

Rise in Changing Luxury landscape - E-commerce boom After effect of COVID-19 Perspective

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Abstract—It's a bit surprise that Luxury is taking a new shape at very faster pace which should have happened few years, but COVID-19 pandemic made this happened earlier for luxury industry to venture into digital platform. Forrester has estimated that luxury gain expected out from e-commerce market is to reach \$ 1.3 billion by 2023 growing at a CAGR of 29-percent. Researcher emphasizes in this study the two aspects. The first one is crafting new branding strategy along with digital content specifically user generated content to make better in store experience to luxe consumers. The second one is to predict emerging trends in luxe industry for near future i.e., till 2025. This study has practical implications for understanding the trends which are coming up in near future.

Keywords—Branding, User generated content, Luxury, COVID-19, luxury trends, social media, e-commerce

INTRODUCTION

The very fact is that luxury consumers often referred as High Net worth Individuals are on the least affected group when it comes to pandemic or any such sort. Though there were signs of slump for luxury market in case of Neiman Marcus, Brooks brothers, but that hardly put much of dent in luxury business as the margins be too high. It's surprising to know that few luxury companies were vulnerable to market change, but the various reports indicate that Michael Kors, Versace, and Jimmy Choo saw a 11.9-percent increase in Q1 results during 2020 while Bottega Veneta saw a 10-percent increase. Due to pandemic, luxury has taken a slight shift to sustain in fast market changes which is totally unprecedented in nature. Moving further, dramatic changes took place from past 3 years as there was recession began globally much before COVID-19 pandemic which affected Indian economy during end of third quarter i.e., fiscal year 2019-2020. Gradually, entire world knows what happened after that. From then, there was huge impact on luxury buying patterns across the globe. With luxury products taking the backseat in the global coronavirus crisis, sales were dropped around 30-percent by the end of 2020 as various studies mention that the impact was seen in different countries, but the commonality is that luxury companies were in grim situation in which some of

luxury brands sales dipped drastically and they started developing masks and essentials during pandemic. According to various studies pursued by scholars during COVID-19 Pandemic is subjective as various factors were discussed and reported in luxury industry emphasizing on e-commerce boom and accordingly the consumers buying patterns have changed but luxury cannot be completely replaced by digital but yes, it can supplement the companies for betterment. Keeping these things in mind, this study takes tour into the changing luxury consumer purchase patterns as they are desperate to buy products and services which can be termed as "Revenge Buying"

What quick transformation of luxury business models has taken place due to COVID-19 and POST COVID-19 from Luxury and Consumers' Perspective?

As the novel CORONA virus disrupted the entire economy across the globe, researcher is keen in knowing the facts of how the e-commerce took a huge hit and compelled luxury companies incorporate an unprecedented change is the big deal. It is observed that literature is limited due to unprecedented situation. This study is an effort to present few facts of changing business patterns and changing luxury consumer during and after effect of COVID-19 in global sense.

OBJECTIVES OF THE STUDY

Based on this question, specific objectives are: To highlight the Impact of E-commerce strategy on luxury Industry during COVID-19 and its After effect, and to predict the upcoming trends of Luxury brands in digital content

LITERATURE REVIEW

This present review aimed for 1) identifying and discovering to what extent previous research relating to social media marketing and the luxury brand has adapted and 2) proposing further insights from the literature and possible future research directions. The need to integrate these two perspectives within the luxury branding literature stems from the fact that still little research has been conducted on these aspects. Furthermore, semi systematic review of literature was undertaken as collated in Table 1

Luxury and E-commerce

Indian luxury e-commerce is expected to reach US \$1.3 billion by 2023 growing at Compound Annual Growth Rate of 29-percent. Various studies indicate that luxury and fashion companies adopted e-commerce model in their own way. Due to COVID-19 pandemic, few luxury companies have reported loss rest of them there is not much effect as luxury is niche segment. But they realized the fact that due to e-commerce penetration across industry, luxury fashion retailers adopted shopify platform as omnichannel strategy which helped them build relationship with their prospect which is stated by Kevin Donnelly, Senior product manager at Shopify which he goes to say that startup fashion houses can capitalize on their brands for better customer relations over internet. In fashion arena, it is evident that New York Fashion Week during 2020 has integrated e-commerce platform to showcase American design collections virtually with blend live vignette sets curated through design collaboration between designer Jason Wu, Rebecca Minkoff and Christian Siriano. In Paris Fashion Week, Valentino decided to remain in Italy to launch their creative collections to support local economy. Due to covid-19 restrictions, luxury retailers diligently looked for alternatives to deliver the various fashion events like Shanghai Fashion Week April 2020 showcased their collections over digital platform [3] followed by Spring 2021 runway, couture week and most importantly, GUCCIFEST too showcased online with live streaming and virtual reality in terms of brand experience and emotional intelligence [8]. Researcher relates to the

term humaning [20] termed by Mondelex International Company in conjunction with Ogilvy Advertising agency which is related to emotional insights of people as Google adopted voice recognition which has attained 98-percent accuracy. Besides, this study mentions that Swedish retail bank has integrated a tool called Nina as part of service strategy in their luxury portfolio. In Hotel services, Dorchester collection was seen to identify the guests want and reduction of cost. From consumers' perspective, it is seen that personalization is becoming quite common and given at most importance as there is interface of Artificial Intelligence to connect emotional side. In this line, Cecilia Morelli Parikh Co-founder, Le Mill launcher her luxury store during the pandemic to embody the customer experience present in Le Mill's physical stores. Here, personal stylists will help the customers to provide them personalized experience over virtual platform through blogs and social media by curating edits tailor made or customized fit for customers. Style guides will be available on the website

The study focused on actual luxury consumers among low and middle-income generation Y of 123 respondents who purchased fashion products on e-commerce site. [10] In this line, a total of 123 usable respondents were considered where in the outcome of the study led to efficiency and web appearance which has significant impact on high income Gen Y whereas order management, personalization and trust were significant factors on overall e-satisfaction and how **luxury fashion brands** develop their own **e-commerce** sites to meet demographically dissimilar customers' necessities which provided practical implications to luxury fashion brands and **luxury** consumers are unlike and that their perceptions on e-service quality are dissimilar based on different income levels. [24], [25] pertaining to fashion purchase behaviour. Other study pursued by [2] have presented that the success for luxury marketers is the communication of brand related experiences to luxury consumers to get traction of luxury business. Further, luxury brands have taken bold steps in e-commerce presence which is stronger and more pronounced in developed economy than emerging one. Moreover, there is integration of online and offline channels is achieved through logistic rather than technological tools [6]. Besides, as per Gartner reports 1/3rd of the respondents has seen increase in increasing efficiency as a result of personalization. 40% of marketing executives mention that personalization has profound

impact on maximizing sales, basket size and profit margin in Direct-to-consumer model in e-commerce, while another **37% point to increased sales and customer lifetime value** through content recommendations.

Luxury brands and social media

Wang, et al., [19] examined the luxury brands communication strategies in terms of visual elements, indulgence and more with user generated contents which resulted in culture and distinctive characteristics of the luxury industry on various social media platforms namely Twitter and local Chinese platform Weibo. In the same line, [26] studies that the website is enriched with **User-generated content** such as comments or tweets which provides high quality summary and presents a framework named SoSVMRank, which integrates the **user-generated content** of a Web document to generate a high-quality summarization comprising of top ranked sentences and comments (or tweets) selected. Further, to validate the efficacy of framework, sentence and story presents the tasks in two different languages in English and Vietnamese. As user generated content is common practice, the study by [9] have mentioned about 44,765 was taken for study in which 503 Facebook users in US, Germany to determine the degree to which photos play a vital role in social media communication. Further, the results indicate that brand photos are pertaining to brand love, loyalty, and endorsement of brand on Facebook

[17] has presented in his study that McKinsey visualizes the term Next Normal in Post COVID-19 luxury scenario in which COVID-19 aka corona virus has disrupted luxury industry and financials were severely affected and now new collections came into being except few. 14-percent of global shoppers were expecting to make fewer purchases in physical stores turned down and digital platform has become key to grow potentially in which 13-percent of consumers went online for browse luxury products during emergency. Much before COVID-19, luxury industry uses to face counterfeit brand issues which made many brands sleepless nights. In this line, the study by FRPT-FMCG snapshot indicates that India's exclusive marketers of several premium and luxury brands are affected in terms of sales through e-commerce platforms eventually, there were legal and regulators to stop counterfeiting of products. (Counterfeit products sold online giving sleepless nights to Luxury brands.

(2015). FRPT- FMCG Snapshot, 27–28.) In fact, consumers expectations are changing drastically and given new possibilities for luxury brands to open up e-commerce model and it is observed that there is bridging the gap between physical purchases and online and personalization as interactive 3-dimensional products [12].

The online consumers experiential responses towards visual user generated content in e-commerce fashion store which is online consumer experiential framework in which 555 respondents were part of consumer panel. [18]. This study has extended S-O-R framework by integrating experiential path that indicates the series of experiences undergone by consumers to view visual user generated content which led to visual, relational, emotional, cognitive engagement and interactive engagements which affect purchase intention. It is found that user generated content is not new as it used to achieve brand goals [27] in which there was increase in the usage and gained popularity over social media. [28] Further, the user generated branding benefits were realized in terms of cost effectiveness, ability to track consumers and instant feedback about brand [29]. Way back in 1985 it is found that the study done by [7] have mentioned that Porter's generic strategies were adopted to determine the extent of brands utilized user generated content on Instagram and whether differences found in audience engagement based on type of post. In this line, Quantitative content analysis was adopted, and results indicate that there is strong association between brands and consumers and eliciting greater social engagements with consumers over social media Pinterest [7].

MATERIALS AND METHODS

This study is qualitative and exploratory in nature showcasing the prevalent reality of luxury brand on social media platform (During COVID-19 Pandemic and after effect of COVID-19 Scenario). In this line, various updated market reports were referred. Besides, literatures pertaining to luxury and Fashion brands were extracted from the year 2017, 2019 and 2020 in luxury business landscape. Finally, the study found that dramatic changes took place in luxury landscape from April 2020.

DATA EXTRACTION AND DISCUSSION

This study is combination of qualitative study in which review of literatures on social media marketing is carried out. Besides, the trends and changing business

pattern are reviewed from market reports are collected. In this context, this study presents light on the updated social media strategy from the latest articles in which strategy incorporated by luxury brands from academic and business perspective with the role of e-commerce

on luxury brands. During reviewing the literature, due to pandemic, to the best of my knowledge, the study tried to address partial systematic review process [16]-[15] to help improve existing knowledge on luxury brands for discussions.

Table 1 represents the scholarly studies on luxury and e-commerce strategy (Compiled by Researcher)

Revisiting Objective 1 Table 1 indicates the various parameters seen during COVID-19 Pandemic in this case Luxury Companies adoption of E-Commerce strategy.

Authors	Research work	Important parameters, as identified in this study
Alalwan et. al ,2017	Social media in marketing: review and analysis of literature	The usage of social media platforms could be a successful driver to communicate a mission with consumers as Facebook report the exponential growth of 92-percent during 2018
Bakula M, 2017	Luxury brands and customer experience	It is evident that Shanghai Fashion Week April. 2020 showcased their collections over digital platform followed by Spring 2021 runway, couture week and most importantly, GUCCIFEST too showcased online with live streaming and Virtual reality where in luxury like brand experience and emotional intelligence
Godey et al, 2016	Social media efforts: Influence on brand equity and consumer behaviour	It is noticed that Brand equity, loyalty have considered for measurements over social media
<u>Guercini, S., Ranfagni, S. and Runfola, A.</u> (2020)	E-commerce for top luxury brands – emerging issues	E-commerce presence is stronger and more pronounced in developed economy than emerging one.
Hambrick, M.E. & Kang, S.J. (2015).	Pinterest as communication	Quantitative content analysis was adopted and results indicate that there is strong association between brands and consumers and eliciting greater social engagements with consumers over social media such as Pinterest
Hosea M (2016)	Artificial Intelligence	It is seen that personalization is given at most importance as there is interface of Artificial Intelligence to understand the consumers expectation
Kaiser et al, 2020	Social media: Facebook	Mentioned about 44,765 was taken for study in which 503 Facebook users in US, Germany to determine the degree tow which photos play a vital role in social media communication. Further, the results indicate that brand photos are pertaining to brand love, loyalty and wom endorsement of brand on Facebook
Kim (2019)	Challenges for luxury brands	Order management, personalization and trust were significant factors on overall e-satisfaction and

		how luxury fashion brands develop their own e-commerce sites
Ko et al, 2019	New definition of luxury	It is observed that luxury brand equity, loyalty and price related elements are associated with social media marketing which has influenced luxe consumers
Le defi digital, 2020	Innovation	Physical space, online and personalization are 3 parameters as 3 dimensions
Martin-Consuegra et al, 2019	Social media context: users' perspective	social media strategies by luxury companies tend to increase brand appeal among luxe consumers and brand loyalty is increased
Nguyen et al, 2017	User generated content	the website is enriched with User-generated content such as comments or tweets which provides high quality summary and presents a framework named SoSVMRank, which integrates the user-generated content of a Web document to generate a high quality summarization comprising of top ranked sentences and comments (or tweets) selected.
Salo J, 2017	SOCIAL media research	Nowadays, in digital strategies, advertising on social media platforms has become highly relevant and, in this context, the pioneers of social media tend to use these platforms to position themselves as 'thought leaders' by assuming the role of market leader
Turra A 2020	POST COVID-19	14-percent of global shoppers were expecting to make fewer purchases in physical stores turned down and digital platform has become key to grow potentially in which 13-percent of consumers went online for browse luxury products during emergency.
Vazquez, D., Cheung, J., Nguyen, B., Dennis, C., & Kent, A. (2020)	User generated content	to view visual user generated content which led to visual, relational, emotional, cognitive engagement and interactive engagements which affect purchase intention
Wang et al, 2020	User generated content	examined the luxury brands communication strategies in terms of visual elements, indulgence and more with user generated contents which resulted in culture and distinctive characteristics of the luxury industry on various social media platforms namely Twitter and local Chinese platform Weibo

Nowadays, in digital strategies, advertising on social media platforms has become highly relevant and, in this context, the pioneers of social media tend to use these platforms to position themselves as 'thought leaders' by assuming the role of market leader [16]. According to [1] the use of social media platforms could be a successful driver to communicate a mission with consumers as Facebook report the exponential growth

of 92-percent during 2018. In fact, before COVID-19 times, the social media was booming in terms of advertising, and it is seen that social media trends were improved significantly among luxury products. From the study [11] it is observed that luxury brand equity, loyalty and price related elements are associated with social media marketing which has influenced luxe consumers, and this has become integral part of social

media which is stated by academic research [5]. Further, it is noticed that social media strategies by luxury companies tend to increase brand appeal among luxe consumers and brand loyalty is increased [13] as Luxury brands have tie up with Shopify which is supplement to their omnichannel strategy to better connect with their luxe customers. In continuation of objective 1; researcher has collated the facts of luxury brands.

**During COVID-19 Pandemic Time
(From April 2020 Onwards) and after effect**

A. Wealthy luxury consumers engaged in personal reward system

Luxury retailers in order to engage luxury consumers in Asia, Middle East and U.S in which higher income households have scaled back on consumer spending, capitalizing on duty free discounts when travelling overseas. Consumers are getting engaged with personal products with discounts due to COVID-19 pandemic with affordability.

B. Affordable Luxury is the segment emerging

It is noteworthy to mention that first time luxury buyers have recently seen rise in disposable income. In this line, affordable fashion was rounding in the industry especially, fashion companies H&M, ZARA and UNIQLO were seen tapping the consumers for offering collections catering to Middle class consumer

C. Personalization

Personalization is the new buzzword across E-commerce business models. Forbes report that marketers are not sure of which channels are delivering the great Return on Investment (ROI) but the survey conducted by them indicate that Email, Mobile and Shopping cart are mostly visibly measured. 72-percent of executives said that they cannot measure with measuring ROI and website personalization.[21].

D. Consumers spending on luxury

It is evident that middle and elite are two segments in which luxury reflects the quality of life. It means aspiration whereas middle income people often purchase luxury as an investment namely Jewellery, Watches, Statement bags while reducing costly expenses which gives opportunity for brands to deal with middle income group with existing personalized and well-crafted messages and so on.

E. Artificial Intelligence and Virtual Reality

Gartner report that 46-percent of retailers have planned to implement AI and VR solutions to provide engaging, unified brand experience and storytelling and study indicate that 100million consumers are expected to

shop in AR online and in-store by the end of 2021 during POST COVID-19. Advanced technologies such as 3D configurators, Machine learning, Chatbots and live streaming is becoming common to unearth the consumer demands as said earlier personalization [23]

CONCLUSION AND RECOMMENDATION

This study addressed the various facts in luxury landscape with rapid changes and it is observed that luxury industry will continue to feel the impact of COVID-19 in 2021 and beyond. During the study, advanced e-commerce and analytics acted as catalyst to help luxury industry for digital transformation, the luxury brands business was bit down among the luxury consumer segment, but it does not had a big dent in their businesses across the globe. In business sense, there was loss for luxury brands but made them to take alternate route in adopting digital platform with social engagements and emphasizing their history on social media in conjunction with e-commerce business models. This trend continues with huge challenges ahead in terms of brand equity and brand value perceived by luxury customers.

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