, Grewal, Hadi, & Stephen, 2020). As Kaplan & Haenlein (2009) conclude: social media has indeed begun to increase in importance, being a revolutionary creation not only for individuals but also companies that use these online tools (authors advise businesses to look forward in this area and improve its development) (Kaplan & Haenlein, 2009). Also, Colella et al (2019) verified that with the digitalization of the world, marketing strategies began to adapt accordingly and, so companies could define an online strategy, social media increased in its use (Colella, Amatulli, & Martinez-Ruiz, 2019).

To better develop this topic, it is necessary to do a deep analysis of the definition of “social media”. According to the work of authors, such as Alalwan et al. (2017) it can be understood as a cluster of new media technologies whose main goal is to enable individuals’ engagement (from influencing to approaching each other) as well as proliferate an equilibrium on the development of economic relationships (businesses) all over the world- generated by the connection of countries (Alalwan, Rana, Dwivedi, & Algharabat, 2017); (Parnell, 2008); (Friedman, 2007)). From the point of view of Colella et al (2019), the social media concept defines an assemblage of tools under the influence of beliefs that belong to Web 2.0, that lets individuals to be part of the processes of content creation (Colella, Amatulli, & Martinez-Ruiz, 2019). On the other hand, and from a more up-to-date conception, social media can be also seen as a type of marketing that businesses now resort to; being less attached to the notion of platforms and tools and more to actions. (Appel, Grewal, Hadi, & Stephen, 2020)

So, succinctly, with the increase of users’ need/ interest in exposing their thoughts of diverse issues (Pourkhani, Abdipour, Baher, & Moslehpour, 2019), social media became a communication tool, not only inside the business itself but also for social interaction with customers and a potentiator of symbiotic relations (business-consumer) (Colella, Amatulli, & Martinez-Ruiz, 2019)

Following this line of thought, digital advertising (like resorting to social media for marketing) has several specific guidelines so that (regular) brands can achieve successful digital campaigns. Some of those guidelines being: brands need to value customers need for privacy (as the increase in use of online platforms allows brands to over-contact customers creating a haul of spam and, therefore, rising brand's unsuccessful advertising) (Taylor, 2009). Secondly, the more trust customers have on a brand as well as the more accurate the product ads' relevancy, the higher the responsiveness for digital ads. Then, increasing interactivity and the entertaining aspect of an ad generates higher success rates for the digital campaigns. Finally, Taylor (2009) highlights the importance of the digital advertising to focus on brand building rather than sales promotions (also instigating relationship building) (Taylor, 2009).

Using online platforms brands start to increase its social online presence, being nearly hostage of these new tools. This new presence is fundamental to influence customers and thus have a relevant weight on their buying behavior; including the fact that social media, succinctly, has proved its importance by helping brands build its equity (Kaplan & Haenlein, 2009) (Godey, et al., 2016)). Nevertheless, this adaptation has been different for every brand, not all businesses feel comfortable entering a new world order where customers have the main control over brands' advertising (and where customer can give their opinions freely in open cyberspace). Social media as a marketing tool has its impact in brands, not being "welcomed" by every firm or integrated as the main marketing/ advertising (Kaplan & Haenlein, 2009).

Despite the previous stated fact, the majority of the biggest luxury brands have already integrated the digital world by taking advantage of the social media platforms although this transition has not been easy nor the fastest, due to the fact that not all social platforms suit each brand's objectives (Heine & Berghaus, 2014). Adding to this, there has always been a concern in losing the sense of exclusivity when turning to the digital world (as seen in the previous chapter by Kapferer's point of view). Nevertheless, throughout the years, social media has become more specialized in publicity and even in online sales such as Instagram and Facebook (Colella, Amatulli, & Martinez-Ruiz, 2019).

As said before, luxury marketing needs to follow different guidelines, despite the fact that its immersion on the digital platforms has started to become essential for successful luxury brands (Heine & Berghaus, 2014); it is necessary to also take into account that luxury's advertising still focuses more on the emotional side rather than the informational side, which might not fulfill the typical goals attached to digital advertising (Creevey, Coughlan, &

O'Connor, 2021). However, social media still impacts brands' reputation as well as sales due to the new electronic Word of Mouth (eWOM) (Pourkhani, Abdipour, Baher, & Moslehpour, 2019).

Social media marketing, consequently, needs to be formally analyzed in terms of understanding its added value for a luxury brand's strategy. According to several studies, social media marketing allows businesses to improve sales/profit as well as create strong brand identity (Bianchi & Andrews, 2015); increase social popularity/ influence, higher traffic for brand's online platforms (Ashley & Tuten, 2015) as well as improve interaction (also discussed previously). This takes us to also understand that different types of industries/ products have different outcomes on the implemented marketing strategies, more specifically: social marketing strategies (Felix, Rauschnabel, & Hinsch, 2016). Finally, social media marketing (sales through digital channels) changed the paradigm in which brands distribute, create and transfer content as well as how it connects with customers (Tsai & Men, 2013). This created a need for companies to bet on digital marketing and its tools, this need being generated and stimulated by economic crises (Godey, et al., 2016) (as for example the pandemic- a world class crisis).

Surely, this type of marketing has several pros and cons compared to a traditional (non-digital/ non-social media) marketing, including the fact that consumer's behavior also changes (in-store vs online shopping). In terms of advantages, social media marketing is said to be related to the purchase behavior since it affects equity of the brand (besides having an effect on brand preference as well as on loyalty and willingness to pay the expected premium prices) (Godey, et al., 2016). From a more negative point of view, these digital marketing tools are being used more and more, which generates an over confidence on social media as brand promoters to customers, fact that is connected to negative brand equity values (Godey, et al., 2016).

This phenomena of digital sales is, as explained before in various chapters, related to the upcoming of the new generation of consumers- millennials ((Dhanapal, Vashu, & Subramaniam, 2015) (Burnasheva, GuSuh, & Villalobos-Moron, 2019)). With the increase of luxury online shopping on consumers between the 20-40 years old, this new type of marketing definitely needs to be implemented by luxury brands through social media and online shopping (Giovannini & Xu, 2015).

In terms of future implications of social media as a marketing and sales' tool we can highlight the following: the proposition that social media is, in a way, reshaping societies and its cultures; the higher use of influencers to influence other people and promote brands; continuous apprehension on the (dis)trust on social media and digital platforms; the fact that the even though the use of this type of digital tools allows higher connectivity amongst users, there is still a verified increase in loneliness and isolation; a focus on customer care customization, personalization and accessibility (it will become even more than it is today). Besides, other concerns arise from the use of social medial for political propaganda and, even more alarming, the increase use of augmented reality, already in practice in several platforms (Appel, Grewal, Hadi, & Stephen, 2020).

There is also a prediction that social media will be used increasingly coupled with other types of traditional marketing tools and strategies, like television according to Appel et al (2020). In a not-so-distant future, the use of social media by non-humans will also be a consistent effort by brands: the developments in the AI are will also incite this type of strategies. Nevertheless, it will be necessary to take into account that this will also create higher values of distrust (talked before) on accounts of either individuals and businesses (and in terms of business marketing purposes it can bare negative consequences) (Appel, Grewal, Hadi, & Stephen, 2020).

With this, it is necessary to address what is attached to the use of the digital tools and social media. What makes these tools relevant for luxury is what the next sub-chapter will explore, besides going in depth on the new concept of online stores and online shopping. This will provide the pedagogic case's basis about the digital development on luxury sales, for a better response to the questions.

a) THE LUXURY ONLINE SHOPPING PARADOX

As stated before, the increased online fashion consumption is related with the new type of consumers that have been defining an era of market exchanges. Online shopping (or e-commerce) has increased exponentially since 2014 (an increase of 98,5%) and the major reason for the profit can be associated with generation Y women. Thus, luxury brands need to attend to the continuous needs while combining it with the value systems of generation X (people born between 1965 and 1980 (Dhanapal, Vashu, & Subramaniam, 2015)) (Parker & Kuo, 2021).

In terms of marketing, the online apps (social media tools) for luxury brands need to target customers' purchasing motivations since generation Y shows higher reaction to brands'

social media presence; besides, Ladhari et al (2019) directed a study that claims this new generation of consumers perceives online shopping through four main lenses: trendiness, enjoyment, price and brand value (Ladhari, Gonthier, & Lajante, 2019). Of course these four dimensions need to be aligned with a strategic approach in order to generate this new type of consumers' interest in buying via social media (Parker & Kuo, 2021).

After briefly explaining the motivations for online shopping, it is relevant to understand other concepts that, despite different, are important for this thesis: e-commerce and online shopping.

The first concept is not as recent as one may think, being present in businesses' vocabulary since the 70's. It has been defined as "...any form of economic activity conducted via electronic connections..." predicting, at the time, that by 2000 the internet would already be the best environment for business to prosper (Wigand, 1997). Bucko et al (2018) defend that e-commerce, also known as electronic commerce, is a business that uses internet (in its most simple definition). It is a business that resorts to digital tools and to the online environment to extend its transactions, creating a decrease in the necessity to have physical stores whilst generating faster response by businesses to trends (Bucko, Kakalejčík, & Ferencová, 2018).

As a part of e-commerce, the main tool for selling is online store/ electronic shop, that is understood as a store that (similarly to e-commerce) functions in the internet (Bucko, Kakalejčík, & Ferencová, 2018). Though, as Kollman et al (2016) explains, an online shop (electronic shop/ e-shop) provides the sale of products through the application of innovative information and technologies (Kollmann, Lomberg, & Peschl, 2016), that needs to meet certain customers' desires taking into account their respective histories and experiences with the brand, as well as their motivations (Pham, Thi, & Le, 2020).

In terms of the online shopping experience, it also allows luxury brands to target and achieve different types of consumers and requirements, which increases the clients' trust in brands and, consequently, increases the probabilities of online shopping (Liu, Burns, & Hou, 2013). According to Liu et al (2013), the motivation to online shop versus bricks-and-mortar shops is the same, coming down to the trust factor. Nevertheless, there are specific aspects that are advantages for each way of shopping: for online shopping, the authors revealed that convenience, price and product availability are the main reasons for people who buy online; for in-store shopping, there are reasons like store trust, aesthetical appeal as well as the shopping experience and the feeling of power.

a.1) LUXURY ONLINE SHOPPING AND THE PANDEMIC

As a global pandemic struck the world in 2019, the reality we were used to shifted into an unpredictable certainty: businesses failing, people fearing for themselves and their families, new health-security measures every day that would contradict those that had been said the day before, healthcare staff scared despite performing unimaginable daily efforts to save lives; and in addition to this, the quarantine measures were drastic, which created panic and other repercussions like anxiety, stress, depression and perceived stigma (all correlating with post-traumatic stress disorder- PTSD) (Gharaibeh & Gibson, 2021). The first case was originated in Wuhan (China), nevertheless, it had worldwide impact which made the World Health Organization ask all countries for communitarian help (World Health Organization, 2020).

In terms of business implication, Covid-19 was directly related to market scarcity (due to panic): this virus was an impediment for “normal” activities (like shopping) and the traditional way of shopping (in store) became chaotic- for example the case of the toilet paper chaos or the exponential demand for hand sanitizer as well as masks (fear created and instigated by social media posts of empty shells) ((Naeem, 2020) (Gharaibeh & Gibson, 2021)).

In the fashion industry, the effects of Covid-19 were also experienced: as the shopping paradigm shifted into a more digital method (as seen previously) so did people’s priorities. Buying clothes descended from people’s priority lists which led to a lot of businesses closing and enter bankruptcy; this created a need for fashion brands to rapidly foster digital shops (turning to e-commerce) (Parker & Kuo, 2021).

According to Pham et al (2020), for regular goods, half of costumers reduced their visits to physical stores, about 80% also reduced out-of-home meals and it was verified that about 39% increased their online shopping. Besides, according to their study, the pandemic actually played an important part in informing customers as well as encouraging to resort to online shopping (Pham, Thi, & Le, 2020). This increase in both online shops’ users and encouragement for digital ways to shop/ sell is a potentiator for luxury online sales since, just by the fact that it is a luxury brand, it instils high levels of confidence in terms of customers’ value perception; nonetheless, in terms of luxury products that are rated at \$5000, only 2% of these are bought via online shops (Seringhaus, 2005).

a.2) ADVANTAGES OF LUXURY ONLINE SHOPPING

Despite the higher price goods not being purchased as much as other goods, several studies agree that this shift in paradigm has had positive effects for luxury online shopping. Liu, Burns & Hou (2013) and Pham, Thi & Le (2020) highlight utility (time saving, delivery and reduction on face to face interactions), easiness to use, the consulting staff (for the online shopping experience and after-purchase care) and affection of society (feedback and other type) as positive factors when evaluating the pros and cons of this type of shopping (Pham, Thi, & Le, 2020).

Additionally, other studies have found that the reduction of the need for spatial stores (of low accessibility) is a great advantage for businesses when balancing the pros and cons of turning to online shopping. Nonetheless the final decision to finally buy or not a product depends on the type of good that the brand sells (Maat & Konings, 2018). On the other hand, following Bucko's et al ideology, as Pham, Thi & Le have also ascertained, convenience and price, as well as a positive experience are the main reasons to adopt the online shopping method (Bucko, Kakalejčík, & Ferencová, 2018).

For luxury, the online shopping method has also been seen as a positive factor since it allows brands to explore more innovative ways to upgrade the brand's image (since luxury is often associated with the "*avant garde*" feature)- given that, there is a particular need for the highest level of professionalism so that customers still get to have to experience the atmosphere of a luxury brand's store (Riley & Lacroix, 2003). The evolution of online video platforms is also an advantage for luxury brand since it can be used for online video marketing therefore luxury brands should bet on this area (Teona, Ko, & Kim, 2019).

Alongside with the previous reasons, the fact that the digital world is a really good recruitment tool as well as reducing the time needed for brands to accomplish goals (accelerating tool), the online shopping also helps brand to reinforce their online presence while reducing the distance that consumers may feel with the digital turn (for example Chanel understood this goals by creating a call center for skincare and make up lines) (Kapferer, Kapferer on Luxury, 2015).

a.3) DISADVANTAGES OF LUXURY ONLINE SHOPPING

Even though online shopping has all the above positive factors, it still has a great number of negative aspects. Beginning with the study of Pham et al (2020): these authors described the factor "Affection of Society" (feedback or complaints) and "Awareness of Price" (with online

shopping, consumers are able to compare prices and/or verify complaints) (Pham, Thi, & Le, 2020) about the products influencing the experience) as a reason to not to engage into online shopping. Considering the factors that Pham et al discussed (2020), it also necessary to keep in mind that goods like the ones this case is focusing on (bags) are in the spectrum of products that the majority of consumers need to see and touch before deciding to purchase (Maat & Konings, 2018).

Another negative fact about the internet and its tools is the loss of luxury brands' key values: inaccessibility, control and contradicts luxury's tendency to upraise and stratify societies (as explained in the Luxury Definition chapter of this pedagogical case) (Kapferer, 2015). Luxury is also known for its quality and selectivity and, with online shopping, these characteristics suffer an increase in examination from customers; control is also another feature associated with luxury that is a negative factor: despite being the heart of luxury, combining it with online tools (like online shopping) can make brands lose control over production and distribution (luxury brands found the solution by buying the licenses to avoid this problem) (Kapferer, 2015).

Another problem associated with online shopping/ the digital sales' tools is the fact that stores excellence cannot be replicated through the digital platforms; also, brands selectivity of clientele is reduced or non-existent (since the internet is now a place that allows anyone to diffuse messages about any product, service or brand). Additionally, customers can buy from any brand they want which undermines the customers' security and, thus, the "*Dream Equation*"; however, Kapferer's resolution for this problem is that brands focus on being nontraceable (Kapferer, 2015).

By using online shopping, luxury brands can also degrade their brand's image (as reviewed before by several authors in previous chapters) since this is a typical method chosen by fast-fashion and other types of fashion ranges, and lose luxury's features as mentioned before (Parker & Kuo, 2021). Corroborating Maat & Konings (2018), Riley & Lacroix (2003) also highlight that with online shopping a lot of specifics about the products are not able to be reproduced (garments- the physical touch is not possible to be produced) as well as reducing the naturalness of the purchase decision (Riley & Lacroix, 2003). In sum, the value-loss, risk and possible destruction of tradition as well as image are barriers for the online shopping and digital engagement's adoption (Bucko, Kakalejčák, & Ferencová, 2018).

One last, but not less important, factor that online shopping brings is that it also reduces (with time and evolution) the need for physical stores which can lead to disastrous results for brands image and exclusivity factors (Maat & Konings, 2018). Nevertheless, the final choice of buying through online platforms is not reduced by the positive VS negative factors of online shopping but rather by the perception the consumer has of the brand as it will be explained in the next chapter.

3.3.4. VALUE PERCEPTION IN CONSUMER'S BEHAVIOR

According to Wiedmann (2007) et al, there are three dimensions that influence the luxury value perception which are relevant to understand the reasons behind the purchasing behavior decision for luxury, these are: the functional, financial and individual factors. The authors defend that in order to fully comprehend the motives that lead consumers to buy in the luxury industry, there is a need to investigate the personal (perceived extended self-value and hedonism value) and non-personal perceptions (conspicuousness, uniqueness and quality) (Wiedmann, Hennigs, & Siebels, 2007).

In sum, 4 dimensions (the 3 stated before plus the social) are emphasized as general factors: financial, functional, individual and social. Rendering to the article in question, companies must take these variables into account so that a luxury brand can be deemed successful and lasting (Wiedmann, Hennigs, & Siebels, 2007). Nevertheless, on the other hand, Naeem (2020) infers that consumer behavior is extremely complicated, different and unpredictable.

It must be stressed that the new type of marketing (social media marketing and digital marketing options) for luxury brands, must be explored as a way to connect with consumers whilst producing emotional effects and consequently increasing the brands' image for the consumers' point of view (Godey, et al., 2016).

Following Wiedmann (2007) et al, in order to fulfil luxury brands' potential, other authors have understood that one must try and convince consumers of the values of luxury: that the brand practices exclusivity, packs heritage within the brand, has limited offer (like production) generating scarcity besides choosing exclusive distribution methods (not alike social media) (Hudders, Pandelaere, & Vyncke, 2013). And, despite the panoply of opinions, this trust and consumer's persuasion into buying luxury brands can be cultivated by the use of social media platforms like Twitter, Pinterest, Instagram and Facebook since their loyalty with the brand is also increased, i.e.: increasing the consumers' perception of the brand, increases

the loyalty and therefore leading to the probable buying decision (Parrott, Danbury, & Kanthavanich, 2015).

As Ko et al (2016) studied, the benefits provided by the brands can also increase consumers' perceptions from the luxury brands, like loyalty programs (where there is a targeted alignment of the benefits with the consumers' goals and needs). It was concluded that brands should also bet on the anticipation of consumers' behavior in their shopping experience, which would allow brands to take notes on how to improve their stores and their respective service experiences (creating a cycle: by analyzing the behavior, brands can understand how to improve their store experience, better respond to customers' needs and finally increase brand loyalty, perception and consumption) (Ko, Phau, & Aiello, 2016).

Finally, Amatulli & Guido (2011) have also studied this theme, concluding that consumers balance the psychological consequences over the functional ones belonging to the service/ product that the luxury brand sells (nevertheless functionality remains one of the most important characteristics for consumers). In addition to this, craftsmanship and elegance are also valued above a large number of characteristics for the consumers' value perception of the brand and its respective products or services (Amatulli & Guido, 2011).

It is important to highlight that there have been several shifts in consumers' mindset and attitudes towards brands: Covid-19 has brought a radical emergence of new demands and priorities, generating different purchase behaviors and patterns (Knowles, Ettenson, Lynch, & Dollens, 2020).

A better shopping experience helps the self-identity and therefore developing feelings like brand-loyalty which is an important feeling for brands to explore- thus being an important source of value (Demetris Vrontis, 2013). Kim et al (2012) also verify that there is a positive influence of relationship and brand equity on the customer lifetime value (corroborating what Demetris (2013) investigates), i.e.: the customers' perception on brand's image is important to establish the loyalty of determined types of consumers (stable and brand advocate). Therefore, luxury brands should invest on the advertising of the brand and in the relation with customers in order to produce long term relations as well as increasing the value perception of the brand (Kim, Ko, Xu, & Han, 2012).

Nonetheless, it is not advised to generalize every consumer behavior for luxury since, as seen before, with the increase in the purchasing power of the middle class, individuals

belonging to this social class started to be more likely to invest in the luxury industry (showing that the buying behavior has changed) (Park, 2014). In line with this thought, Park (2014) also studied that, for example, women take into account specific details about luxury brands more than men (like the loyalty programs benefits, brand equity, brand relation with customer among other like customer service); which explains the higher satisfaction with luxury compared to men (Park, 2014), (showing therefore the discrepancy between luxury value perceptions between types of consumers and why it is not recommended to generalize about this issue).

So, as we can see, a luxury brand's value perception needs to be aligned with several facts about consumers to be relevant to the purchasing behavior. It is also important to consider that individuals will be different from one another and that their individual characteristics will also be different to trigger the luxury purchasing behavior.

Likewise, besides the study on how women react to the luxury industry VS. men, there have also been researches on how the age of the consumer is important to the understanding of what brands can stake on to increase the purchasing choice and the brands' value perception. For example: authors like Shade et al (2016) have explored the topic, concluding that young adult show higher concern for intrinsic motivations rather than extrinsic when deciding to buy luxury, concluding that motivations change throughout individuals' lifetime. Meanwhile, Phan et al (2012) showed that the technology and global economy development (also addressed in previous chapters) also had an impact on shaping consumers perceptions of luxury brands. One of the advices given by these authors to luxury brands for increasing their value perception is to take into account their social media as well as its performance and the brand experience they provide customers (focusing on creating a meaningful brand-user relationship) (Phan, Thomas, & Heine, 2012).

Kim et al (2019), referred above, also found that consumer value perception of luxury brands can be increased if a brand manages to improve its associated quality and by committing to a congruent and concise image (that the authors reveal to be associated with perceived superiority)- on the other hand, for example, in stores like supermarkets the perceived luxury is not present- thus, increasing the purchasing chances (purchasing behavior) (Kim, Lee, Lee, & Taylor, 2019).

Once again, value perception and its relation with the consumer behavior brought out a lot of different studies and hypothesis that can be summed into the following argument: luxury advertisement has a relevant impact on how consumers perceive the brands' value (while

relating it also with the self-esteem of one individual) (Ono, et al., 2020)- validating that a luxury brand needs to focus on several different characteristics of not only its marketing but also its customers; to increase its value perception and, consequently, be able to generate purchasing behavior.

3.4. ANIMATION PLAN

Session	Objectives	Action Plan	Time
1 st Session	- Create an interesting environment for students to discuss the thematic of the case study	<ul style="list-style-type: none"> • Presentation of Animation Questions to motivate students to interact in the subject; • Distribution of the case to students; 	90''
Out of Session	- Analysis of the case study	<ul style="list-style-type: none"> • Individual reading and analysis of the case study; • Preparation of questions for class; 	60''
2 nd Session	- Introduction to the case study - Answering student's questions - Resolution of the first 2 questions	<ul style="list-style-type: none"> • Introduction and discussion of the luxury market and the evolution of the digital platforms; • Discussion on the luxury market's situation with the pandemic; • Discussion of the digital (marketing) influence for the luxury market during the pandemic; 	90''
Out of Session	- Finalization of the resolution of the case study	<ul style="list-style-type: none"> • In-depth analysis of the case the students' groups off-class; • Student's research on the luxury market and digital platforms' evolution; • Exploration of the digital marketing strategies for luxury brands (theoretical and empiric information) • Cross and prepare information to answer the questions of the case study • Prepare group presentation 	300''
3 rd Session	- Case study presentation - Groups' feedback on each other's presentations - Questions and doubts: resolution	<ul style="list-style-type: none"> • Pedagogical case resolution's presentation: 30 minutes per group • Evaluation of the presentations by teachers and students: 10 minutes max; 	180''
Out of Session	- Groupwork Classifications	<ul style="list-style-type: none"> • Case Resolution (40%) + Presentation (30%) + Discussion (30%) 	
Final Session	- Final Feedback	<ul style="list-style-type: none"> • Final orientations to each group; • Questions and final feedback; 	60''

		<ul style="list-style-type: none"> • Presentation of the proposition of resolution by the teacher; 	
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3.5. ANIMATION QUESTIONS

- Can you give me 5 main differences between luxury products and regular goods?
- Can you identify the 5 “*top of the mind*” luxury brands for bags?
- Have you ever seen any luxury brand’s commercial?
- Are you familiar with the brand Chanel? How?
- How do you think the evolution of digital marketing has impacted luxury brands?
- What is your opinion on the pandemic’s impact in luxury brands?
- In this specific pedagogical case, what do you think is the main challenge for Chanel’s sales?

3.6. CASE STUDY RESOLUTION

For the resolution of the following questions, there was a need for the combination of the extensive theoretical analysis along with the results from the interviews. The fact that this thesis is investigating the luxury industry justifies the fact that the number of interviews is so reduced (for the reinforcement of the concept of exclusivity, confidentiality- information, processes, materials- inaccessibility). Of course this sample does not represent all luxury brands however the brands’ staff that accepted to be a part of this pedagogic case, represent/ work with 3 of the most important brands in the world (Louis Vuitton, Prada and Stivali (the only “shop-in-shop” that sells Chanel in Lisbon)). Therefore, its representativity of the universe of luxury may be small, nevertheless: for the comprehension of the management problem in question is undoubtedly relevant.

Two of the interviews (Prada and Louis Vuitton) were answered via email due to the lack of time/ conditions to meet physically and the interview with Stivali was face-to-face (which also led to answers with higher details and information for the case resolution). All the interviews were answered in Portuguese, in order to facilitate and generate sincere and more natural answers nonetheless they are translated to English in the annexes. As said before, the opinions of these interviewees (Louis Vuitton, Prada and Stivali workers) will be, and should be, considered when answering the pedagogic questions.

3.6.1. What are the main characteristics that distinguish the marketing of luxury goods from regular goods?

In order to respond to this question, various points must be made which can be put into a chart that gathers the main differences:

<i>Type</i> <i>Variables and objectives</i>	Luxury Goods	Regular Goods
<p>Characteristics (Objective: Differentiate both types: its values, its basis, what each of the categories represent in products, main characteristics that can be retrieved from the reading of the Literature Review combined with the Case Study Context)</p>	<ul style="list-style-type: none"> - As the Louis Vuitton worker’s interview reflects: this sector of the industry does not want to produce products for mass consumption but rather create the feeling of desire of the unknown and sometimes unattainable and mystique (Interview 2). - Luxury brands and goods must inspire consumers and make them dream about them (focusing on creating lasting emotional relationships with customers)- in this area of the industry you need to focus on the “Dream Equation” (Kapferer & Bastien, 2009b). - Constructed under an idea of hierarchy, exclusivity, sophistication, “Savoir-Faire” (as the Louis Vuitton worker reflects- Interview 2 as well as Interviewee 1 from Stivali) and power (often associated with social stratification (Kapferer & Bastien, 2009a)). - Because it spurred with the wealth (mis)distribution, it also started to be more “accessible” for the middle class with the development of democratization (and consequent increase in this class 	<ul style="list-style-type: none"> - These goods have a characteristic that luxury do not: the higher the demand the more the production. It is meant to respond to problems such as functionality, income and can be understood as clothing, food, household appliances, ready-to-eat food-delivery companies, among so many other (Pham, Thi, & Le, 2020). - These products are usually created for mass consumption valuing quantity over quality (Deloitte, 2014a). - Regular goods’ brands do not have specific values or strict codes to follow unlike luxury brands. This type of goods’ brands focuses only on selling the most possible (Deloitte, 2014a).

	<p>purchasing power- as Giovanni reflects (2015)).</p> <ul style="list-style-type: none"> - It is often associated with functional and/or hedonic values: this is, either the functionality of the luxury product for the day-to-day use or the fact that it brings intrinsic/ psychological benefits to the consumer (Amatulli & Guido, 2011) - Besides, a luxury brand/ product must have specific characteristics such as: high quality, authentic value, prestigious image, premium prices and the ability to influence and connect to customers ((Ko, Costello, & Taylor, 2019) (Wiedmann, Hennigs, & Siebels, 2007). - Luxury is also linked with the development of technology, correlated with the globalization process (Kapferer studied this intensively in several of his publications (2009a) (2015)). 	
<p>Customers’ characteristics (Objective: Understand who are Gen-Y and Baby Boomers and differentiate them- LR, Make explicit the difference between luxury and</p>	<ul style="list-style-type: none"> - The first consumers of this type of goods were the Baby Boomers (wealthy older consumers), nevertheless, Gen Y are now the main consumers of luxury (Giovannini & Xu, 2015)- the Stivali worker reflects as well as her consumers are now from a younger generation- Interview 1). - This type of individuals is characterized by its capability to influence others (like the Prada’s worker 	<ul style="list-style-type: none"> - Regular goods brands’ consumers cannot be put into a specific group or a generation like the luxury brands since they are not looking to appeal to only a part of the population: everybody needs toilet paper- as seen during the beginning of the pandemic with all the panic

<p>regular goods' consumers)</p>	<p>analyzed in its interview); by its increasing purchasing power- that allows this social stratum to reach more expensive goods (Burnasheva, GuSuh, & Villalobos-Moron, 2019).</p> <p>- Gen Y is also a defining group of individuals that have grown attached to different ideals from previous generations. Gen Y or Millennials have a more brand-conscious perspective to see luxury, focusing on different aspects of the brand whilst believing that it is their right of achievement rather than a privilege. This last factor is also related to another important characteristic of Gen Y: the fact that their self-esteem and self-consciousness is higher than previous generations (facts that has been extensively investigated once again by (Giovannini & Xu, 2015)).</p> <p>- Gen Y has also higher technological education, being born in the era of the Internet, which makes it understandable that their attachment to social media increases this generation's ability to use or create platforms to either sell or buy products- namely allowing even younger generations to buy and engage with luxury brands (Parker & Kuo, 2021).</p>	<p>buying; everybody needs to eat and drink the bare minimum therefore the main goal is to sell (Naeem, 2020).</p>
<p>Marketing</p>	<p>The marketing for luxury must follow strict rules so that the luxury</p>	<p>- The regular marketing that we know</p>

	<p>values are not lost (as the Stivali worker says: "...always keeping true to our DNA. We don't go for everything or do everything, because we don't think it's compatible with our luxury denomination." (see annex E)</p> <ul style="list-style-type: none"> - For this to be attained, some authors like Kapferer (2009a) have defined specific laws (or anti-laws) of marketing. As said before: luxury marketing focuses on selling the dream equation (values, experiences) rather than selling the products. - Even though digital marketing has not been the first choice of marketing tool for luxury brands, it has started to grow as a desirable tool to increase the brands' image as well as allowing a higher control over its brand's feedback, therefore making social media become essential for some luxury brands (Deloitte, 2014b) (Parker & Kuo, 2021). - As both Louis Vuitton and Prada's staff say in their interviews (Interview 2 and 3): luxury cannot be banalized through TV commercials or should not at least. The focus is to give customers the feeling of the luxury lifestyle (and as they say: we often see luxury commercials only in places that allow us to fantasize with life like airports or magazines). People that work in the marketing area in this industry 	<p>does follow some rules (normal rules of marketing) but it does follow the same type of scrutiny codes for when they implement marketing campaigns (Kim, Lee, Lee, & Taylor, 2019).</p> <ul style="list-style-type: none"> - Marketeers for regular goods only need to care for the product they are trying to sell rather than trying to sell a lifestyle (like luxury marketing) (Deloitte, 2014a) (Kapferer & Bastien, 2009a) . - It follows different types of sets in order to achieve success and sales considering that their objective is to sell to those they are advertising to.
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	<p>focus on selling dreams and making customers dream with the brand (Kapferer & Bastien, 2009b).</p> <ul style="list-style-type: none"> - The marketing that uses social media has increasingly become a way for businesses to increase sales, brand identity, brand popularity as well as influence, interaction and even its communication with costumers ((Godey, et al., 2016) (Kaplan & Haenlein, 2009) (Taylor, 2009)) . - As seen before: luxury brands are not trying to sell to those who they advertise to. This being one of the most important discrepancies from traditional marketing to luxury brand’s marketing (Kapferer & Bastien, 2009a). 	
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3.6.2. Create a SWOT analysis for Chanel’s traditional business model.

Students are required to thoroughly analyze Chanel’s business model by constructing a SWOT analysis and, for an easier acknowledgement and response, it can be put together as a table leading to easier comparison of answers (the strengths to weakness and opportunities to threats). With the intention of being relevant for the creation of knowledge in this specific brand of the luxury industry, students must be informed of/ read the state of the art of this thematic provided by this thesis as the Literature Review and Case Context; also being valued that students can differentiate the business model priorities of a brand like Chanel.

Strengths	Weaknesses
<p>The exclusivity as well as the prestige positioning in the market (https://www.linkedin.com/company/chanel/)</p>	<p>Separates from other known luxury brands by not selling online: restraining the sales of the brand to physical stores</p>

Unique take on heritage and its creators' take on fashion	The constantly increasing prices ((Dusil, 2021) (Fraser, 2021))
Brand that highlights consumer's insights for both production and decision of the brand (fact that the brand explicates in several of its platforms)	The specificity of the target consumer groups
One of the top of mind luxury brands for bags	Needs to follow specific guidelines and criteria to produce every product
Incredible control of distribution methods (sales only available at exclusive or high-end stores)	
Great bet on marketing inside the stores/ resale points and fashion shows	

In terms of **Strengths**, we can verify that Chanel is a well-established brand with a lot of positive factors that reinforce the brands' power and value perception throughout the consumers' universe. Nevertheless, the brand still has a lot of **Weaknesses** when performing an overall analysis which can be highlighted as some of the improvements that Chanel could focus when trying to develop the services and products of the brand.

Opportunities	Threats
Growth of online sales in luxury goods	The need for physical proof (touch and see the product)
Increase of Chanel professionals with social media marketing and online shops skills	High level competitors in the industry

Development of avant-garde technologic platforms (for purchase care)	Possible loss of brand identity (exclusivity, heritage)
Intensification of partnerships with other luxury brands	Possible loss of the luxury notion (destruction of the Dream Equation) from the consumers' perspective
	Loss of control whilst going digital
	Brands' selectivity of clientele is reduced or becomes non-existent with digital platforms use

When analyzing the **Opportunities** for Chanel, it is obvious that the brand should contemplate some marketing strategies that other luxury brands already follow, whilst implementing others that might be pioneer ideas in the luxury industry. Yet, the column **Threats** seem to be present higher counterweight which might be an important factor to consider when deciding to follow or not the online sales process.

3.6.3. *Considering Kapferer's anti-laws and position on digital sales on chapter 3.3.2, how could Chanel compete with other luxury brands that sell online, like Louis Vuitton, without jeopardizing its brand's value perception?*

This author specified some important marketing anti-laws (that can be understood as strategies) that show his vision about the entanglement with digital sales: first of all, the notion that a luxury brand must not attend to all its customer wishes (Kapferer & Bastien, 2009a). Chanel needs, of course, contemplate feedbacks and customers' opinions. Nonetheless, following every demand can take away the associated social stratification factor and maybe even falling to the traditional marketing strategies (regular goods' characteristic of trying to please every taste). This is also a very distinct opinion when it comes to the Stivali's worker: she infers that even though there is an increase in different customers and needs, Stivali still focuses on what image the brand is trying to pursue rather than following every single platform, trend, strategy that appears in the market- in order to maintain a certain level associated with the notion of luxury (see annex E).

Secondly, Kapferer (2009a) refers that luxury brands must remember that this specific industry is not meant to be accessible. The implementation of digital sales is then a not-so-advised route since, allowing any customer to fulfill the desire for the brand and for its "hard-

to-get” products, reduces the “Dream Equation” (see (Kapferer, 2015)) since the brand broadens its accessibility to everyone with an internet connection.

Additionally, luxury’s marketing (from Kapferer’s point of view) should not focus on selling but rather on communication. Luxury’s marketing objective is not to achieve direct sales but rather increase the brand’s awareness and value perception never exceeding it. With this comes the important factor that when a luxury brand like Chanel is communicating, the intention cannot be to convince your customers to buy but rather reach those who are not your customers yet (Kapferer & Bastien, 2009a) (those who will preserve the dream equation, increasing the desirability of the brand). The digital shift allows for this goal to be attained, despite being counterproductive since it also destroys the dream equation (more people access the brand = lower exclusivity = lower brand value perception), creating a very complex paradigm.

During the Covid-19 pandemic, Chanel did maintain its marketing strategy, as seen before, so it is possible to understand that the brand also preserved its value perception from the consumer’s discernment. On the other hand, competitor brands that sell online (like Louis Vuitton) might be seen as having the upper hand of sales: the immediate solution for that would be to implement online sales on Chanel’s websites and promote it on its social media platforms. In order to achieve those goals, some measures ought to be taken (e.g.):

- Create systems of validation of clients for higher control of who they sell to (as for creating video chats with everyone that showed interest in buying its products so that the client knows a specific sales advisor of his/her geographic zone and so the brand knows to whom they are selling, what product, control over the number of products per client);
- Whilst engaging on digital sales and implementing the online sales on the company, Chanel could also maintain a certain control increasing, at the same time, the value perception of the brand- pre and after purchase care and follow-up- offering something that none luxury brand is offering right now (standing out from its competitors).

With this, Chanel would also be following almost every anti-rule that Kapferer (2009a) created for luxury brands (maintaining exclusivity, inaccessibility, advertising not to sell- despite it also being one of the goals of a business) regardless of this author not defending the digital sales for luxury brands as the best opportunity for this specific sector.

3.6.4. What does selling online add to a brand like Chanel?

The implementation of such process, as selling online, for a brand like Chanel adds several positive factors for both customer and company. As for the customer's point of view, it can bring added value by some of the simplest reasons:

- Its utility (Pham, Thi, & Le, 2020)- costumers save time by not needing to go to the Chanel stores, in terms of deliveries it can be easier to be delivered home rather than having to carry the product all the way back home (in addition to this, for the actual context or for similar future situations it can help reduce the face to face interactions)- like the Stivali worker analyzed: the delivery drivers worked harder than ever not only to for product distribution reasons (clients stayed home to reduce interactions) but also as a support system for clients in this different situation (see Annex E). The Prada worker also say this specifically: "...using the technological means to sell remotely without the need for the client to be physically present in the store..." (see Annex G)
- The digital sales operation is also an enabler of easiness of use (being that current consumers' generation- gen Y- has higher digital literacy so the use of social media platforms for online shopping is nothing more than a regular activity- as we can see from the Louis Vuitton case the fact that several of the customers were already using social media platforms to check the contents of the brand, the creation of webpages with the store-life content and product information was nothing more than welcomed (Annex F)).
- Besides, for the company, the digital transformation is a potential enabler of a symbiotic trade of information (customers could verify other customers' feedback about the shopping experience and experience and Chanel can have higher quality of feedback in order to improve its services like during after purchase care). Take Stivali's worker interview (Annex E) as a first example: she claims that besides helping spread the information about new brands/ products in store, the digital also has helped customers and brands by serving the showcase purpose. As she reflects: the digital acts (for workers of the industry) as a complementary tool. As for Louis Vuitton this was also verifiable with the creation of specific platforms to aid customer be informed (see Annex F) like in Prada's case (see Annex G) that resorted to influencers as "... catalogs...".

3.6.5. Provide a digital strategy that Chanel can implement to correspond to the new type of luxury consumers' needs.

In order to establish a possible digital strategy for Chanel it is important to, firstly, understand the new consumers.

Millennials are part of the online era. The importance to the daily basis of this digitally influenced, increasing purchasing power, brand consciousness and awareness generation (Burnasheva, GuSuh, & Villalobos-Moron, 2019) (Parker & Kuo, 2021)). Their values changed as well compared with older generations which reflected on the fact that they tend to have higher self-esteem and self-consciousness while caring more for their peers' opinion and validation.

Due to the characteristics of these generation that mostly consumes luxury brands through online platforms, we can now begin proposing digital strategies/ campaigns that Chanel should focus on when following the path of online sales. Firstly, and following Kapferer's anti-laws (2009a) suggestions, focusing on the social media marketing: Chanel should use its platforms to generate sales. One of the possible ways to create engagement with customers (and therefore creating higher value perception of the brand for customers) can be updating the social media platforms like Instagram, Twitter and Facebook to allow the direct sale (leading to website). After this, Chanel should also bet on its digital marketing to create video content that reflects, for example: inspiration for customers that buy a specific bag (i.e.: using the classics-2.55 bags, the Classic Flap bag or the Boy bag) on how to wear it, combined with product X or Y. This will generate an increase on individuals that will see the product and imagine themselves with that same bag in that same situation- reproducing the Dream Equation. Finally, Chanel could also show the important role that its heritage plays on the brand by creating, for example, monthly content that relates to its founder: Gabrielle Chanel and the influence on its products and its *Maison's* values.

These are just some of the examples that Chanel could do in order to engage in the digital universe in the best way possible and responding to almost every barrier that Kapferer suggests about online sales. Nevertheless, we must also consider the negative factors associated with this transformational process (loss of exclusivity, decreasing inaccessibility among other).


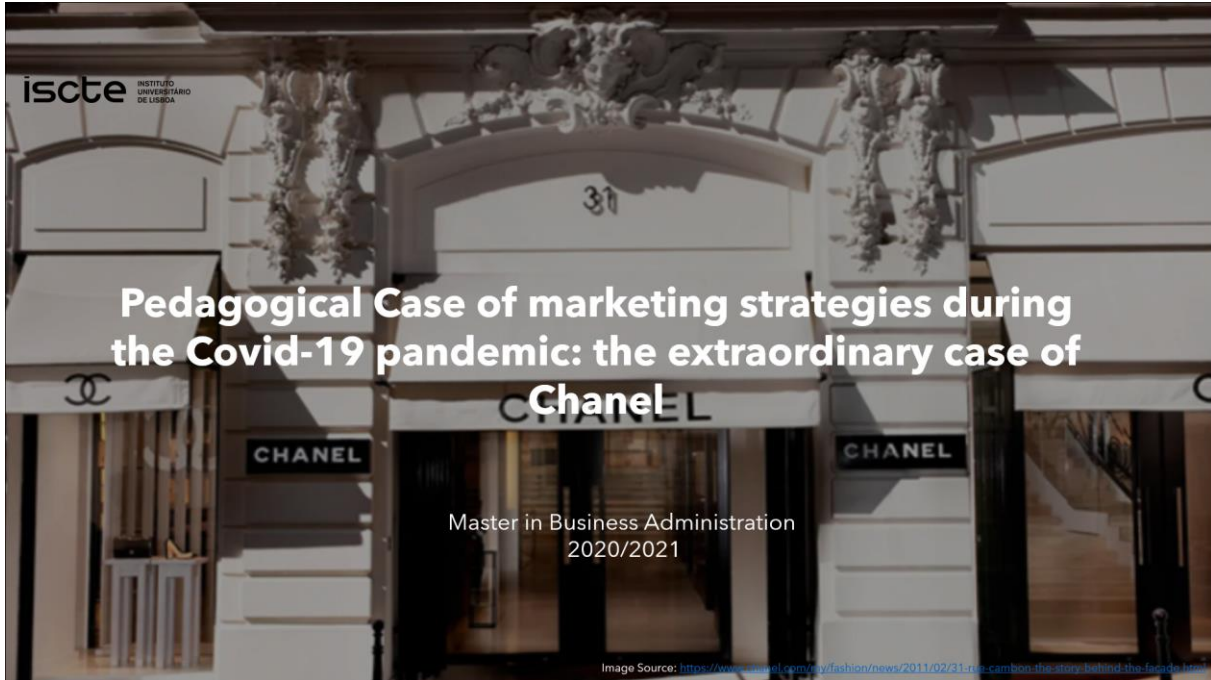
3.6.6. *In case of future crisis like Covid-19, where the digital is the solution, how can Chanel be prepared to respond to that shift? Provide examples of security/ prevention measures for the brand to maintain sales as well as increase its value perception.*

In terms of possible future crisis, like the Covid-19 pandemic, where the digital transformation is the way to cope with the interactions' problem (there has been a need to reduce the interactions as well as the visits to stores), brands like Chanel need to be prepared for the financial impact that it will have on the business. So, in order to be cautious about it, brands need to firstly have a group of measures to apply as soon as these disasters happen (in terms of marketing):

1. My first suggestion comes upon considering the luxury values. Brands need to remember of its exclusivity, inaccessibility, heritage and premium prices. Due to this, Chanel must keep up its strategies of pricing (the continuous increase), create specific exclusive products for customers about the cause in question (in the case of Covid-19 could be masks, disinfectant holders whilst campaigning them on social media leading to the website for a sale process);
2. Secondly, notwithstanding the first suggestion, they also need to adapt to the crisis itself. As a marketing strategy, Chanel can be prepared with a campaign on aiding the harmed population: for example, pre-arranging a fund just for those occasions and combine it with a social media marketing (as for posts/ videos about the theme in question to raise awareness about that same theme). This would allow for Chanel to keep its brand's value perception through the consumers' lens whilst helping an important cause.
3. Implementing a video-chat on the website for before and after purchase would be a third suggestion. The fact we are talking about a luxury brand means that the brand also needs to accompany the digital avant-garde technology that is increasingly being developed. In case of a crisis, the digital needs to be at its highest quality possible to attend to clients and possible clients' needs.

These are my suggestions so that Chanel increases its odds to be prepared for a possible future crisis, the main important thing is for luxury brands to show strength in commanding a volatile situation, persistency to show that, in the end, every measure that the brand takes is worth it (while in the crisis situation). Besides, the brand needs to be able to be a "trend-setter" and prepare marketing campaigns while also maintaining the value perception of the brand for consumers (i.e.: never neglecting its base values).

3.7. RESOLUTION SLIDES



Case Study Questions

1. What are the **main characteristics** that distinguish the **marketing of luxury goods from regular goods**?
2. Create a **SWOT analysis** for Chanel's traditional business model.
3. Considering Kapferer's anti-laws and position on digital sales on chapter 3.3.2, **how could Chanel compete with other luxury brands that sell online**, like Louis Vuitton, without jeopardizing its brand's value perception?
4. What does **selling online** add to a brand like Chanel?
5. Provide a **digital strategy** that Chanel can implement to correspond to the **new type of luxury consumers' needs**.
6. In case of future crisis like Covid-19, where the digital is the solution, **how can Chanel be prepared to respond to that shift**? Provide examples of security/prevention measures for the brand to maintain sales as well as increase its value perception.




Image Source: <https://www.chanel.com/pt/about-chanel/e-fundadora/>

What are the main characteristics that distinguish the marketing of luxury goods from regular goods?

1-

Type	Luxury Goods	Regular Goods
<p>Characteristics (Objective: Differentiate both types: its values, its basis, what each of the categories represent in products, main characteristics that can be retrieved from the reading of the Literature Review combined with the Case Study Context)</p>	<ul style="list-style-type: none"> - As the Louis Vuitton worker's interview reflects: this sector of the industry does not want to produce products for mass consumption but rather create the feeling of desire of the unknown and sometimes unattainable and mystique (Interview 2). - Luxury brands and goods must inspire consumers and make them dream about them (focusing on creating lasting emotional relationships with customers)- in this area of the industry you need to focus on the "Dream Equation" (Kapferer & Bastien, 2009b). - Constructed under an idea of hierarchy, exclusivity, sophistication, "Savoir-Faire" (as the Louis Vuitton worker reflects- Interview 2 as well as Interviewee 1 from Stivali) and power (often associated with social stratification (Kapferer & Bastien, 2009a)). - Because it spurred with the wealth (mis)distribution, it also started to be more "accessible" for the middle class with the development of democratization (and consequent increase in this class 	<ul style="list-style-type: none"> - These goods have a characteristic that luxury do not: the higher the demand the more the production. It is meant to respond to problems such as functionality, income and can be understood as clothing, food, household appliances, ready-to-eat food-delivery companies, among so many other (Pham, Thi, & Le, 2020). - These products are usually created for mass consumption valuing quantity over quality (Deloitte, 2014a). - Regular goods' brands do not have specific values or strict codes to follow unlike luxury brands. This type of goods' brands focuses only on selling the most possible (Deloitte, 2014a).

2-

<p>purchasing power- as Giovanni reflects (2015)).</p> <ul style="list-style-type: none"> - It is often associated with functional and/or hedonic values: this is, either the functionality of the luxury product for the day-to-day use or the fact that it brings intrinsic/ psychological benefits to the consumer (Amatulli & Guido, 2011) - Besides, a luxury brand/ product must have specific characteristics such as: high quality, authentic value, prestigious image, premium prices and the ability to influence and connect to customers ((Ko, Costello, & Taylor, 2019) (Wiedmann, Hennigs, & Siebels, 2007). - Luxury is also linked with the development of technology, correlated with the globalization process (Kapferer studied this intensively in several of his publications (2009a) (2015)).
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***Continuation answer to question no. 1**

3-

<p>Customers' characteristics (Objective: Understand who are Gen-Y and Baby Boomers and differentiate them- LR, Make explicit the difference between luxury and</p>	<ul style="list-style-type: none"> - The first consumers of this type of goods were the Baby Boomers (wealthy older consumers), nevertheless, Gen Y are now the main consumers of luxury (Giovannini & Xu, 2015)- the Stivali worker reflects as well as her consumers are now from a younger generation- Interview 1). - This type of individuals is characterized by its capability to influence others (like the Prada's worker 	<ul style="list-style-type: none"> - Regular goods brands' consumers cannot be put into a specific group or a generation like the luxury brands since they are not looking to appeal to only a part of the population: everybody needs toilet paper- as seen during the beginning of the pandemic with all the panic
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4-

<p>regular goods' consumers)</p>	<p>analyzed in its interview); by its increasing purchasing power- that allows this social stratum to reach more expensive goods (Burnasheva, GuSuh, & Villalobos-Moron, 2019).</p> <ul style="list-style-type: none"> - Gen Y is also a defining group of individuals that have grown attached to different ideals from previous generations. Gen Y or Millennials have a more brand-conscious perspective to see luxury, focusing on different aspects of the brand whilst believing that it is their right of achievement rather than a privilege. This last factor is also related to another important characteristic of Gen Y: the fact that their self-esteem and self-consciousness is higher than previous generations (facts that has been extensively investigated once again by (Giovannini & Xu, 2015)). - Gen Y has also higher technological education, being born in the era of the Internet, which makes it understandable that their attachment to social media increases this generation's ability to use or create platforms to either sell or buy products- namely allowing even younger generations to buy and engage with luxury brands (Parker & Kuo, 2021). 	<p>buying; everybody needs to eat and drink the bare minimum therefore the main goal is to sell (Naeem, 2020).</p>
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***Continuation answer to question no. 1**

5-	<p>Marketing</p> <p>The marketing for luxury must follow strict rules so that the luxury values are not lost (as the Stivali worker says: "...always keeping true to our DNA. We don't go for everything or do everything, because we don't think it's compatible with our luxury denomination." (see annex E)</p> <ul style="list-style-type: none"> - For this to be attained, some authors like Kapferer (2009a) have defined specific laws (or anti-laws) of marketing. As said before: luxury marketing focuses on selling the dream equation (values, experiences) rather than selling the products. - Even though digital marketing has not been the first choice of marketing tool for luxury brands, it has started to grow as a desirable tool to increase the brands' image as well as allowing a higher control over its brand's feedback, therefore making social media become essential for some luxury brands (Deloitte, 2014b) (Parker & Kuo, 2021). - As both Louis Vuitton and Prada's staff say in their interviews (Interview 2 and 3): luxury cannot be banalized through TV commercials or should not at least. The focus is to give customers the feeling of the luxury lifestyle (and as they say: we often see luxury commercials only in places that allow us to fantasize with life like 	<ul style="list-style-type: none"> - The regular marketing that we know does follow some rules (normal rules of marketing) but it does follow the same type of scrutiny codes for when they implement marketing campaigns (Kim, Lee, Lee, & Taylor, 2019). - Marketers for regular goods only need to care for the product they are trying to sell rather than trying to sell a lifestyle (like luxury marketing) (Deloitte, 2014a) (Kapferer & Bastien, 2009a). - It follows different types of sets in order to achieve success and sales considering that their objective is to sell to those they are advertising to.
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6-	<p>airports or magazines). People that work in the marketing area in this industry focus on selling dreams and making customers dream with the brand (Kapferer & Bastien, 2009b).</p> <ul style="list-style-type: none"> - The marketing that uses social media has increasingly become a way for businesses to increase sales, brand identity, brand popularity as well as influence, interaction and even its communication with costumers ((Godey, et al., 2016) (Kaplan & Haenlein, 2009) (Taylor, 2009)). - As seen before: luxury brands are not trying to sell to those who they advertise to. This being one of the most important discrepancies from traditional marketing to luxury brand's marketing (Kapferer & Bastien, 2009a). 	
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Create a SWOT analysis for Chanel's traditional business model.

Strengths	Weaknesses
The exclusivity as well as the prestige positioning in the market (https://www.linkedin.com/company/chanel/)	Separates from other known luxury brands by not selling online: restraining the sales of the brand to physical stores
Unique take on heritage and its creators' take on fashion	The constantly increasing prices ((Dusil, 2021) (Fraser, 2021))
Brand that highlights consumer's insights for both production and decision of the brand (fact that the brand explicates in several of its platforms)	The specificity of the target consumer groups
One of the top of mind luxury brands for bags	Needs to follow specific guidelines and criteria to produce every product
Incredible control of distribution methods (sales only available at exclusive or high-end stores)	
Great bet on marketing inside the stores/ resale points and fashion shows	

1 In terms of **Strengths**, we can verify that Chanel is a well-established brand with a lot of positive factors that reinforce the brands' power and value perception throughout the consumers' universe.

2 Nevertheless, the brand still has a lot of **Weaknesses** when performing an overall analysis which can be highlighted as some of the improvements that Chanel could focus when trying to develop the services and products of the brand.

Create a SWOT analysis for Chanel's traditional business model.

1

When analyzing the **Opportunities** for Chanel, it is obvious that the brand should contemplate some marketing strategies that other luxury brands already follow, whilst implementing others that might be pioneer ideas in the luxury industry.

2

Yet, the column **Threats** seem to be present higher counterweight which might be an important factor to consider when deciding to follow or not the online sales process.

Opportunities	Threats
Growth of online sales in luxury goods	The need for physical proof (touch and see the product)
Increase of Chanel professionals with social media marketing and online shops skills	High level competitors in the industry
Development of avant-garde technologic platforms (for purchase care)	Possible loss of brand identity (exclusivity, heritage)
Intensification of partnerships with other luxury brands	Possible loss of the luxury notion (destruction of the Dream Equation) from the consumers' perspective
	Loss of control whilst going digital
	Brands' selectivity of clientele is reduced or becomes non-existent with digital platforms use

Considering Kapferer's anti-laws and position on digital sales on chapter 3.3.2, how could Chanel compete with other luxury brands that sell online, like Louis Vuitton, without jeopardizing its brand's value perception

Step 1 (digital engagement)



Create systems of validation of clients for higher control of who they sell to (as for creating video chats with everyone that showed interest in buying its products so that the client knows a specific sales advisor of his/her geographic zone and so the brand knows to whom they are selling, what product, control over the number of products per client);

Step 2 (value perception preservation)




Whilst engaging on digital sales and implementing the online sales on the company, Chanel could also maintain a certain control increasing, at the same time, the value perception of the brand- pre and after purchase care and follow-up- offering something that none luxury brand is offering right now (standing out from its competitors).


With this, Chanel would also be following almost every anti-rule that Kapferer (2009a) created for luxury brands (maintaining exclusivity, inaccessibility, advertising not to sell- despite it also being one of the goals of a business) regardless of this author not defending the digital sales for luxury brands as the best opportunity for this specific sector.

What does selling online add to a brand like Chanel?

Utility	Easiness of use	Trade of information
Deliveries are sent to customers' homes	Gen Y's easy adaptation to technologies = regular online shopping	Feedback from customers to customers about the products and care services (using the online as a showcase)
Reduction on face-to-face interactions (prevention to the spreading of the virus)	Social media platforms to create and distribute content about products	Feedback for Chanel to improve its offers
I.E.: Stivali's interview (Annex E) and Prada's interview (Annex G)	I.E.: Louis Vuitton's interview (Annex F)	I.E.: Stivali (Annex E), Louis Vuitton (Annex F) and Prada's interview (Annex G)

Provide a digital strategy that Chanel can implement to correspond to the new type of luxury consumers' needs.


- 1  To create engagement with customers (whilst creating higher value perception of the brand for customers) Chanel should be transforming its social media platforms like Instagram, Twitter and Facebook to allow the direct sale (leading to website).

- 2  Chanel should also develop its digital marketing to create video content that reflects, for example:

Inspiration for customers that buy a specific bag (for example using the classics- 2.55 bags, the Classic Flap bag or the Boy bag) on how to wear it, combined with product X or Y.

↓

(which will generate an increase on individuals that will see the product and imagine themselves with that same bag, in that same situation- reproducing the Dream Equation).

- 3  Chanel could also show the important role that its heritage plays on the brand by creating, for example, monthly content that relates to its founder: Gabrielle Chanel and the influence on its products and its *Maison's* values.

In case of future crisis like Covid-19, where the digital is the solution, how can Chanel be prepared to respond to that shift? Provide examples of security/ prevention measures for the brand to maintain sales as well as increase its value perception.

Luxury values:	<ul style="list-style-type: none"> • Exclusivity • Inaccessibility • Heritage 	→	<ul style="list-style-type: none"> • Premium prices (keep the continuous increase of price) • Creation of exclusive products (e.g.: disinfectant holders)
Preparation/ precaution:	Predesigned campaign on aiding the harmed population	→	E.G.: pre-arranging a fund for possible future crises and combine it with social media marketing (as for posts/ videos about the theme in question to raise awareness and more funds about that same theme).
Digital transformation:	Implementation of a video-chat on the website for before and after purchase	→	In case of a crisis, the digital would be at its highest quality possible to attend to clients' (and possible clients) needs.

4. CONCLUSION

It is verifiable, by the end of this thesis, that the development of the marketing studies has allowed both students and investigators of the area to understand not only marketing's importance on individuals' lives itself but also in the creation and improvement of businesses. Knowledge in this specific area has increased exponentially as we can verify with its crossover in multiple other sectors (different types of industries- like luxury- to the simplest daily-life products, services, actions). This has also led to an enhancement on the ways that companies must achieve success, by generating better decision-making processes, whilst also causing a humanization of this marketing process and consequently of companies as well.

It has also become clear that Marketing conjugated with social media has been a decision taken to accompany the technological development, with the fact that it brought better results for both companies to individuals. In the end, the main objectives that this social media marketing allowed to achieve were (besides the ones already reviewed on this pedagogic case): enable a better analysis of markets and better outputs for clients/ customers which produced more sales.

In the specific case of this thesis, some general conclusions can be taken: the luxury's impact on life in general has become more than noticeable; its subjectivity (from definition to specificity of products/ service) has allowed authors and individuals to create the notion of "Dream" and its reproduction on several spheres of life. This, more than ever, justifies its extreme importance and influence on matters like social stratification, the creation of societies, besides being central on trend setting and implementing avant-garde technologies and/or strategies.

This pedagogic case shows that luxury brands have been focusing on the adaptation to this new digital way of promotion, as well as sales, and that the mix between these two variables (Social Media Marketing and Luxury) are now a current trending topic, which is a favorable factor to everyone that studies or investigates the luxury area (or marketing or social sciences, history of civilizations and so many other) reflecting the theme's importance.

Besides, in terms of business management deductions, this thesis has also an incredibly high relevance for not only the previous mentioned reasons but also for the fact that with the pandemic, the change in marketing strategies, the volatility of the situation that the analyzed brand went through, the need for constant adaptation and that Chanel still did not follow the

strategy of selling online; that all these reasons showed marketers, students, investigators and any person with interest in the area, the importance of adaptation to context while maintaining the brand's identity a central piece of the Marketing process. It is implicit to never neglect the luxury values, the brand's core characteristics over sales, i.e.: maintaining the consumer's value perception of the brand, even though the remaining luxury brands can be following the digital sales path.

The chosen methodology aims to give students, and any other person with interest in the areas, the information that matters when it comes to the extra(-)ordinary case of Chanel and the market: one of the last luxury brand's that still did not sell online during these trying times. In a few years, we will probably look to the pandemic as a proof of our resilience and persistency along with businesses (especially brands with such global recognition) and Chanel will still be relevant as one of those that, despite the today's tendency to implement online sales through social media, did not follow those guidelines (however, this does not discard the student's need for extra search for a better comprehension of the situation).

With the case study questions, students are challenged to apply their Marketing knowledge, never forgetting the relevance of the luxury basic "characteristics", whilst allowing them to creatively come up with solutions for a possible brand's digital strategy (even though, currently, the idea for an increase in advertising for their products may seem distant and almost too ordinary for Chanel). The idea is that students explore this universe, considering two factors: first, successful marketing strategy for luxury require controlling different variables; second, one can take advantage of creativity to solve "regular" management problems in the luxury sector, despite all the strict rules of the business.

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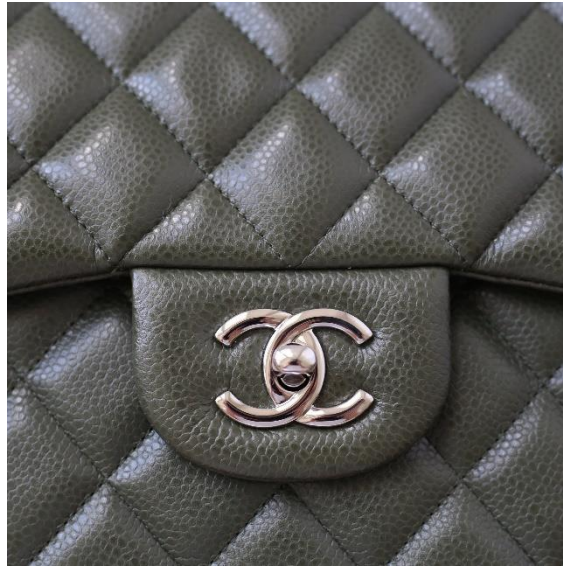
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Annexes



Annex A: Calfskin details from a Classic Flap bag for Chapter 3.3.2

Source: (<https://the-collectory.com/products/chanel-olive-green-calfskin-classic-double-flap-jumbo> , 2021)



Chanel in fishing gear, c. 1930

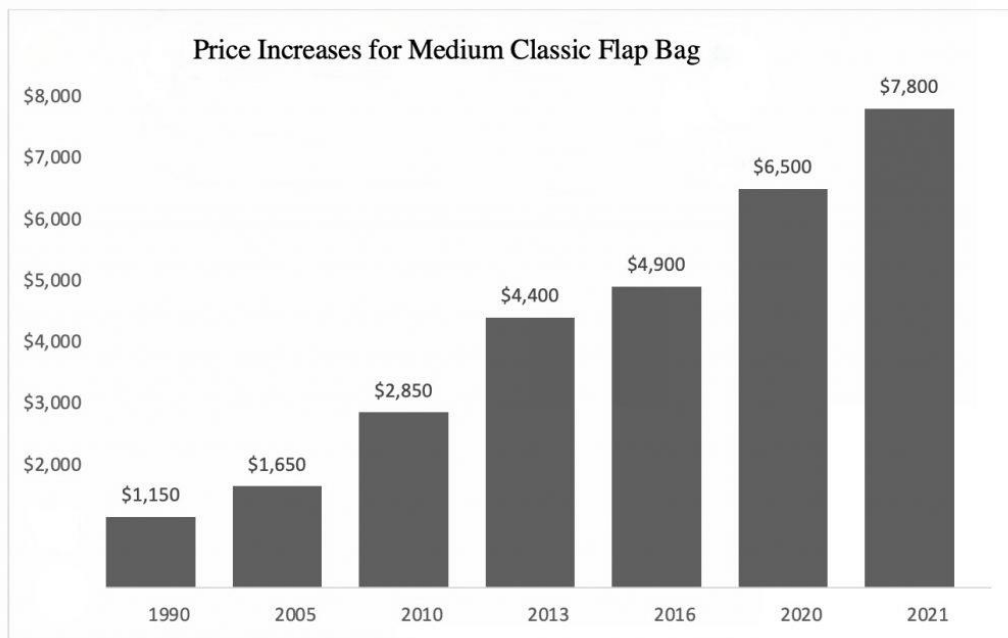
Annex B: Chanel in her "manly" outfits for Chapter 3.3.2

Source: (Garelick, 2014)



Annex C: Current Chanel clothing for Chapter 3.3.2

Source: (<https://www.vogue.com/fashion-shows/fall-2019-ready-to-wear/chanel> , 2021)



Annex D: Continuous increase in the Classic Flap bag for Chapter 3.3.2

Source: (TFL, 2021)

Interviews:

Annex E: Interview 1- Stivali

Entrevista	Interview (Translation)
<i>1- Could you provide your job's position and the main responsibilities (5/6main tasks)?</i>	
<p>Sou diretora de Loja da Stivali há alguns anos já, tenho 29 anos de Stivali fiz este ano para o ano farei 30. E adoro o meu trabalho.</p> <p>(Eu digo: “Ótimo! Isso é que é importante. Portanto, disse-me 29 anos e do que eu percebi a Stivali foi criada há 30...”)</p> <p>Hm, não. Stivali foi criada há um bocadinho mais Há um pouco mais sim. A Stivali começou como uma loja muito pequenina na (Rua) João XXI de sapatos, basicamente só sapatos, sapatos e artigos de pele. Portanto a Stivali é uma empresa constituída de raiz, foi fundada por 2 homens o Sr. Frank e o Sr. Manuel Casal do nada, portanto eles é que conceberam todo o conceito da loja, conceberam tudo aquilo que a Stivali iria representar. No fundo é a cara deles, o rosto deles e a estrutura que eles próprios têm, que ambos têm. E, portanto, começaram na João XXI como uma pequenina loja de sapatos, depois avançaram para o Sr. Frank produzir em Portugal algumas peles: saias de pele, casacos de pele, aquilo que o Sr. Frank, o próprio, desenhava e portanto ele próprio acompanhava a construção dessas peças depois passámos a umas peças de malha, depois passámos a umas marcas, depois a aqui e ali e até hoje onde chegámos. Sempre pautados pela cabeça e estrutura, visão e sonho que estes dois homens têm sobre a Stivali.</p>	<p>I've been Stivali's Store Director for 29 years and I love my work.</p> <p>(I say: “Great! That's what's important. So, you told me 29 years and, from what I realized, Stivali was created 30 years ago...”)</p> <p>Um, no. Stivali was created a little longer, yes.</p> <p>Stivali started as a very small shoe store located in Lisbon, at João XXI (Street). Basically, shoes and leather goods. So Stivali is a company built from scratch, it was founded by two men, Mr. Frank and Mr. Manuel Casal who designed the entire concept of the store and conceived everything that Stivali would represent. In the end, Stivali is their “face”, their representation and structure that both have.</p> <p>They started with a small shoe store, then moved on with Mr. Frank producing other leather products in Portugal: leather skirts and leather coats that Mr. Frank, himself, designed and accompanied the whole fabrication process.</p> <p>We then moved on to some knitted pieces and so on until we arrived where we are today. Always guided by the vision and dream that these two men had for Stivali.</p> <p>(I comment that I didn't actually get all of this in my research and I am very grateful, to what the Store Director responds to)</p> <p>It's natural Margarida, these are not things you write online (with a nice laugh).</p> <p>Answering the question of the 5/6 functions:</p>

(Eu comento que de facto não tinha conseguido tudo isto na minha pesquisa e agradeço imenso ao que a Diretora de Loja responde:)

É natural Margarida, isto não são coisas que se escrevam online (com um riso simpático).

Respondendo à questão das 5/6 funções:

Sabe que a Stivali tem uma maneira de estar completamente diferente, portanto nós aqui não temos 5 ou 6 temos 50 ou 60. Ou seja, nós não temos ninguém de fora que venha cá fazer nada toda a estrutura está cá dentro desde o Visual Merchandiser, às montras, aos decors é tudo feito com equipas da casa. Ninguém vem de fora para fazer nada aqui.

Das minhas funções eu acho que a função principal, que me é incumbida, é, portanto, toda a organização da loja, toda a parte do Visual Merchandising e toda a parte das montras e estrutura que a loja tem; quer seja do piso de homem quer seja do piso de senhora, quer seja inclusivamente das *shop-in-shops* e *corners* que nós temos. Estou incumbida de tudo funcionar e tudo estar em pleno. A minha segunda grande função dentro desta empresa são as compras: somos nós, também sou eu que vou acompanhar as compras com o Sr. Frank e o Sr. Manuel e com Ana Casal, portanto temos aqui um grupo de compras, um Team só para as compras também forte. Depois atendo variadíssimas clientes, é das coisas que eu mais gosto de fazer no meu trabalho. Faço o acompanhamento dessa cliente do A ao Z, portanto nada fica deixado ao acaso: desde os cabelos, às mãos ...

Além de coordenar toda a equipa das 44 pessoas que fazem parte desta empresa, dos vários departamentos que a empresa tem, das várias posições: do online, da Farfetch, do atelier, do escritório, da logística... Isto são

You know that Stivali has a completely different way of working so here we do not have 5 or 6 responsibilities but rather 50 or 60.

Everything we need is made within our own structure from the Visual Merchandiser, decor, and shop window decoration, are all done with in-house teams. Nobody comes from outside to do anything here.

I think that my main task is, therefore, the entire organization of the store, all the Visual Merchandising part and all the part of the showcases and structure that the store has; whether it's on men's floors or women's floors, or even from the shop-in-shops and corners we have.

It is up to me to ensure that everything is working well and working to the full.

My second major role within this company is shopping: it's up to me to accompany Mr. Frank and Mr. Manuel with the purchases. Together with Ana Casal. We form a group – a strong Team - just for the shopping.

I also take personal care of a wide range of clients, which it's one of the things I like to do most in my work. I follow up with this client from A to Z assuring that nothing is left to chance: from her hair to her hands...

In addition to that, I'm coordinating the entire team of 44 people who are part of this company, from the various departments and positions: online, Farfetch, studio, office, logistics...

These are basically my work duties as store director.

<p>basicamente as minhas funções de trabalho como diretora de loja. Já são algumas.</p>	
<p>2- <i>In terms of the “new” online impact on luxury brands, how do you see that Stivali has responded to this digital evolution?</i></p>	
<p>Nós tentamos acompanhar e se possível estar um bocadinho à frente de tudo o que é novas tecnologias e novos caminhos sempre nos mantendo fiéis ao nosso ADN. Não vamos para tudo, não embarcamos para tudo, não fazemos tudo, porque não achamos que seja compatível com aquilo que nós temos uma denominação de luxo.</p> <p>Sabe que a palavra luxo Margarida deixe-me já que lhe diga, a mim, enerva-me um bocadinho porque hoje em dia o luxo foi completamente descaracterizado. Portanto hoje em dia aquilo que é verdadeiramente luxo... Luxo é podermos estar aqui a falar uma com a outra, isto é que é luxo, você tem saúde, eu ter saúde também é um luxo, você estar a estudar, eu ter estudado e os meus filhos terem estudado é outro luxo. Todos termos comida também é um luxo, portanto estes são os luxos reais da nossa vida.</p> <p>(Eu interrompo levemente dizendo: Também é outra questão que gostaria de lhe fazer...)</p> <p>Adaptando isto às nossas tecnologias, eu acho que a Stivali se tem vindo a adaptar muito bem. Nós temos um website, uma página de shopping que é basicamente uma montra. Nós privilegiamos sempre a loja em deterioramento do online. Para nós a loja é uma coisa muito significativa porque a relação com o cliente é muito mais importante do que propriamente a venda. Por que é isso o que você vai fidelizar o seu cliente. Portanto o online não fideliza ninguém, a pessoa procura uma</p>	<p>We try to keep up and, if possible, be a little ahead of everything regarding new technologies and new paths, always keeping true to our DNA.</p> <p>We don't go for everything or do everything, because we don't think it's compatible with our luxury denomination.</p> <p>About that, let me tell you, Margarida, that the word “luxury” unnerves me a little because, nowadays, luxury has been completely mischaracterized.</p> <p>So, today, what is true luxury?</p> <p>Luxury is being able to be here talking to each other, being healthy. You have studied, as have I and so my children, and that it's another luxury. Having food on our tables is also a luxury. So, these are the real luxuries of our life.</p> <p>(I interrupt lightly saying: This is also another question I would like to ask you...)</p> <p>I think Stivali has been adapting this very well to our technologies. We have a website, a shopping page that is basically a storefront.</p> <p>We always privilege the physical store over the online store.</p> <p>For us, the physical store is very significant because the relationship with the customer is much more important than the sale itself. To us, this is what will make a loyal customer.</p> <p>The digital channel does not attract anyone's loyalty, the person looks for a piece online and goes to the first site</p>

<p>peça online e vai ao primeiro site que tenha aquela peça não tem aquela interação face-to-face.</p> <p>Portanto acho que nos estamos a adaptar muito bem e até com bastante sucesso a nível do online tenho-lhe a dizer.</p>	<p>that has that piece; that does not have that face-to-face interaction.</p> <p>So, I think we are adapting very well and even with a lot of success in terms of online, I have to say.</p>
<p>3- <i>How do you perceive luxury brand's marketing opposed to regular goods marketing?</i></p>	
<p>Bem eu via isso como dois mundos completamente separados. E efetivamente uma das coisas boas que a pandemia nos tem trazido é que efetivamente esses mundos estão-se a separar. Há muitas marcas que estão a sair do online, há muitas marcas que se estão a virar para as lojas, para o contacto físico com o cliente porque uma das coisas que as marcas perceberam neste momento é que tem que se valorizar muito o cliente local. Nós, Stivali, graças a deus sempre foi a nossa primeira preocupação: o cliente local. O Sr. Frank costuma dizer: “Nós estamos em Portugal a trabalhar para os portugueses” portanto esta é a nossa primeira regra obviamente que adoramos os estrangeiros, obviamente que adoramos o turismo, obviamente que toda a gente é bem recebida venha de onde vier é com gratidão acima de tudo que nós os recebemos no entanto os portugueses estão cá sempre e esses têm que ser efetivamente muito valorizados. Em relação à estrutura de marketing do online, eu acho que nós (ainda que lentamente) estamos a assistir a uma grande, grande revolução a nível do online de as marcas se retirarem ou fazerem do online uma montra e não tanto uma venda. Ou seja, o online é praticamente uma montra do artigo, do produto que têm e então o cliente será futuramente, quase, forçado a ir à loja. Eu acho que vamos seguir aqui (dependendo da marca, do posicionamento) 2 caminhos: as marcas estão-se a reestruturar de uma maneira muito</p>	<p>Well, I would see it as two completely separate worlds. And actually, one of the good things that the pandemic has brought us is that these worlds are effectively separating.</p> <p>There are many brands that are leaving the digital channel and returning to the physical stores, to the physical contact with the customer because one of the things that brands have realized right now is that the local customer must be highly valued.</p> <p>To us, Stivali, the local customer has always been our first concern, thank goodness. Mr. Frank usually says: “We are in Portugal working for the Portuguese” so this is our first rule.</p> <p>Obviously, we love foreigners and we love tourism, so everyone is well received wherever they come from. It is with gratitude, above all, that we receive them. However, the Portuguese are always here, and these must be effectively highly valued.</p> <p>Regarding the online marketing structure, I do think that we (albeit slowly) are witnessing a big, big revolution with brands withdrawing or just making an online showcase and not so much a sale.</p> <p>In other words, their online presence is practically a showcase of the articles, of the products they have and then the customer will be, in the future, almost forced to go to the store.</p>

<p>profunda. Há uma coisa nova maravilhosa que são estas parcerias: a parceria da Versace com a Fendi, a Nike com a Sacai, a parceira da Levi's com a Valentino, portanto e todas estas parcerias é um mundo novo. Nós não tínhamos isto há 6 anos ou 7 anos atrás. É uma partilha de conhecimento que está a ser feita e que eu acho que é o mais importante nesta altura onde nós podemos falar uns com os outros e partilhar. Não tanto como um aspeto de concorrência, mas de partilha, porque a concorrência é saudável se for legítima, correta e honesta é extremamente saudável, e eu acho que o online está a seguir isso também.</p> <p>Não sinto que estas parcerias de marketing de luxo com outras marcas de bens regulares venham destruir a noção de luxo. Pelo contrário: as parcerias são parcerias pontuais, são de coleções normalmente muito pequenas e que vão para um determinado segmento e isto sim é qualidade e nível.</p>	<p>Depending on the brand, and its positioning, I think we can follow 2 ways: The brands are restructuring in a very profound way. There is a wonderful new thing which is these partnerships: Versace's partnership with Fendi, Nike with Sacai, Levi's' partnership with Valentino, for example. All these partnerships represent a new world that we didn't have 6 or 7 years ago. I think that this sharing of knowledge is the most important thing at this time, because it is a time where we can talk to each other and share. Not so much as a competition but as sharing, because competition is healthy if it's legitimate, correct and honest, yes, it's extremely healthy and I think the online is following that too.</p> <p>I don't feel that these luxury marketing partnerships with other regular goods brands are going to destroy the notion of luxury.</p> <p>On the contrary: these are one-off partnerships, usually very small collections that go to a certain segment and this is quality and level.</p>
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4- What is your perspective on the online impact on luxury, in terms of brand promotion?

<p>Vou dividir essa questão em 2 partes: uma coisa é o marketing da empresa e será sempre diferente do online. O nosso marketing é um marketing muito calmo, muito apagado: nós não fazemos publicidade, praticamente aquilo que fazemos são produções de moda e aquilo que fazemos é quase tudo no nosso site, que temos aqui algumas entrevistas (temos uma parte jornalística no nosso site que consideramos ser importante sobre as marcas que nós temos) e, efetivamente, em termos de insta (Instagram) e face (Facebook). Não estamos em mais nenhuma plataforma neste momento, não significa que no futuro não iremos</p>	<p>I will divide this question into 2 parts: one thing is the company's marketing and it will always be different from the online.</p> <p>Our marketing is very calm, very low-profile because we do not advertise.</p> <p>Basically what we do are fashion productions, almost all on our website, where we also put some interviews (we have a journalistic part on our website that we consider to be important about the brands we have) and also in Instagram and Facebook. We're not on any other platform right now, but that does not mean that in the future we won't be in others. There are very interesting</p>
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para outras. Até porque há coisas muito engraçadas a surgir, mas que se identifique conosco, neste momento, não. Aquilo que publicamos e damos à cliente é a nossa alma, não necessariamente o produto exato que tenhamos na loja naquele momento para vender: é uma alma, um sonho, aquilo que nós somos. É a pessoa olhar para uma imagem e nos identificar a nós, Stivali. Isto é o nosso marketing em termos de promoção de marca.

O nosso marketing mais fantástico é quando a cliente vem aqui e adora vir aqui, independentemente de comprar ou não comprar e depois diz à amiga: “Fui a uma loja que adorei” e a amiga mais tarde ou mais cedo também vem cá.

Este é o nosso marketing: é o marketing boca a boca, de experiência, de sensação, de estar aqui, da envolvimento da loja, de todas as pessoas que possam estar com essa cliente.

Em relação à segunda parte: obviamente que o online foi uma parte importante nesta pandemia, é inevitável. Contudo para nós, Stivali, tivemos sempre uma equipa a funcionar em loja, houve um contacto direto com o cliente (cliente esse que nos conhece perfeitamente e que nós conhecemos perfeitamente). E, portanto, trabalhamos praticamente, não direi normalidade que não foi de todo, mas dentro do serviço que prestámos ao cliente atingimos uma performance muito satisfatória de não deixar o cliente pendurado (de um arranjo que precisasse, de uns ténis que afinal precisava); tentámos acompanhar e responder ao cliente. Até como um próprio acompanhamento pessoal: “Está tudo bem consigo?”; “Podemos ajudar, podemos fazer alguma coisa por si?” eu acho que também é importante.

things coming up but none that identify with us, right now.

What we publish and give to the customer is our soul, not necessarily the exact product we have in store at that moment to sell: it is a soul, a dream of what we are.

It's the person looking at an image and identifying us, Stivali. This is our marketing in terms of brand promotion.

Our most fantastic marketing is when the customer comes here and loves to come here, regardless of whether she buys or not, and then tells her friend: “I went to a store that I loved” and the friend sooner or later comes here too.

This is our marketing: it is a “word-of-mouth” marketing, of experience, sensation, being here, the surroundings of the store, of all the people who may be with this customer.

Regarding the second part: obviously online was an important part of this pandemic, it's inevitable.

However, Stivali always had a team working in the store, ensuring direct contact with the customer (a customer that knows us perfectly and that we know perfectly well).

And, therefore, we achieved a very satisfactory performance by not leaving the customer hanging (from an arrangement he needed, some sneakers he needed after all); we tried to follow up and respond to the customer. Even with a personal follow-up: “Is everything okay with you?”; “Can we help, can we do something for you?”

If we had only dedicated ourselves to digital, we wouldn't talk to anyone.

Se nós nos tivéssemos dedicado só ao digital, não falávamos com ninguém. E, de uma opinião pessoal, acho que o digital nos bloqueia a experiência: o digital mostra-nos 50 carteiras e nós daquelas 50 carteiras temos que escolher 1. E ficamos com a carteira que não é necessariamente para nós. O digital tira-nos a experiência de experimentarmos outra coisa que não estava sequer no nosso imaginário mas que poderá ter muito mais a ver connosco e que nós poderemos usar muito mais e que seja muito mais satisfatório portanto a tal experiência na loja torna-se fundamental até para nos abrir a nossa mente, para nos tirar do ecrã, para termos liberdade de escolha para fazermos o nosso próprio styling adaptado a cada uma de nós. E isso é uma coisa que o digital não nos dá.

And, from a personal point of view, I think that digital blocks our experience: digital shows us 50 wallets and we from those 50 wallets must choose 1. And we are left with a wallet that is not necessarily for us.

Digital takes away the experience of experiencing something else that was not even in our imagination but that may have much more to do with us and that we will be able to use much more and that is much more satisfying.

So, this experience in the store becomes essential even to open our minds, to get us off the screen, to have the freedom of choice to make our own styling, adapted to each one of us. And that's something that digital doesn't give us.

5- What can you recall as the main challenges for online marketing (and sales) during the pandemic?

(Eu prossigo indicando que parte da resposta anterior acabava por complementar exatamente aquilo que eu ia perguntar na questão a seguir- neste caso questão 5)

Eu acho que o digital é ótimo, e existirá sempre e haverá aqui um caminho a par e passo, no entanto, acho que o lado B do digital é tirar-nos a liberdade de escolha, de imaginação connosco próprios: a Margarida tem um género, eu tenho um género, todas somos mulheres lindas, mas completamente diferentes. E o online não permite esta descoberta do experimentar, do vestir, do por, vou tirar, estas calças não são para mim, aquela blusa não é para mim, eu nunca iria experimentar aquele casaco, mas afinal assenta-me que nem uma luva, e eu sinto-me maravilhosa. O online não nos dá esta experiência.

(I continue by saying that part of the previous answer would respond to the following question- question 5)

I think that digital is great, and there will always be a step-by-step path here.

However, I think the digital has a B-side, which is taking away our freedom of choice, of imagination with ourselves:

Margarida has a gender, I have a gender, we are all beautiful women but completely different. And the online does not allow this discovery of trying on, dressing, putting on,

I'll take it off, these pants are not for me, that blouse is not for me, I would never try that jacket, but it suits me like a glove, and I feel wonderful.

Online does not give us this experience.

6- *Could you describe the main motivations for Stivali to adopt online sales channels?*

Tem a ver com o acompanhamento das novas tecnologias, da própria empresa estar projetada em casa de cada cliente; no entanto, nós temos um fenômeno muito engraçado: nós temos um site que funciona fabulosamente bem mas as clientes normalmente ligam-nos- “X,Y,Z (temos imensa gente e as clientes conhecem-nos pelo nosso nome) estou aqui no site o que é que você acha? Compro esta camisa, compro aquela blusa, compro aquele top? Olhe então vou aí amanhã experimentar é que recebi aqui a newsletter e achei giríssimo.”

A cliente vem à loja e muitas vezes compra o top, mas a esmagadora maioria das vezes não compra aquele top porque nós até vamos dizer: “Atenção já tem em casa um parecido com este por isso não se justifica. Provavelmente será melhor comprar uma coisa que possa vestir por cima do top ou ter duas peças para poder sair e jantar e trabalhar durante o dia, veste aquele casaco e vai jantar à noite.”. Este é um trabalho que nós fazemos, que é quase uma personalização de styling para cada cliente. O online é compatível com isto tudo, como se fosse quase uma ferramenta de trabalho, contudo isto exige um conhecimento profundo da cliente, são muitos anos de trabalho. Temos a cliente número 3, número 4 e ainda são clientes que vêm à loja e que conhecemos “de trás para a frente” e muitas vezes somos nós que dizemos: “Não compre mais uma malha encarnada porque já tem 3 malhas encarnadas em casa. Não precisa, vamos ver outra coisa que combine com a malha encarnada”.

It has to do with the follow-up of new technologies, with the company itself being projected in each customer's home;

We have, however, a very funny phenomenon: our website works fabulously but clients usually call us- “X,Y, Z (we have lots of people and clients know us by our name) I'm here on the website what do you think? Do I buy this shirt, buy that blouse, buy that top? Look, I'm going there, try it tomorrow, I received the newsletter here and I found it really cool.”

The customer comes to the store and often buys the top but the overwhelming majority of the time does not buy that top because we are going to say: “Attention, there is already a similar one at home so it is not justified. It's probably better to buy something you can wear over your top or have two pieces so you can go out and have dinner and work during the day, put on that jacket, and go to dinner at night.”. This is a job that we do, which is almost a custom styling for each client.

Although the online is, indeed, compatible with all of this, as if it were almost a work tool, this however requires a deep knowledge of the client, taking many years of work.

We have customers number 3, number 4 and they are still customers who come to the store and who we know “back to front” and often we are the ones who say: “Do not buy another red knit because you already have 3 red knits at home. You do not need it, let's see something else that matches the red knit”.

7- *Can you think of any marketing strategies' opportunities Covid-19 has brought to luxury brands such as Stivali*

Hmm.... (risos) pergunta interessante. Muito interessante.

A única oportunidade que nos vimos prende-se com o fator de termos verificado que temos uma grande lista de clientes nacionais e uma relação muito estreita com elas e deu-nos aqui uma oportunidade para criar laços ainda mais profundos. Porque como podemos acompanhá-la muitas vezes, não só ao nível de vendas- as pessoas fixam-se muito na venda, na venda, claro que é muito importante, obviamente e logicamente, mas há aqui a parte da humanização que é cada vez mais importante.

E houve aqui muitas clientes que nós até conseguimos apoiar dentro de outros moldes, dentro de outras necessidades que essas próprias clientes tinham, que nada tinha a ver com a loja e que foram apoiadas por nós, por termos todo o gosto em fazer o máximo que nós pudemos.

Nós temos 2 motoristas de entregas em casa e isso tudo, coitados trabalharam mais do que nunca na vida deles mas contentes e felizes; nunca mais me esqueço da frase de um deles que chegou ao final do dia, saímos daqui às 22h imagine em plena pandemia ninguém na avenida nós estafadérrimas, e eu disse-lhe: "Você está tão cansado, não é? Quer chegar mais tarde amanhã para poder descansar?" e ele disse assim: "Não imagina o cansado que eu estou, mas o feliz que eu me sinto." Fizemos tudo menos vender e, portanto, isto foi uma oportunidade fantástica que a pandemia nos trouxe: esta relação estreita, ainda mais estreita com o cliente. Há muita gente

Hmm.... (laughs) Interesting question. Very interesting.

The only opportunity we saw was related to the fact that we verified we have a large list of national clients and a very close relationship with them, and it gave us an opportunity here to create even deeper ties.

Because, as we can monitor it many times, not only at the sales level - people are very fixated on the sale, on the sale, of course, it is very important, obviously and logically, but there is the humanization part here that is increasingly important.

And we were even able to support many customers here within other molds, within other needs that these customers themselves had, which had nothing to do with the store and who were supported by us because we are happy to do as much as possible we could.

We have two delivery drivers, poor people who worked harder than ever in their lives but they were happy; I'll never forget the answer of one of them who, at the end of the day when we left at 10 pm, in the middle of a pandemic, when I asked him: "You're so tired, aren't you? Do you want to come in later tomorrow so you can rest?", he said: "You can't imagine how tired I am, but how happy I feel."

We did everything but sell and so this was a fantastic opportunity that the pandemic brought us: this close, even closer relationship with the customer. There are many people who will not forget that that day, at that time, we were there for her, and there is nothing to pay for that.

que não se vai esquecer que naquele dia, naquela hora nós estávamos lá para ela, e não há nada que pague isso.

(Eu pergunto: mesmo sem vender?)

Não se vende num dia vende-se noutra. Há que humanizar cada vez mais, as coisas estão um bocadinho desumanizadas muito ligadas a nível das bases financeiras, dos números, o que não é uma coisa nada agradável e há que humanizar. Pensar que todos nós somos um grupo, todos nós precisamos uns dos outros e que as estruturas, os serviços (que nós no fundo somos um serviço) o acompanhamento e atendimento ao cliente é também às vezes dar uma palavra de carinho: “Bom dia, precisa de alguma coisa, estou cá para si, você hoje está linda, você hoje está fantástica” acho que isso muitas vezes também é muito importante.

O meu grupo de trabalho ficou muito mais unido, as pessoas estavam em casa flitas para virem trabalhar, preocupadíssimas com as pessoas que estavam cá a trabalhar por motivos de Covid, graças a Deus (levantasse para bater em madeira) ninguém apanhou Covid porque tivemos uma testagem de 14 em 14 dias, grupos fixos- aquele grupo não se cruzava com outro grupo...Foi... Dantesco... Ninguém apanhou e as equipas que estavam em casa telefonavam-nos logo de manhã: “O que é que eu posso fazer a partir de casa para vos ajudar?” e, portanto, o grupo de trabalho ficou extremamente forte e isto foi uma oportunidade única também, embora o nosso grupo de trabalho seja muitíssimo bom. A relação com o cliente ficou extremamente forte, pensou-se noutras coisas, oportunidades, caminhos, como é que iríamos evoluir como empresa, o que é que isto poderia trazer... Abordou-se de uma forma muito positiva porque não

(I ask: even without selling?)

You don't sell one day, you sell another. We must humanize, things are a little dehumanized, very linked in terms of financial bases, numbers, which is not a pleasant thing.

We are all a group, we all need each other and that the structures, the services (we are basically a service) the follow-up, and customer service is also sometimes to give a word of affection: “Good morning, you need something, I'm here for you, you look beautiful today, you look fantastic today” I think this is often also very important.

My workgroup became much more united, people were at home anxious to come to work, worried about the people who were here working for Covid reasons.

Thank God nobody caught Covid, we had a test every 14 days, fixed groups - that group did not cross with another group... It was... Daunting... Nobody got the virus and the teams that were at home would call us in the morning: “What can I do from home to help you?” and so the working group became extremely strong and this was a unique opportunity as well, although our working group is very, very good.

The relationship with customers was extremely strong, other things were thought of, opportunities, paths, how we would evolve as a company, what could this bring... It was approached in a very positive way because we didn't just look at the numbers. We thought: this is a phase, what are we going to do next? How can we turn this into a very positive thing? This is our way and our approach to work.

(Brief talk about the possibility of seeing in social media marketing as TikTok (dances and schemes) some

olhámos só para os números. Porque se o fizéssemos.... Pensámos: isto é uma fase, o que vamos fazer a seguir? Como é que podemos transformar isto numa coisa muito positiva? Esta é a nossa maneira e nossa abordagem de trabalhar.

(Breve conversa sobre possibilidade de verem no marketing das redes sociais como TikTok (danças e esquemas) alguma oportunidade de negócio, de maneira a seguir com o avant-garde na moda):

Sabe que as pessoas têm uma ideia nossa como uma loja muito clássica. E é exatamente o contrário, nós somos uma loja de moda pura: temos marcas como a Sacai, coreanas, japonesas, Off-White, temos variadíssimas marcas muito jovens e, ao contrário do que se pensa, o nosso rácio de clientes é muito jovem. E isso foi outra coisa que, já tínhamos vindo a verificar antes da pandemia, as nossas clientes eram cada vez mais jovens e agora temos The Attico, temos Jacquemus portanto muito na berra por assim dizer em termos de moda/ *high fashion* mas não significa que isso se espelhe numa dancinha, num TikTok numa coisa que, vai-me perdoar e com todo o respeito, não deixa de ser vulgar. É nessa vulgaridade que não gostaríamos de entrar... Queremos que a pessoa tenha uma capacidade de entrar no nosso Instagram de maneira a você ver (abre a página e mostra no seu telemóvel): que temos 31 mil e 400 seguidores, até ao dia de hoje, tem aqui espelhadas as marcas que nós temos mas como vê temos produções de moda, nossas próprias, temos filmes, vídeos tudo. No entanto, adaptado sempre à nossa estrutura porque assim entendemos que o deve ser. Assim entendemos que é isto que nos identifica e que faz chamar o tipo de clientes que nós queremos que venha até nós porque às tantas isto é uma questão de

business opportunity, in order to continue with the avant-garde in fashion):

You know people have an idea of us as a very classic store. And it's exactly the opposite, we are a pure fashion store: we have brands like Sacai, Korean, Japanese, Off-White, we have a wide range of very young brands and, contrary to popular belief, our customer ratio is very young.

And that was another thing that, we had already been checking before the pandemic, our customers were getting younger and now we have The Attico, we have Jacquemus so a lot of hype so to speak in terms of fashion / high fashion but that doesn't mean that this is mirrored in a little dance, in a TikTok in something that, you'll forgive me and with all due respect, is still vulgar.

It is this vulgarity that we would not want to enter... We want the person to have the ability to enter our Instagram in a way that you can see (opens the page and shows it on her mobile): that we have 31,400 followers, until today, the brands that we have are mirrored here, but as you can see we have fashion productions, our own, we have movies, videos, everything. However, always adapted to our structure because we understand that it should be.

So, we understand that this is what identifies us and what makes us call the type of customers we want to come to us because sometimes this is a matter of magnet: it presents a certain image and this customer is attracted. It is about a very guided marketing to a specific customer segment.

(I then ask if not selling online could have been an obstruction for Stivali during the pandemic:)

íman: apresenta uma determinada imagem e este cliente é atraído por esta imagem. É uma questão de um marketing muito dirigido a um segmento de cliente.

(Para terminar pergunto se a Stivali não vendesse de todo online poderia ter sido uma barreira):

Não, de modo algum. Não, não, não, não. Deixe-me dar-lhe um exemplo: o último apagão que nós tivemos do Instagram e Facebook... E se tivermos um outro apagão?

O que é que nós fazemos? (rindo-se) Lá está, é essa tal liberdade que tem que ser aberta porque também nos foi impingido muito o online, o online... quando não é de todo o único caminho, é um caminho, mas tem que haver outros paralelos e outras alternativas como tudo.

(Comento sobre a alteração da geração de consumidores ser razão para o marketing a acompanhar):

E acompanha. Até porque hoje em dia um fenómeno muito interessante tem ocorrido, por exemplo a Hermès: alguém algum dia pensou que a Hermès fosse lançar uma linha de maquilhagem? De vernizes? A Dior faz bolsinhas pequeninas... Portanto isto vai atrair uma camada mais jovem que poderá não ter tanta capacidade financeira ainda mas vai vincular esta nova clientela a novas marcas e isso é super importante obviamente. Nunca esquecendo o seu ADN claro, e se reparar muitas marcas estão a voltar à origem: Gucci. Tive o grande privilégio de ter começado a trabalhar nisto muito cedo e lembro-me das marcas quase todas a começar, antes do *big boom*. Prada, Gucci em que tenho uma ideia plena em que acompanhei e vendi. A primeira vez que se comprou Dolce&Gabbana era num fundo de um prédio, portanto acompanhámos o crescimento daquilo tudo. Donna Karen (...) e hoje em dia vê muitas marcas a voltarem a um marketing antigo, espelho daquilo que era quando

No, not at all. No, no, no. Let me give you an example: the last blackout we had on Instagram and Facebook...

What if that happens again? What do we do? (laughs)

There it is, that freedom that need to be available because we have been enforced the online, the online...

(I comment on the generational change of consumers and the need for marketing to keep up with:)

And it does. Even because nowadays a very interesting phenomenon is happening, for example, Hermès: did anyone ever think that Hermès was going to launch a make-up line? From nail polishes? Dior makes small bags...

So, this will attract a younger layer that may not have as much financial capacity yet, but it will link this new clientele to new brands, and this is obviously super important. Never forgetting your DNA of course, and if you notice many brands are going back to the origin: Gucci. I had the great privilege of having started working on this very early and I remember almost all the brands starting, before the big boom. Prada, Gucci in which I have a full remembrance that I followed and sold.

The first time we bought Dolce&Gabbana was in the back of a building and so we followed the growth of all that. Donna Karen (...) and nowadays you see many brands going back to old marketing, a mirror of what it was when they started. Everything is trying to get to the root because after all the root was great and was absolutely right.

<p>começaram. Está tudo a tentar ir à raiz porque afinal de tudo a raiz estava ótima e estava certíssima.</p>	
<p><i>8- The value perception of the brand is one of the most important immaterial things of a luxury brand. How was this segment of Stivali affected, with Covid-19 and the digital transformation?</i></p>	
<p>Nada disso. Graças a Deus não houve nenhum problema nesse sentido. Pelo contrário, as pessoas tinham saudades de vir, ver se estávamos bem e não sentimos que tenha afetado rigorosamente nada nesse sentido. Repare nós somos uma multimarcas, hoje temos a marca A,B,C e amanhã não ter mais nenhuma dessas e ter C,D e F e as pessoas quando vêm à Stivali não vêm especificamente apenas pelas marcas mas para virem à Stivali, porque sabem que a nossa escolha é única, é diferente mesmo que hajam outros parceiros com as mesmas marcas que nós, provavelmente a nossa escolha vai ser diferente. É isto que traz as pessoas à marca. A Stivali é a Stivali.</p> <p>E as marcas são mais uma ferramenta de trabalho daquilo que achamos interessante para o nosso consumidor. E, portanto, não sentimos que o Covid tenha afetado a percepção de valor da Stivali pelos consumidores. Apesar de ter tido sempre um impacto negativo, atenção não vamos romantizar, no entanto não deixámos de aproveitar toda a parte positiva que daí veio. Mas isso também faz parte de nós, somos educadas para ser assim. O Sr. Manuel e o Sr. Frank são dois homens com muita experiência nesta vida e como deve imaginar construir uma coisa destas de raiz, só com o trabalho deles só com o conhecimento deles também já passaram muito. Tiveram muitos altos, muitos baixos, muitos caminhos a trilhar, já voltaram atrás, já foram para a frente, já abriram, já evoluíram ... Já fizemos todas estas reestruturações que foram feitas ao longo da vida, sendo</p>	<p>None of that. Thank God there was no problem in that regard. On the contrary, people were longing to come and see if we were all right and we didn't feel that it affected anything strictly in that sense.</p> <p>Notice that we are a multi-brand, today we have the A,B, C brand, and tomorrow we will not have them anymore and have C,D, and F and when people come to Stivali they do not come only and specifically for the brands but to come to Stivali, because they know that our choice is unique, it is different even if there are other partners with the same brands as us, probably our choice will be different. This is what brings people to the brand. Stivali is Stivali.</p> <p>And brands are another work tool for what we find interesting for our consumers. And we don't feel that Covid has affected consumers' perception of Stivali's value. Despite having always had a negative impact, let's not romanticize, however, we didn't miss out on all the positive parts that came with it.</p> <p>But that's also part of us, we're brought up to be like that. Mr. Manuel and Mr. Frank are two men with a lot of experience in this life and as you can imagine building something like this from scratch, just with their work and with their knowledge alone, they have already lived a lot. They have had many highs, many lows, many paths to follow, they have gone back, they have gone forward, they have opened, they have evolved... We have already done all these restructurings that were</p>

cada uma dela enfrentadas como um novo desafio e nunca como uma coisa negativa.

made throughout life, each one being faced as a new challenge and never as a negative thing.

Annex F: Interview 2-Louis Vuitton

INTERVIEW	TRANSLATION
<p>1- Could you provide your job's position and the main responsibilities (5/6 main tasks)?</p>	
<p>Sénior Expert Client Advisor - Floor Management/ Sales assistant/ Clientelling com a minha carteira de clientes e recrutamento de novos clientes, gestão de produto (L&G and exotics), eventos e suporte em lojas fora de Portugal.</p>	<p>I am a Senior Expert Client Advisor, as well as Floor Management, Sales Assistant, Clientelling (with my customer portfolio), product manager (L&G and exotics) and I support not only the planning of events but also other stores outside Portugal.</p>
<p>2- In terms of the "new" online impact on luxury brands, how do you see that Louis Vuitton has responded to this digital evolution?</p>	
<p>Considero que a Louis sempre acompanhou a evolução digital pois, sempre deu prioridade à proximidade com o cliente e nada melhor que as redes sociais para ajudar. No caso da Louis Vuitton em Portugal, não dispomos de Website e por esse motivo tivemos de nos adaptar e criar novas formas de nos conectar com os nossos clientes e de os cativar! Foi assim que surgiu a ideia de criar, através da plataforma Instagram, algumas páginas que partilhavam com os nossos clientes os novos produtos e a nossa vida em loja durante o confinamento. A aceitação foi incrível e a interação com os clientes foi crescendo a olhos vistos. Quisemos ir um pouco mais além e acabamos por desenvolver também alguns <i>live Streamings via Zoom</i> com os clientes da nossa base de dados (por convite) e fizemos também alguns diretos na rede social Instagram com algumas <i>influencers</i> que, acabaram por resultar numa chuva de encomendas e na criação a nível europeu de pequenos estúdios para o desenvolvimento de conteúdos em loja. Tivemos de acabar por criar também em loja um pequeno <i>call center</i> e um centro de logística para dar resposta a toda esta nova forma de trabalhar.</p>	<p>I believe that Louis has always followed and been part of digital evolution since it prioritized the close contact with the clients and what better method than social media. For the specific case of Louis Vuitton in Portugal, we do not hold a website and that was the reason why we needed to adapt and connect with our clients in other creative ways. Therefore, we created our Instagram page, which allows us to share our new products with the clients during the lockdown. Since our online community was reacting really well and growing fast, we decided to take a step further and promote some Live Streaming events via Zoom (accessible to our clients via personal invitation) and some Live calls with influencers on Instagram. Both initiatives made our orders and sales grow and result in the creation of small studios for the development of new store content. Out of this, we have also created a logistics and a call center to follow this new working methods.</p>

<p>3- <i>How do you perceive luxury brand's marketing opposed to regular goods marketing?</i></p>	
<p>Eu penso que no sector do luxo o Marketing deve ser muito cuidadoso. Não existe a necessidade de massificar, mas sim de criar o desejo pelo desconhecido. Para muitos o luxo é algo muito místico e por isso, muitas vezes sentimos e vemos pessoas que têm receio de entrar nas nossas lojas.</p> <p>O marketing no luxo tem de ser algo que nos faça sonhar, que crie acima de tudo uma ligação emocional e não apenas apresente um produto. Porque normalmente por detrás de uma grande marca de luxo existe uma grande história e um enorme <i>Savoir-faire</i>, algo que na minha opinião não pode ser banalizado num anúncio de televisão regular ou num mega outdoor no meio da autoestrada.</p> <p>Curioso como muitas vezes nos deparamos com anúncios de marcas de luxo nos aeroportos ou em revistas. Isto porque são momentos onde podemos ter tempo para sonhar e tentar viver o que a marca nos quer transmitir para além do produto, o <i>life style</i>.</p>	<p>In luxury, Marketing must be dealt carefully. There is no need to massify the products but to create the desire for the unknown. For many people, luxury is something “mystical” and perceived as out of reach, making them scared of entering our stores.</p> <p>Luxury marketing must be something that makes us dream and that creates an emotional bound between the person and the product. Normally, behind a famous luxury brand there is also a big heritage and an enormous <i>Savoir-Faire</i>, and in my opinion, this is something that cannot simply be banalized on a TV commercial or a big highway outdoor.</p> <p>If you think about it, you will see how curious it is that we often see luxury brand advertisements in places like airports or in magazines, places or moments that allow us some time to dream and experience what the brand tries to sell us apart from the product, the lifestyle.</p>
<p>4- <i>What is your perspective on the online impact on luxury, in terms of brand promotion?</i></p>	
<p>Acabou por dar mais visibilidade às marcas e ajudar a que muita gente também possa ter acesso a peças que considerava talvez inacessíveis por receio de ir as lojas questionar sobre os seus interesses. Abriu portas para novos mercados, Um exemplo concreto disso é por exemplo a nossa coleção de <i>Hardsided, heritage</i> da marca há vários anos que estava um pouco adormecida e que renasceu nas redes sociais e na internet em geral com inúmeros <i>posts</i> de casas decoradas com as nossas peças</p>	<p>The online brand positioning ended up bringing more visibility and easy access to products that might felt out of reach, for some people, due to the fear of entering the stores. It also opened doors to new markets and public. A concrete example is the <i>Hardsided</i> collection, the brands' heritage that has been slightly numb for a few years, but has been reborn on social media with a high number of posts showing houses decorated with LV pieces, contradicting the</p>

<p>que, na mente de muitos eram ainda baús de viagem pesados que já não se usavam para viajar mas, que agora ganhavam uma nova dimensão e utilidade.</p>	<p>preconception of old travel trunks and giving it a new meaning and utility.</p>
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5- *What can you recall as the main challenges for online marketing (and sales) during the pandemic?*

Penso que foi uma altura muito sensível, as pessoas queriam sonhar, mas ao mesmo tempo não podíamos incentivar a mais do que aquilo que nos era permitido! Por exemplo, ainda há pouco tempo vi um anúncio de uma marca de cerveja que tinha um grande grupo de amigos a celebrar sem máscara ou algum tipo de distanciamento social e reparei que sentiram a necessidade de justificar que tinha sido gravado pré-Covid-19 em rodapé para evitar problemas ou más interpretações por parte dos espectadores. No caso por exemplo dos *live streamings* e publicações nas redes sociais, tivemos muito atentos a todos os pormenores relativos à segurança individual das equipas para que também os nossos clientes sentissem que estávamos todos a viver a mesma situação e empenhados a superá-la. Para além disto foram os problemas logísticos com as transportadoras.

This pandemic situation was a very sensitive time for most of the people. On one hand, we wanted our clients to dream but we couldn't encourage to do more of what was allowed. For example, recently I saw an advertisement of a beer brand which had a big group of friends partying without mask or social distancing, and I noticed that they felt the need of justifying that the commercial was filmed before Covid-19 to avoid any kind of misinterpretation by the consumers. For us, we had to be extra careful, in our live streams and Instagram videos, to make sure that all details related to the teams and individual security was guaranteed, so that our clients felt that we were all going through the same situation together. Apart from that, we also had some changes and problems with logistics and transporters.

6- *Could you describe the main motivations for Louis Vuitton to adopt online sales channels?*

Novos mercados, essencialmente chegar aos *Millennials*. A Louis Vuitton tem 160 anos de história o que a faz já ser muito conhecida entre os escalões mais velhos, mas que, neste momento, já não são quem tem o capital ou a motivação para continuar a comprar.

The main motivation for Louis Vuitton to expand to digital was to reach new markets, especially the Millennial generation. Our brand has 160 years of history, which makes it famous and known within older age groups. However, this is not the target anymore since they are not the ones who currently have the financial capital or motivation to keep shopping our products.

7- *Can you think of any marketing strategies' opportunities Covid-19 has brought to luxury brands such as Louis Vuitton?*

Podemos partilhar mais da marca com o público, desde a criação de revistas, blogues, mais contacto com os vendedores, valorização dos *appointments* em loja para um atendimento mais personalizado.

Penso que para o sector do luxo foi uma enorme aprendizagem.

Desenvolvemos também ferramentas que permitiram a todos os funcionários trabalhar através de casa e proceder a encomendas ao stock central em qualquer local, praticamente a qualquer hora, através dos dispositivos fornecidos pela marca!

We can share more of our brand with the public. We can go from creating magazines and blogs, having a closer contact with the vendors to a higher personalized store experience by promoting the booking of physical appointments from our clients.

I believe that for the luxury sector it was a great learning opportunity.

We have also developed new tools that allow our staff to perform their jobs from home and order stock at any time, from anywhere, using technological devices provided by the company!

8- *The value perception of the brand is one of the most important immaterial things of a luxury brand. How was this segment of Louis Vuitton affected, with Covid-19 and the digital transformation?*

Eu penso que, de todas as marcas de luxo, a Louis Vuitton foi a que mais se adaptou as circunstâncias. Não ficou apenas à espera que os clientes estivessem aborrecidos e procurassem o seu website. Foi um enorme esforço conjunto a nível global das lojas para trazer à parte digital algo humano. O número de contactos telefónicos, e-mails, vídeo chamadas e atenção ao detalhe dentro dos envios que saíram das lojas para além dos nossos websites foi gigante! Os clientes continuaram a viver a experiência de compra! Algo que fica para além de um clique. Isto aliado ao enorme poder visual das nossas campanhas e ajuda dos inúmeros fãs da marca que são os melhores *influencers* atingimos valores nunca antes imaginados com as nossas lojas encerrados e que continuam nos dias de hoje.

In my perspective, compared to the other luxury brands, LV was the one that adapted the most to the circumstances. We did not just wait that our clients come to us, we tried to go to them. It was an enormous effort from all stores, at a global level, to bring a human experience to the digital world. The number of phone calls, emails, videocalls and attention to details from orders going out the store (despite the online orders), was huge! Our clients were able to keep feeling the shopping experience! When shopping online, sometimes that goes beyond a normal click. This, united with the great visual power of our campaigns, helped a big amount of our clients (that are in fact our best influencers), which led to us reaching values that we have never even imagine with having our stores closed.

Annex G: Interview 3-Prada

Interview	Translation
<p>1- Could you provide your job's position and the main responsibilities (5/6 main tasks)?</p>	
<p>Sales Advisor.</p>	<p>Sales Advisor.</p>
<p>Answering questions 2,3 and 4:</p>	
<p>Sinto que as respostas a estas 3 questões podem ser resumidas no seguinte: primeiro claro que teve uma resposta positiva, como todas as outras marcas concorrentes de luxo. Adaptou-se bem, usando os meios tecnológicos para vender remotamente sem necessidade do cliente aparecer fisicamente em loja, o que é mais uma das características da Prada enquanto gigante do luxo do digital. Em termos de digital, marketing e <i>branding</i> acho que também teve um grande <i>step-up</i> porque ao usar <i>influencers</i> e celebridades como “catálogo” (enviando lhes peças) está a tornar a marca numa de desejo e as nossas peças ainda mais apetecíveis e exclusivas (quando a procura é maior, a marca valoriza, os preços aumentam).</p>	<p>I feel that the answers to these three questions can be summed up in the following: firstly, of course it had a positive outcome, like the rest of the competitor luxury brands. It adapted well, using the technological means to sell remotely without the need for the client to be physically present in the store, which is another of Prada's characteristics as a digital luxury giant. Still about the digital, I think that the marketing and branding also had a big step-up because by using influencers and celebrities as a ‘catalog’ (by sending them pieces), it’s transforming the brand in something of a wish, in the way that our pieces are even more wanted and exclusive (when there’s a higher demand, the brand will go up in value, and prices increase).</p>
<p>5- What can you recall as the main challenges for online marketing (and sales) during the pandemic?</p>	
<p>O cliente quer sentir, ver e experimentar as peças antes de comprar. Quer artigos esgotados e não querer ficar à espera, porque por meios online é tudo mais rápido e fácil; o contacto emocional e físico entre nós e os clientes também foi dos maiores desafios, claro, e para além disto a capacidade de vender sonhos e fazê-los sonhar connosco também se tornou mais <i>challenging</i>.</p>	<p>The client wants to feel, see, and try the pieces before buying them. They want the “out-of-stock” items without having to wait, because in the online means everything is faster and easier; the emotional and physical contact between us and the clients was one of the biggest challenges and, of course, the possibility to sell dreams and make customers dream about us became even more challenging.</p>

6- *Could you describe the main motivations for Prada to adopt online sales channels?*

Honestamente: a venda de produtos. Mas também a inovação e o facto de não querer ficar para trás em relação às outras marcas e que se prova por ser uma das mais avançadas no seu tempo (ex.: sustentabilidade, tecnologia, artes, visão e design). Para além disso também podemos pensar na possibilidade de disseminação da “palavra” Prada no universo digital que só nos vai trazer mais possíveis clientes ou adoradores da marca.

Honestly, the products’ sale. But also, the innovation and the fact that it does not want to be behind compared to other brands, proved by being one of the most advanced brands in its era (E.g.: in sustainability, technology, art, vision, and design). Besides that, we can also think about the possibility of dissemination of the ‘word’ Prada in the digital universe or the brand’s lovers.

7- *Can you think of any marketing strategies’ opportunities Covid-19 has brought to luxury brands such as Prada?*

Sim, como falado anteriormente, o Instagram tornou-se a maior plataforma de publicidade a um preço mais competitivo em relação a outros meios (televisão, revistas, eventos específicos etc.); hoje em dia uma pessoa pode atingir milhões ou centenas de milhar de indivíduos só com uma foto. Se multiplicares isso por 20 *influencers* consegues reparar no efeito que uma marca de luxo consegue criar, com um mero *click*. O facto de não podermos sair de casa, e não conseguirmos ir às lojas, fez com que passássemos muito mais tempo nos telemóveis e computadores e *ipads* a ver o que as marcas estavam a fazer para não só reagir à pandemia mas também nos permitiu criar mais consciência de consumidor para certos temas como responsabilidade social das marcas, a ajuda humanitária, e perceber qual o papel que as marcas que idolatramos têm nessas questões sociais. Abriu também muitas portas para as marcas verem o que o consumidor está interessado para além da própria marca: aquilo que podia ser feito para ir de

Yes, as I said before, Instagram became the biggest publicity platform with a much more competitive price than any other media (television, magazines, specific events, etc.); nowadays, one person can reach millions or hundreds of thousands of individuals just with one picture. If you multiply that by twenty influencers you can notice the effect that a luxury brand can create with just one simple click. The fact that we can’t leave the house, we can’t go to stores, it made us spend a lot more time in our cellphones, computers, iPads, watching what the brands were creating, not only to react to the pandemic but also as a way to create a much more conscious consumer when thinking about certain topics, like the social responsibility of the brands, humanitarian help, and understanding what role the brands we idolize play in those social questions. It also opened many doors for the brands to realize what the consumer is interested beyond the brand itself, the things that could be done to

<p>encontro aos <i>mottos</i> do luxo: exclusividade, <i>top of mind</i>, história.</p>	<p>match the luxury mottos: exclusivity, top of mind, history.</p>
<p>8- <i>The value perception of the brand is one of the most important immaterial things of a luxury brand. How was this segment of Louis Vuitton affected, with Covid-19 and the digital transformation?</i></p>	
<p>Não foi. Sinto que pelo contrário foi valorizada. Muitas mais medidas foram implementadas para melhoria da mesma e a marca foi pioneira em alguns aspetos acompanhando assim o mundo e as pessoas e o que estás estavam a pedir. Um mundo mais sustentável, mais saúde, mais ligação emocional, estar mais presente.</p>	<p>It was not. I even feel that it was valued. Many more measures were implemented to improve the brand and it was a pioneer in some ways, thus following the world and the people and what they were asking for: a more sustainable world, more health, more emotional connection and being more present.</p>