

# Online Presence of Luxury Brands in India and Their Engagement Strategies

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## Abstract:

Luxury segment is gaining ground in India now. Although the size of the market is small but substantially profitable. The size of HNWI is increasing after 2008 financial crises. The trends are changing towards of consumption of Luxury products and services. The main characteristics of Luxury is non reachability and exclusivity or a dream kind of thing whereas online sales channels are reachable to all which is contrary to maintain the exclusive or selective distribution of products. So how Luxury brands are using online and offline channels together to create a seamless experience to their targeted audience without touching the exclusivity which is one of the basic characteristics of Luxury concept. This study is a comprehensive content analysis of websites of luxury brands and their social media presence. The nature of study is largely exploratory. This study has two sections. First section is focused on the characteristics analysis of websites and second section is focused on how category of products influences the online purchase behavior of individuals. The key research objective is to understand how luxury brands use the internet and to determine difference in website characteristics related to online selling.

**Keywords:** *Luxury retailing, Brand exclusivity, Customer reach, Online luxury brand retailing*

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## INTRODUCTION

The global HNWI (High net worth individuals) population of 4.1 million adults represented only 0.1% of the global adult population but commanded over a fifth (21.3%) of the world's total wealth in 2017. This surge in HNWI population is in past 10 years but rising disparity in many countries also contributes to furthering wealth growth at the top. Brand awareness among rich Indians is high but brand consciousness is still low. Hong Kong and Japan show a higher propensity for luxury consumption at much lower income bracket of Rs. 15 Lakh as compared to India where the consumption of luxury begins from Rs. 50 Lakh above income bracket. The demand for luxury brand is increasing in tier 1 and tier 2 cities but visibility of luxury brands are confined to Delhi, Mumbai and Bangalore only. Clothing category is emerging as choice among affluent Indians to buy online. Trust

deficit is a major barrier to buy online for high value items in India. Mass luxury segment is a great opportunity for brands to cater in Indian market. (Euro monitor International). The HNWI market, albeit small in numbers, is an important driver of wealth generation and investment trends. It is also a highly profitable consumer segment for brands and businesses. India, Turkey, Mexico, Indonesia and China will be among the top five emerging economies with the biggest absolute rises in HNWIs. LVMH Moët Hennessy Louis Vuitton (Paris) is the world's leading luxury goods player, and operates a wide-ranging portfolio of luxury goods across several categories. In their recent store they have worked upon providing seamless experience to their customer base using personal shopper service via video chat and Facebook messenger, express delivery and free returns. This Omni channel approach helps the brand create an easier shopping

experience for its high net worth customers—one that is seamless and at the same time exclusive and does not compromise Brand identity and integrity which is a feature of Luxury. Indian middle class is aspiring very fast. India also have demographic dividend. The internet and social media is changing the interacting habits and consumer buying behavior. Customer now more informed and vigilant. They also check online /offline reviews of brands and products before final buying decision. Luxury is something not only related high price but exclusivity and no reach to masses. Online retailing is a challenge for Brands to maintain its exclusivity and reach to masses thus Luxury brands feeling a challenge to maintain its Luxuriousness. Social media allowed masses to reach to concept fast. Even product developers get the concept fast from their network and develop similar products before the original brand reach to market. To overcome this challenge; the luxury brands changed their strategy to enter into market. The international brands are entering in Indian market through J Vs and online route as new FDI policy is favoring single brand retailing. The emerging luxury segment which is a little price sensitive in India is looking for Reasonable price luxury items. Categories such as fashion, apparel, jewelry, watches and selected accessories are liked by consumers. Home decor is yet another category liked by many individuals. Although the size of Indian Luxury segment is very small who are high net worth individuals approx. 1.5 lakh households. The trends are promising in Indian retail space for luxury retailing in India. New FDI regime will also support to it. Let us see how the business prediction take a move in Indian retail landscape.

### **Objective of Study**

The objective of the study is to understand -

- Are there any difference in website uses across brands and website characteristics?
- Does product category influence online selling?

### **Literature Review**

Don E. Schultz & Varsha Jain (2015) found in their study that Luxury has moved from functional product attributes to a democratized view in emerging economics. Luxury research has always been focused on the brand and marketer's perspective. There was less attention to consumer perspective. The 'inner and outer self' and how that impacts luxury consumption. They talked about framework of luxury and self, using concepts such as interdependent or outer, independent or inner, and a new concept of 'digital self'. These appear as three levels of luxury consumption, i.e., conspicuous, individual, and interactive. The interdependent self is influenced by the external motives and leads to conspicuous luxury behavior. Individual self is affected by internal motives and thus influences individual luxury consumption. Digital self affects the networks of motive and relationships and thereby impacts interactive luxury consumption and behavior. Amatulli, Cesare, Natarajan et al (2017) explained the importance of services to gain competitive advantage and considered as one of the crucial attributes in the luxury proposition. Pantano, Eleonora et al (2018) wrote about the role of smart technologies and uses by luxury brands. Christopher & Grete (2005) wrote about flagship store as strategic approach to market entry in a foreign market by luxury brands. Eunju Ko, Gaetano (2013) studied on comparison of online and in-store shopping behavior towards luxury brands. They found there are multiple factors influenced by different motivational factors. Online luxury shoppers are price conscious, prefer the online product availability and have a higher level of trust towards online consumer reviews. In-store shoppers are online risk averse and wish to see the product personally before the purchase. Alessandro Brun & Cecilia Castelli (2009) in their study explain that the concept of luxury is multifaceted one. They adopted a comprehensive approach to classify luxury consumers and understanding motivations underlying the purchase of a luxury brand. Blázquez, M. (2014). Suggested the need to reshape and

redefine the in-store experience using technology as engagement tool and integrate it with other channels. He further explained that Retailers must think in all channels holistically, and stimulating possible interaction of brand with prospects. Social networks, mobile devices are such platforms which can be used to engage

### Methodology

A list of 22 luxury brands prepared which are operating in Indian market. There are five major sectors of Luxury retailing. These are fashion & Leather goods, Perfume & cosmetics, watches & Jewelry and selective retailing. This study has covered all the major categories except wine & spirit. How these brands are using their websites and social media is explored. It is to understand the difference of using web portal, social media and

their brick & mortar set ups. A detailed conceptual frame is prepared for luxury retailing in changing time and perspective. The selection of Luxury brands based upon criteria developed by Seringhaus (2002) and brand must appear in advertisements internationally. This is an exploratory research which captured the online marketing activities of Luxury brands operating in India. A survey is also conducted on 200 users of Luxury brands regarding how do they define Luxury brands or how Luxury brands define them? They have also been enquired about how their purchase behavior changes according to product category when buying online? How their purchase behavior changes if product is high in value? A simple statistical analysis done to explain changing shopping behavior.

Table-1: List of Luxury Brands – Indians and Foreign taken for the study are as follows.

| S No. | Foreign Brand | Descriptions   | S. No. | Indian Brand       | Description                                     |
|-------|---------------|--|--------|--------------------|---|
| 1     | Lee Cooper    | Original British denim Brand                                     | 12     | Allen solly        | Subsidiary of Aditya Birla Group                |
| 2     | Chanel        | A French fashion brand   | 13     | Monte Carlo        | Nahar group, Ludhiana                           |
| 3     | Versace       | Italian luxury fashion brand                                     | 14     | Peter England      | Madura fashions                                 |
| 4     | Gucci         | Italian luxury brand belongs to Kering Group                     | 15     | Louis Philippe     | Madura garments                                 |
| 5     | Rado          | Swiss luxury watch making company                                | 16     | East India Company | Sanjeev Mehta Group, Mumbai                     |
| 6     | Louis Vuitton | French fashion house in luxury retail                            | 17     | HI design          | Leather goods manufacturer based at Pondicherry |
| 7     | Hugo Boss     | German Luxury fashion house                                      | 18     | PC Jewelers        | Fine Jewellery discovery platform               |
| 8     | Zara          | Spanish apparel retailer   | 19     | Kalyan Jewelers    | Ethical business group in Jewellery business    |
| 9     | Dior          | French luxury goods brand with emphasis on protecting people and | 20     | Lens kart          | Fastest growing eye business firm               |

|    |                |                         |    |             |                                       |
|----|----------------|-------------------------|----|-------------|---------------------------------------|
|    |                | planet: positive Luxury |    |             |                                       |
| 10 | Hush puppy     | American footwear brand | 21 | Park Avenue | Ready to wear brand of Raymond's Ltd. |
| 11 | Tommy Hilfiger | American fashion brand  | 22 | Luxe Polis  | Online Luxury e-merchant              |

**What is Luxury Concept?**

Luxury is something which ensure high quality and durability. These are the product which are fresh and exciting. These products are not common and trend setter. Luxury products maintains the value at each touch point and exclusivity is its basic characteristic

because everyone cannot afford to have it.They ensure authenticity and delighting consumption experience. in a survey of 200 shoppers through structured interview it has been revealed that they define Luxury as something durable, exclusive, High priced, trend setter, offers delighting consumption experience and not available everywhere.

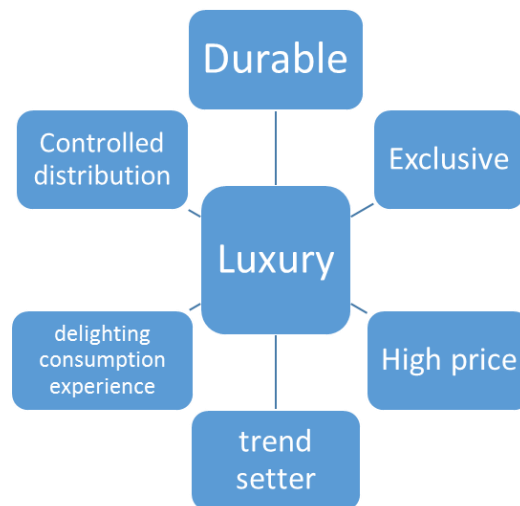


Figure-1: Based on Survey results

**Website characteristics analysis**

The detailing of products in Versace brand website is at length. Although products are not available on sales. They are present in most of social media platforms like Facebook, YouTube, Instagram, LinkedIn, WeChat, Weibo, and Pinterest. They have some more brand category like Jewellery, watches, fragrances and eyewear. To purchase any item one has to locate the nearby store and purchase it by visiting store in person.The online buying option is available in the Luxe polis website. The discounts are displayed with products and EMI options are also given if interested in purchase.Hugo Boss website provide the online buying feature. Prizes are

mentioned and one can shop with them or can visit the store locating it by their website.The hushpuppy brand is highlighting the free home delivery service on every place of their website. Click and collect service is available in website for all the pre-paid orders. The customer has to collect the ordered item from the store within 3-5 days after getting an email/call from the store. Lee Cooper is selling its products using e-commerce sites like Ajio.com, Shoppers stop, Myntra.com, Amazon.in, Flipkart and Tatacliq. They are not having their own website for Indian operations. Rado watches is using its website only for display and educating customers regarding up keeping of watches. They are not selling their watches online but store location feature is given. Allen solly is using videos to display their

collection. Allen solly has categorized their product range according to occasion, purpose, age, and gender and fabric quality. Every page of the website prompt customer to buy now. The other category filters are brands, collection (comfort at work, Friday dressing, top wear, bottom wear, accessories and special sizes. Lenskart website is a classical one because the way they have used virtual reality concept in their website. The customer need not to visit store. He can have the feel of every frame which is offered in Lens kart store using visual reality feature. It is very simple to use as some click on the given menu, the system automatically ask for using your system inbuilt camera and your face will appear on screen. The software will ask you to adjust your face in the bright window and now you can have a look of each frame on your face. Lens kart is also running their loyalty program through website. Lens kart also mentioned the price of each and every item along with item display window. The website itself look like a real store. Monte Carlo specially known for winter wear is highlighting its sponsorship status with well-known movies and celebrity endorsement. Nothing special in their website. The use of social media is highlighting the experience related communication rather spreading the discount or promotion offers. PC jewelers is a premium jewelry brand and display its range item wise. PC Jewelers is highlighting service feature of delivery within 24 hours prominently. They have made a separate section to provide useful information for customers like diamond education, metal guide and jewelry buying guide. Although PC jewelers is not having any social media presence. Hi design is also made arrangements to educate customers about usage of their products and having experience of its products with the help of videos. Park Avenue, the men's grooming brand (part of JK Helene Limited) recently revamped their website. The website primarily caters to male audience age between 18-35 years. Park Avenue started sharing know how of male grooming products. This gives them better opportunity to engage their website visitors. The Zara has defined

shopping process. First you register then you will be allowed to do order modifications, wish list, shopping basket and information on price changes. You can also subscribe their newsletter. The registration will give a better shopping experience it is claimed. Tommy Hilfiger do not display products. Only company policy details are given. Aditya Birla fashion display and sell products online. A special category other than Men, women and kids is Friday Living. The Peter England website features Discounts along with price of every item. Peter England website is shopper friendly. The special size and Today's offer are featured separately on website. East India Company is also selling its products along with narrating the history of products like Tea. Gift hampers, Silver ware, Gold coins are also available for sale. The prize of products are mentioned in pound sterling. Hi Design selling all accessories items for male and female. PC Jewelers selling all type of Jewellery and Gift items. The categorization is done according to prize, gender, occasion and material. They are not present on social media platforms. Whereas kalyan jewelers did product categorization a little bit different. The product categorization is according to gems, mettle, trending, solitaire and occasions. The Kalyan Jewelers also present in social media platforms like Face book, Twitter, Pinterest and WhatsApp. Lens kart website is very innovative. They have used Augmented and virtual reality technology to provide better customer experience. Their features on website "Try frames in 3D" is amazing. The categorization of products like eyewear, sunglasses and Contact lens. They also run a loyalty program through website. Their website is a complete web store using Omni channel concept for enhanced customer experience. Park Avenue website is full of videos and article on grooming. Direct selling is not through their website. On clicking the buying option it will navigate you to amazon website.

Lux polis is a market place which sells almost 500 luxury brands including Rolex, Louis Vuitton, Gucci, Dior, Chanel, Omega, Patek Philippe, Audemars Piguit, Michael Kors, Coach and

Sabyasachi etc. They have partnered with almost every NBFC and credit cards firms and provided a five years tenure of EMIs. The categories of items other than gender are like watches, Jewellery and gifts. Almost every brand taken in the study are using social media platforms like Facebook, Pinterest, Instagram, YouTube, twitter, LinkedIn, WeChat, WhatsApp and Snapchat. The Facebook is used as platform to display product range through photographs, videos. The discount is also announced. Monte Carlo and kalyan jewelers is running a contest on FB and they post festival greetings also to engage their shoppers. Versace upload their advertising campaigns whereas Gucci upload their promotion and event videos. Zara featured its products through pictures and videos. One can reach to them after logging in. Tommy Hilfiger uses theme videos to promote their merchandise. Tommy Hilfiger posts short videos on Instagram and shoppers can

Figure-2: Key features of websites characteristics analysis

|                                    |                            |                                      |   |   |
|------------------------------------|----------------------------|--------------------------------------|---|---|
| Display online and sell offline    | Free Home delivery feature | EMI feature                          | Click & collect service for pre-paid orders   | Education on products, their material and its manufacturing process |
| Use of virtual reality in websites | 24 hours delivery claim    | Use of videos on how to use products | Registration feature for detailed information | No selling online   |

### How category influence the online purchase behavior?

The online purchase behavior changes with respect to category. People prefer to buy electronic products (71.4%), movie tickets, Mobile recharge and insurance (60.7%), apparel (50%) and food and drinks (28.6%) as per responses collected from a sample size of 200 people. The less preferred categories for online buying are medicines (3.6%), Jewellery (7.1). it may be due to trust factor or lack of knowledge about the products or high price. In

another question people responded and said they prefer to buy products which are low price and convenient to buy (59.3%). They also mentioned that they prefer to buy online the products which do not require trial before buying (29.6%). Products need frequent after sales services are not preferred by online buyers. (25.9%)

### Conclusion

The online shopping is increasing day by day because of its basic benefit of convenience and exploring opportunity for the buyers about what they wish to buy. Indian customers are purchasing online but their purchase behavior is selective. They purchase a few goods and services very frequently online but in many categories they prefer to buy offline. The content analysis of website reveals that most of international Luxury brands display products on their web portal and provide relevant information about their business to educate their prospects but they do not sell directly online. But store location is clearly mentioned if someone interested to buy. Whereas Indian Luxury brands are selling online. This is a basic difference of web selling between the national and international brands. So other than display online and sell offline feature; there are other features free home delivery, EMI options, use of virtual reality, click and collect service, 24 hours delivery claim and educating visitors with videos, blogs and stories.

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