



Executive Summary



Executive Summary

The aspirational luxury industry is moving beyond its current capacities. Research has indicated that the average age of the luxury consumer has gone down from 48 to 34 (Popomaronis, 2017). With an average of four devices each, the Generation Y and Z consumer want to be engaged in a seamless shopping experience across multiple channels (Pini & Pelleschi, 2017). However, the majority of luxury brands have been rather slow to seamlessly integrate online channels into their business model. Initially, luxury brands have been sceptical of digitalisation, since the traditional luxury consumer would not be willing to purchase personal luxury goods online (Brun, 2017). Therefore, the central objective of this study is to address how a digital integration framework in the aspirational luxury industry can provide a seamless omni-channel experience to the Generation Y and Z consumer.

Based on a combination of reliable theories from credible sources, the fundamental elements to a valuable luxury path to purchase for the Generation Y and Z consumer have been assessed by means of a survey. The conduction of a case study allowed the digital integration framework to be set in context by providing a thorough analysis of examples as to how multiple disconnected touchpoints can be translated into a seamless omni-channel experience. Thus, the collection of data allows for a thorough body of knowledge, which in turn proposes the foundation of the omni-channel strategy aspirational luxury brands are lacking.

The increase in connectivity proposes a change in consumer behaviour: the continuous interaction through a number of touchpoints results in a dynamic luxury path to purchase. The luxury consumer of tomorrow expects to be able to shop how, when and where they want, while simultaneously managing engagement with the luxury brand (Pini & Pelleschi, 2017). Whereas the initial challenge for luxury brands was how to translate the offline brand image into online channels, omni-channel retail will separate winners from losers in the following chapter of digitalisation in the luxury industry. With an increase in revenue at stake, the execution of an omni-channel strategy through a model of seamless integration is easier said than done. However, with the right information at hand, luxury brands can seamlessly bridge the gap between online and offline channels in order to anticipate to the digital lifestyle of the Generation Y and Z consumer.

The art of digitalisation is to assemble multiple touchpoints into a relevant path to purchase. Based on the literature included in this study, a digital integration framework has been developed with a focus on five fundamental elements that are centralised around the needs, wants, and demands of the luxury consumer of tomorrow. Nonetheless, it is recommended for further study to build on the digital integration framework, as digitalisation in the aspirational luxury industry continues to mature.




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Introduction



1. Introduction

The aspirational luxury industry is moving beyond its current capacities. According to Popomaronis, the average age of the luxury consumer has gone down from 48 to 34 (Popomaronis, 2017). Therefore, as stated by Bain & Company, Generation Y have been stable purchasers of personal luxury goods, and they are expected to make up 45% of luxury purchases by 2025. Furthermore, it is the younger Generation Z that are poised to reshape the luxury industry, as they are expected to make up 40% of luxury purchases by 2035 (D'Arpizio, Levato, Prete, & Montgolfier, 2020). Consequently, Generation Y and Z are the new rich, and it is essential for luxury brands to accommodate this advanced clientele in the age of digitalisation.

With an average of four devices each, the Generation Y and Z consumer want to be engaged in a seamless shopping experience across multiple channels (Pini & Pelleschi, 2017). Therefore, the increase in connectivity proposes a change in consumer behaviour: the continuous interaction through a number of touchpoints results in a dynamic luxury path to purchase. The growing wave of digitalisation continues to disrupt the physical distribution network in the luxury industry. While the increase in engagement across multiple online channels remains, it is anticipated that the physical distribution network of stores could peak in 2020 (D'Arpizio, Levato, Prete, & Montgolfier, 2020). However, the majority of luxury brands have been rather slow to seamlessly integrate online channels into their business model. Initially, luxury brands have been sceptical of digitalisation, since the traditional luxury consumer would not be willing to purchase personal luxury goods online (Brun, 2017). Nevertheless, research conducted by Bain & Company indicates that online continues to disrupt, as online luxury sales will total \$85 billion by 2025, constituting 25% of total luxury sales (D'Arpizio, Levato, & Montgolfier, 2019). Furthermore, according to McKinsey & Company, 80% of luxury consumers, particularly Generation Y and Z consumers, are digitally influenced throughout the consumption process. The luxury consumer of tomorrow considers many online sources before deciding what product is worthy of purchasing, rather than purchasing a product at face value. Therefore, the traditional luxury consumer who begins and ends the purchasing process offline is a vanishing breed (Achille, Marchessou, & Remy, 2018). As a consequence, luxury brands must understand the impact digitalisation will increasingly have on their business in the future.

Having considered the forces at play in the luxury industry, the luxury path to purchase is empowered by the process of digitalisation which in turn introduces luxury brands to omni-channel retail. The increase in connectivity allows the luxury consumer to interact with a luxury brand even while shopping at a brick and mortar location, proposing a revolutionising luxury path to purchase (Pini & Pelleschi, 2017). Each individual touchpoint contributes to, or subtracts from, the individual

perception of the value offered by a product or service. Consequently, any touchpoint that proposes an obstruction in the luxury path to purchase creates an opportunity for luxury brands to change (Hutton, 2019). Luxury brands must focus on streamlining the purchasing process by building a seamless omni-channel experience centralised around the needs, wants, and demands of the luxury consumer of tomorrow in order to remain competitive in an industry that is moving beyond its current capacities (Pini & Pelleschi, 2017). Whereas the initial challenge for luxury brands was how to translate the offline brand image into online channels, omni-channel retail will separate winners from losers in the following chapter of digitalisation in the luxury industry. With an increase in revenue at stake, the execution of an omni-channel strategy through a model of seamless integration is easier said than done. However, with the right information at hand, luxury brands can seamlessly bridge the gap between online and offline channels in order to anticipate to the digital lifestyle of the Generation Y and Z consumer. How can a digital integration framework in the aspirational luxury industry provide a seamless omni-channel experience to the Generation Y and Z consumer?

This study proposes a total of three sub-questions in order to provide a thorough analysis of the central question. Considering that the central objective of this study is centralised around the needs, wants, and demands of the Generation Y and Z consumer, the first sub-question will assess the fundamental elements to a valuable luxury path to purchase for the Generation Y and Z consumer. The second sub-question will assess the fundamental elements to the creation of omni-channel retail for the aspirational luxury industry. In order to propose validity of the digital integration model, the third sub-question will assess the omni-channel strategy of the two best performing aspirational luxury brands, Burberry and Louis Vuitton, by means of a case study.

In addition to the introduction, this study comprises a total of seven chapters. The theoretical framework will provide thorough insight into the underlying phenomena of the central question of this study by means of a combination of reliable theories from credible sources. The methodology will thereupon propose how the theoretical framework is translated into quantitative field research and qualitative desk research, which will provide insights as to how the sub-questions were addressed. Correspondingly, the results will present the fundamental elements to the creation of a digital integration framework. Building on the results, the analysis will translate multiple interconnected touchpoints into a centralised digital integration framework for aspirational luxury brands. The conclusion will reflect on multiple elements that proposed a contribution to the foundation of the framework. In order to elaborate on the limitations of the study for further research in the respective field, the conclusion will thereupon translate into the recommendations.

How Can a Digital
Integration
Framework in the
Aspirational Luxury
Industry Provide a
Seamless
Omni-Channel
Experience to the
Generation Y and Z
Consumer?



Theoretical Framework



2. Theoretical Framework

2.1 Defining Luxury

2.1.1 Historical Lens

In order to understand how luxury is perceived in its contemporary context, it is essential to understand how luxury was perceived in its past. The contemporary manifestations of the consumption of personal luxury goods are unquestionably different from historical manifestations. However, the understanding of luxury through a historical lens presents fundamental insight into the transformation of luxury, and perhaps in predicting its future. The historical manifestations of how the term luxury has transformed over time indicate how its multifaceted nature makes it complicated to establish a definition based exclusively on literature.

Although the genesis of luxury is impossible to identify, Turunen argues that it can be explained through sociology. The consumption of personal luxury goods was a symbol of status in the civilisations of ancient history, differentiating those who are positioned higher from those who are positioned lower in social hierarchies. For instance, the elite in ancient Egypt expressed their status through splendour products, such as personalised linen attires. Nevertheless, the invention of multiple techniques by ancient Egyptians still complement personal luxury goods in its contemporary context. Furthermore, archaeological discoveries have revealed that the afterlife of ancient Egyptians followed a hierarchical structure as well, as the elite in luxurious tombs would spread downwards to rather ordinary mortals (Turunen, 2017). Therefore, the elite in ancient Egypt can be considered fundamental in the contemporary manifestations of personal luxury goods. However, whereas the concept of luxury in ancient Egypt is characterised by social stratification, the concept of luxury in the Roman Empire was a matter of social disagreement. In the Roman Empire, the consumption of personal luxury goods was considered as a threat to society, as the sumptuousness of such goods would cause distraction from the empire to rather private matters (Turunen, 2017). Although the sociological dimension of luxury has existed since the civilisations of ancient history, the term luxury is more mature. The term luxury originates from Latin, and it is interesting to consider translations of the term before it was adopted into the Oxford English dictionary. In the Roman Empire, ancient Romans used the Latin word *luxus* to emphasise extravagant living, and it shares a root with the Latin term *luxuria* to emphasise the sinful enjoyment of life (Turunen, 2017). Deriving from Latin, the Oxford English Dictionary proposes the following definitions of luxury:

- [mass noun] “a state of great comfort or elegance, especially when involving great expense: *he lived a life of luxury* (Luxury, 1989).”

- [count noun] “an inessential, desirable item which is expensive or difficult to obtain: *luxuries like chocolate, scent and fizzy wine* (Luxury, 1989).”
- [in singular] “a pleasure obtained only rarely: *they actually had the luxury of a whole day together* (Luxury, 1989).”

Contrary to the manifestations of the concept of luxury in the Roman Empire, Okonkwo argues that the Byzantine Emperor and Empress gave each individual the freedom to choose what to wear. Emperor Justinian and his wife, Theodora, emphasized the appearance of personal luxury goods as a mark of distinction (Okonkwo, 2007). Thus, throughout ancient history, the concept of luxury has obtained multiple sociological emphases, rather than being sociologically neutral.

Consequently, Brun argues that it was not until the turn of the Renaissance that the perception of luxury changed to a certain extent, and enjoyment beyond the necessities of life was no longer considered as sinful. Nevertheless, an approach to separate the lower and the higher levels of enjoyment of life had not yet been found. The concept of luxury was associated with splendour products that were of significant importance to monarchs. Therefore, until the eighteenth century, the consumption of personal luxury goods was still considered as a status indicator, and the concept of luxury still had negative connotations among the rather ordinary individuals (Brun, 2017). Okonkwo builds on this by stating that the Renaissance is characterised by Aristocratic families who possessed splendour products to the marvel of the society (Okonkwo, 2007). The transformation of the sociological concept of luxury into the enjoyment of life through splendour products by any social class has its origins in the wake of the Industrial Revolution of the eighteenth century. Until the Industrial Revolution, personal luxury goods were produced by local artisans and were particularly sold on the domestic market. However, considering the growth of the customer base, a number of entrepreneurs established artisan businesses outside their country of origin, establishing the foundation for contemporary luxury businesses. Thus, the democratisation of personal luxury goods as a result of the Industrial Revolution advanced the standard of living, and more and more individuals were able to afford enjoyable products beyond the necessities of life (Brun, 2017).

2.1.2 Contemporary Lens

Turunen argues that the manifestations of personal luxury goods in its contemporary context did not exist until the turn of the nineteenth century as a result of economic growth. From the nineteenth century onwards, the social exclusivity of luxury started to diminish, as a growing number of individuals had access to personal luxury goods. Therefore, the concept of luxury was integrated into society as a result of the rise in prosperity (Turunen, 2017). Okonkwo builds on this by stating that the resilience of the nineteenth century allowed for luxury brands to rise. For instance, while a young Louis Vuitton developed luggage of superior quality in 1854 in France, a young Thomas Burberry developed his affinity for outdoor attire in 1856 in England (Okonkwo, 2007). Nevertheless, Okonkwo further argues that during the early nineteenth century, the social elite continued to dominate the possession of personal luxury goods in a similar manner of the previous eras. As a consequence, the term luxury refers to the contemporary social hierarchy, even if this is denied for ideological reasons. Furthermore, Hennigs, Wiedmann, Klarmann and Behrens build on this by stating that the essential objective of luxury is the recreation of social stratification by fulfilling the individual desire to belong to a particular social class, which the individual will have selected according to their imagination (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). Thus, the term luxury emphasises the individual need for knowing the position in society in a rather implicit context, while simultaneously emphasising the aspect of luxury as a form of individual pleasure.

The explosion of the twentieth century is characterised by the notable phenomenon of luxury conglomerates such as LVMH. The success of a portfolio of luxury brands sparked rivalry in the luxury industry through the establishment of multiple luxury conglomerates, such as Kering and Richemont. Moving onto the luxury industry of today, Okonkwo argues that the luxury industry of the twenty-first century is characterised by digitalisation. Consequently, the adoption of a digital integration framework is critical for luxury brands that aim to maintain a competitive edge in a continuously evolving sphere. However, despite the increase in digitalisation, the majority of luxury brands have been rather slow to seamlessly bridge the gap between online and offline channels (Okonkwo, 2007). Brun builds on this by stating that luxury brands must accommodate to the needs, wants, and demands of the luxury consumer as a result of the increase in connectivity. However, luxury brands have been sceptical of digitalisation, since the traditional luxury consumer would not be willing to purchase personal luxury goods online. This lack of interest is strongly related to the assumption that digitalisation is concerned with mass consumption, while the essential components of luxury such as exclusivity seem at stake (Brun, 2017). However, Pini and Pelleschi contradict this by arguing that the majority of luxury consumers want a product of quality, while simultaneously wanting to be engaged in a seamless shopping experience across multiple touchpoints. There are a number of ways through

which behaviour of the luxury consumer is affected in the luxury path to purchase. For instance, awareness through social media affects the perception towards a luxury brand, which in turn leads to a purchase through the brand's offline channel. The increase in connectivity allows the luxury consumer to interact with a luxury brand even while shopping at a brick and mortar location, proposing a revolutionising luxury path to purchase. Therefore, as argued by Pini and Pelleschi, bridging the gap between online and offline channels through a framework of digital integration proposes an increase in importance, as digitalisation dramatically reshapes the way through which luxury brands can create a seamless shopping experience in order to accommodate to the path to purchase for the luxury consumer (Pini & Pelleschi, 2017). This study will further elaborate on the developments in the luxury industry as proposed by Pini and Pelleschi, considering that the objective is centralised around the development of a digital integration framework for aspirational luxury brands. The majority of luxury brands prefer to manage advertising across online and offline channels separately, despite the increasing interest in digitalisation among luxury brands. Although this strategy minimises complications across multiple touchpoints, it dangerously underestimates the behavioural developments in of the luxury consumer who desires to seamlessly surf from social media to a brick and mortar location.

2.1.3 Aspirational Luxury Brands

Until the turn of the nineteenth century, manufactured products obtained the status of personal luxury goods as a result of their high overall quality. However, the image of a luxury brand is a critical component in the contemporary luxury sphere. According to Brun, Bain & Company proposes a hierarchy of luxury brands into high, higher, and highest: accessible luxury brands, aspirational luxury brands, and absolute luxury brands (Brun, 2017). The development of a digital integration framework for aspirational luxury brands will be the focus of this study, centralised around the fashion and leather goods industry.

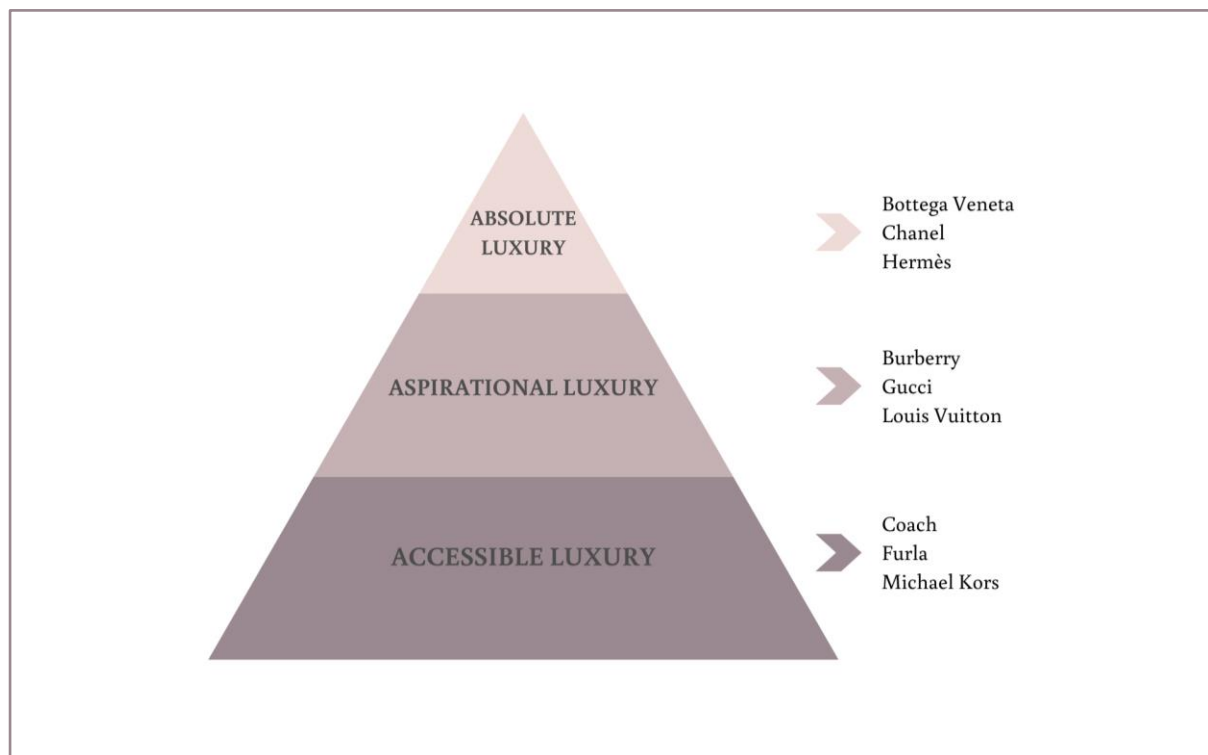


Figure 1: Hierarchy of Luxury (Brun, 2017)

Accessible luxury brands are defined by affordability. In recent years, accessible luxury brands have experienced growth, constituting 40% of total fashion and leather luxury sales. Aspirational luxury brands are defined by recognisability. Aspirational luxury brands account for 35% of total fashion and leather luxury sales (Brun, 2017). According to Interbrand, four out of eight best performing aspirational luxury brands belong to the fashion and leather goods industry (Interbrand, 2019). In 2019, the market for aspirational luxury goods in the fashion and leather goods industry reached a record high of \$95 billion, representing a growth of five per cent (D'Arpizio, Levato, Prete, & Montgolfier, 2020). Absolute luxury brands are defined by exclusivity. Absolute luxury brands account for the smallest share of the fashion and leather luxury goods market at a rate of 25% (Brun, 2017).

2.1.4 The Creation of Value

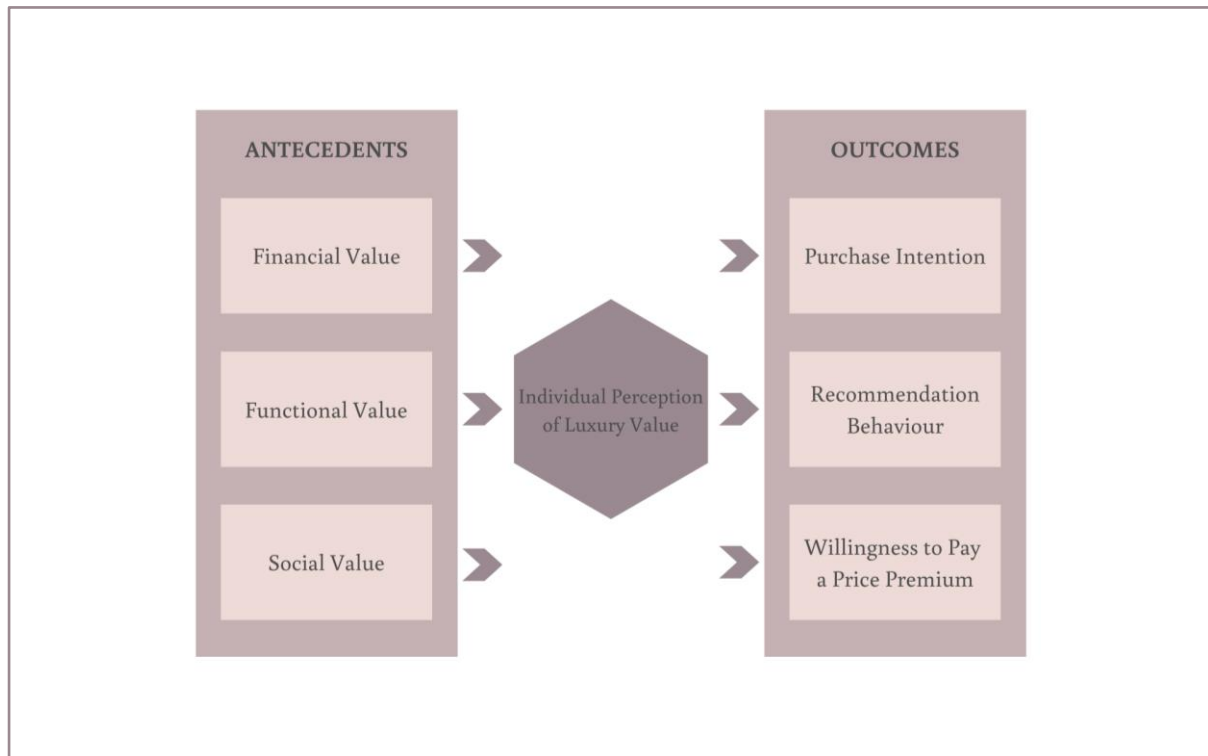


Figure 2: Individual Perception of Luxury Value (Hennigs, Wiedmann, Klarmann, & Behrens, 2015)

The essence of the development of a digital integration model is to centralise it around the needs, wants, and demands of the luxury consumer. However, the emergence of accessible luxury brands at a lower price point compared to aspirational or absolute luxury brands creates complexity in terms of the values of luxury. Consequently, one of the critical questions in luxury is the continuous interpretation of what is considered as luxury, and what is not considered as luxury. Given that a personal luxury good is purchased for a multifaceted spectrum of motives, it is essential for luxury brands to understand what value it promotes in the eyes of the luxury consumer. According to Pini and Pelleschi, the value of personal luxury goods can be defined as the elements that affect the individual perception of value proposed by a luxury brand, such as social media, brick and mortar layout, and the service offered by a brand. Therefore, the perception of a valuable path to purchase is centralised around the individual needs, wants, and demands per consumer (Pini & Pelleschi, 2017). Hennigs et al. build on this by arguing that the values promoted by a luxury brand are dependent upon the individual perception on the financial, functional, and social antecedents (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). The elements proposed by Pini and Pelleschi will be incorporated in the model of value proposed by Hennigs et al. in order to survey the fundamental elements to a valuable luxury path to purchase.

2.2 Defining Omni-Channel

After two revolutionising decades of digitalisation, the luxury sphere continues to evolve. Consequently, the digital landscape for brands in the luxury sphere presents complexity in terms of the creation of a seamless shopping experience. Whereas the initial challenge for luxury brands was how to translate the offline brand image into online channels, omni-channel retail will separate winners from losers in the following chapter of digitalisation in the luxury industry.

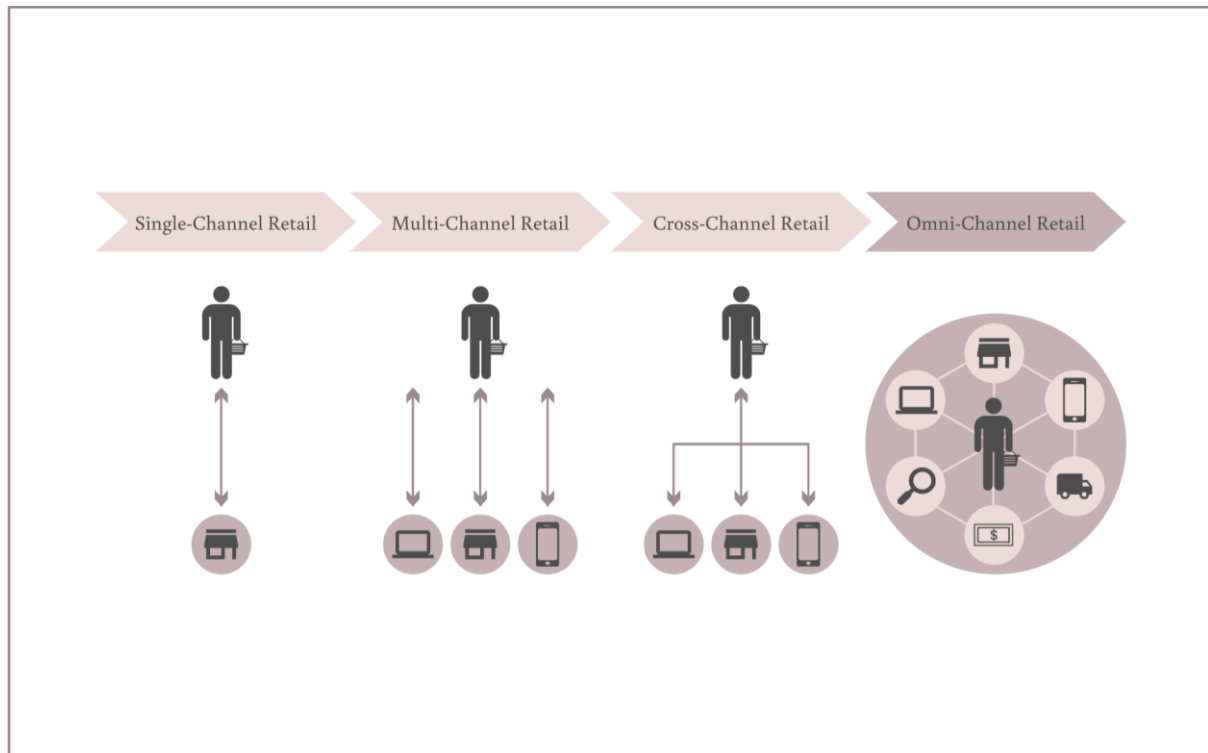


Figure 3: Evolution of Retail Channels (Hutton, 2019)

In order to evolve with the continuously developing behaviour of the luxury consumer, the road to omni-channel retail is defined by the evolution of multiple approaches to retail, each proposing distinctive advantages or disadvantages over the other: single-channel retail, multi-channel retail, cross-channel retail and omni-channel retail (Hutton, 2019). Single-channel retail is characterised by a single touchpoint, regardless of whether it is online or offline selling. Furthermore, multi-channel retail is defined by multiple, disconnected touchpoints. Therefore, multi-channel retail does not allow the customer to seamlessly translate between online and offline channels, as moving from one channel to another indicates that the customer re-starts the purchasing process at a new touchpoint. Similar to multi-channel retail, cross-channel retail is defined by multiple touchpoints, the difference being that the multiple touchpoints are connected. Therefore, cross-channel retail allows the customer to translate between online and offline channels (Hutton, 2019).

However, the aspirational luxury industry is moving beyond its current capacities. The luxury consumer of tomorrow expects to be able to shop how, when and where they want, while simultaneously managing engagement with the luxury brand (Pini & Pelleschi, 2017). With omni-channel being the ideal retail channel for luxury brands, it presents complexity in terms of its multiple, interconnected touchpoints. Hutton argues that, different from cross-channel retail, the multiple touchpoints in omni-channel retail are interconnected. As a result, this allows for seamless integration across online as well as offline channels resulting in maximum engagement with the customer. Each individual touchpoint contributes to, or subtracts from, the individual perception of the value offered by a product or service. Furthermore, Hutton argues that omni-channel retail provides the consumer with the memorable shopping experience it desires, as the increase in devices simultaneously propose an increase in moments that matter (Hutton, 2019). Verhoef, Kannan and Inman build on this by stating that omni-channel retail proposes a multifaceted spectrum of touchpoints that have a significant influence on the purchasing process. Furthermore, the natural borders between online and offline channels will vanish, resulting in a brick and mortar experience without walls (Verhoef, Kannan, & Inman, 2015). Therefore, rather than depending on multiple, disconnected touchpoints, omni-channel retail bridges the gap between multiple disconnected touchpoints around the central objective of serving the needs, wants, and demands of the luxury consumer. Considering the importance of a memorable shopping experience across online as well as offline channels, this study will further elaborate on the developments in omni-channel retail as proposed by Hutton.

2.3 Operationalisation Table

The operationalisation table below was composed in order to present a thorough overview of the fundamental variables to this study. In addition to the definition of the fundamental variables, the operationalisation table will further elaborate on the reliability of the study by means of one or more examples as well as the questions designed for the survey.

Variable	Definition	Example	Survey
Digitalisation	<p>There are a many ways through which behaviour of the luxury consumer is affected in the luxury path to purchase. Therefore, as argued by Pini and Pelleschi, bridging the gap between online and offline channels through a framework of digital integration proposes an increase in importance, as digitalisation dramatically reshapes the way through which luxury brands can create a seamless shopping experience in order to accommodate to the path to purchase for the luxury consumer (Pini & Pelleschi, 2017).</p>	<p>The increase in connectivity as a result of the proliferation of devices allows the luxury consumer to interact with a luxury brand even while shopping at a brick and mortar location, proposing a revolutionising luxury path to purchase (Pini & Pelleschi, 2017).</p> <p>Burberry: The products across all Burberry stores are fitted with RFID tags which can communicate with the smartphone of the consumer, providing product information or a recommendation on how a product can be worn (Marr, 2017).</p>	<p>How many digital devices do you own?</p> <p>Have you ever purchased fashion and leather luxury goods online?</p> <p>Why are you not willing to purchase fashion and leather luxury goods through online channels?</p>
Financial Value	<p>Hennigs et. al argue that quality and exclusivity are the elements that reflect the financial value to justify the price premium paid by the consumer. In this context, the consumer often considers the high price of personal luxury goods as a manifestation of quality and exclusivity. Consequently, premium pricing increases the financial value of luxury brands, and the more valuable personal luxury goods become (Hennigs, Wiedmann, Klarmann, & Behrens, 2015).</p>	<p>In addition to the quality and exclusivity offered by a product, the financial values of a brand are reflected in the services offered by a brand.</p> <p>Louis Vuitton: the brand responds to the urgency of personalisation by providing bespoke products, such as handbags and sneakers.</p>	<p>I believe that the premium price of a fashion and leather luxury good is determinative for its quality.</p> <p>I believe that the premium price of a fashion and leather luxury good is determinative for its exclusivity.</p> <p>I am willing to pay a premium price for a fashion and leather luxury good of a collaboration.</p> <p>I am willing to pay a premium price for the personalisation of products and services.</p>

<p>Functional Value</p>	<p>The functional value of personal luxury goods refers to the essential advantages that the consumer expects to obtain from luxury brand consumption, such as exclusivity and quality, while simultaneously wanting to be engaged in a seamless shopping experience (Pini & Pelleschi, 2017). In addition to the functionality of products, the functional value of luxury through online channels lies within the functionality of services offered by aspirational luxury brands (Hennigs, Wiedmann, Klarmann, & Behrens, The Complexity of Value in the Luxury Industry, 2015).</p>	<p>The functionality of digital channels of a brand, such as its digital platform and further applications, in order to improve the luxury path to purchase.</p> <p>Burberry: Through R Message, the consumer is connected to the sales associate who will provide the consumer with a seamless shopping experience (Salmon, 2019).</p> <p>The availability of services, such as multiple delivery and payment methods, reflects the functional value proposed by a brand.</p> <p>Louis Vuitton: Louis Vuitton launched a partnership with One Stock that allows the brand to unify both its in-store and online inventory (LVMH, 2020). The customer is able to view stock availability, upon which a delivery method can be selected (One Stock, 2020).</p>	<p>The functionality of the website of a luxury brand encourages me to purchase through digital channels.</p> <p>The functionality of the mobile app of a luxury brand encourages me to purchase through digital channels.</p> <p>The availability of multiple delivery methods influences my behaviour in the path to purchase.</p> <p>The availability of multiple payment methods influences my behaviour in the path to purchase.</p>
<p>Social Value</p>	<p>The central objective of the social value is the recreation of social stratification by fulfilling the individual desire to belong to a particular social class, which the individual will have selected according to their imagination. Although in a rather implicit context, the individual particularly consumes personal luxury goods that are considered as conspicuous within their respective social class (Hennigs, Wiedmann, Klarmann, & Behrens, 2015).</p>	<p>The social values of a brand are reflected in a platform of engagement, such as social media, in order to improve the luxury path to purchase.</p> <p>Burberry: the launch of a limited edition product on the 17th of each month for a restricted period of time through Instagram as part of the B series (Newbold, 2018).</p> <p>Aspirational luxury brands can capitalise on the popularity of personal luxury goods through emotional branding.</p> <p>Louis Vuitton: LV TV, the brand's entertainment platform on YouTube, allows the consumer to discover the rich world of Louis Vuitton through the eyes of friends of the brand (LVMH, 2019).</p>	<p>I pay attention to the opinion of my friends and family in the path to purchase.</p> <p>I believe that fashion and leather luxury goods are a symbol of status.</p> <p>I consider multiple online channels, such as social media, in the path to purchase.</p> <p>I pay attention to the popularity of fashion and leather luxury goods among peers.</p>



Methodology



3. Methodology

The central objective of this study is to address how a digital integration framework in the aspirational luxury industry can provide a seamless omni-channel experience to the Generation Y and Z consumer. Furthermore, this study proposes a total of three sub-questions in order to fundamentally substantiate the central question. The methodology is structured according to two research methods: quantitative field research and qualitative desk research, which will provide insights as to how the sub-questions were addressed.

3.1 Research Methods

3.1.1 Quantitative Field Research

The first sub-question quantitatively addresses the fundamental elements to a valuable luxury path to purchase for the Generation Y and Z consumer by means of a survey. The survey that was distributed comprised of two sections, consisting of 18 questions in total. The first section required participants to answer a total of six multiple-choice questions that assess personal data, such as gender and age. Furthermore, the value of personal luxury goods can be defined as the elements that affect the individual perception of value proposed by a luxury brand, such as social media, brick and mortar layout, and the service offered by a brand. Therefore, the perception of a valuable path to purchase is centralised around the individual needs, wants, and demands per consumer (Pini & Pelleschi, 2017). Hennigs et al. build on this by arguing that the values promoted by a luxury brand is dependent upon the individual perception on the financial, functional, and social antecedents (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). The elements proposed by Pini and Pelleschi were incorporated in the model of value proposed by Hennigs et al. in order to survey the fundamental elements to a valuable luxury path to purchase by means of a Likert scale. Therefore, the second section required participants to indicate their level of agreement or disagreement with a total of 12 statements centralised around the financial, functional and social value of luxury by means of a Likert scale from one to five. As the individual perception of luxury value is subject to the preferences of the consumer, the advantage of a Likert scale lies within its ability to assess attitudes of participants (Given, 2008).

According to Lozano, García Cueto and Muñiz, the optimum Likert scale lies within a minimum of four points and a maximum of seven points (Lozano, García Cueto, & Muñiz, 2008). Therefore, considering that the second section of the survey required participants to indicate their level of agreement or disagreement, a critical evaluation between a five-point Likert scale, a four-point Likert scale and a seven-point Likert scale has been made. Lozano et al. argue that although reliability will increase as a

result of a maximum of points, a seven-point Likert scale will expose participants to the difficulty of differentiation between points. Consequently, a seven-point Likert scale will introduce the study to the increasing possibility of miscalculation (Lozano, García Cueto, & Muñiz, 2008). In order to ensure reliability of the survey, the availability of a neutral option in a five-point Likert scale allows participants to neither agree nor disagree with a statement, rather than exposing them to a total of 12 statements by means of a four-point Likert scale upon which participants are forced to decide upon their level of agreement or disagreement. Lozano et al. build on this by arguing that participants have a preference for a five-point Likert scale, as this allows them to meticulously assess their level of agreement or disagreement (Lozano, García Cueto, & Muñiz, 2008).

Considering that the central objective of this study is to address the development of a digital integration framework in the aspirational luxury industry, it is of particular interest to consider the characteristics of participants. Consequently, in order to ensure validity of the survey, participants must be purchasers of personal luxury goods, with fashion and leather luxury goods in particular. Furthermore, considering that the central objective of this study is centralised around the needs, wants, and demands of the Generation Y and Z consumer, participants must be between 18 and 40 years of age. The sample size consists of a total of 50 participants, approximately half of whom were selected among acquaintances. As a consequence of the characteristics of participants, a sample size of a total of 50 participants was difficult to obtain from among acquaintances. Therefore, approximately half of the participants were selected by means of snowball sampling, indicating that existing participants recruited future participants from among their acquaintances.

Although a survey provides significant insight into the financial, functional and social elements valued by the luxury consumer, it simultaneously raises the ethical issue of confidentiality among participants. Prior to the survey, participants were requested to “agree” or “disagree” with voluntary participation in order to obtain informed consent. Therefore, acquaintances had the opportunity to decide to not participate in the survey. Furthermore, if acquaintances decided to participate in the survey, they had the opportunity to withdraw at any given moment.

3.1.2 Qualitative Desk Research

This study allows for a combination of exploration and measurement through qualitative research and quantitative research. Two out of three sub-questions were qualitatively addressed in order to gain further understanding as to how a digital integration framework in the aspirational luxury industry can propose a seamless omni-channel experience to the Generation Y and Z consumer.

The second sub-question qualitatively addresses the fundamental elements to the creation of omni-channel retail for the aspirational luxury industry in order to propose a seamless luxury path to purchase. The collection of data allows for a thorough body of knowledge, which in turn proposes the foundation of the omni-channel strategy aspirational luxury brands are lacking. However, in order to ensure validity as a result of continuous digitalisation in the luxury sphere, it is of particular interest to consider the importance of contemporary literature. Furthermore, multiple attempts to structured interviews in the respective field have been made in order to gain a thorough understanding of digitalisation in the luxury sphere. However, subjects disagreed to participate.

The third sub-question qualitatively addresses the omni-channel strategy of the two best-performing aspirational luxury brands, Burberry and Louis Vuitton, by means of a case study. The advantage of a case study as a qualitative research method lies within its ability to thoroughly analyse a selection of aspirational luxury brands without restrictions. Additionally, a case study will bring the relationship between cause and effect to light, rather than solely addressing the element that is the cause of the effect (Given, 2008). In the pursuit to digitalisation in the luxury industry, there have been two aspirational luxury brands who contributed to the disruption of the luxury sphere: Burberry and Louis Vuitton. The two brands were selected through the appliance of a filter based on the eight best-performing luxury brands in order to ensure applicability of the framework (Interbrand, 2019). After the appliance of a filter, it was decided upon that Burberry and Louis Vuitton act according to a comparable omni-channel strategy in order to seamlessly bridge the gap between multiple disconnected touchpoints. The conduction of a case study allowed the digital integration framework to be set in context by providing a thorough analysis of examples as to how multiple disconnected touchpoints can be translated into a seamless omni-channel experience.

3.2 Scope and Limitations


As mentioned previously, the central objective of this study is to address how a digital integration framework in the aspirational luxury industry can propose a seamless omni-channel experience to the Generation Y and Z consumer. The first sub-question quantitatively addresses what creates a valuable luxury path to purchase for the Generation Y and Z consumer by means of a survey. Although a survey provides significant insight into the financial, functional and social elements valued by the luxury consumer, the following section will study the proposed limitations.

The limitation of the survey conducted lies within its sample size. Considering a sample size consisting of a total of 50 participants, the survey proposes a lack of reliability. As a result, this limits the study in the generalisability of the results. Nonetheless, given the quantitative nature of the study, the survey provides fundamental insight into the attitudes of the Generation Y and Z consumer in relation to the creation of value by means of a Likert scale. Therefore, the survey proposes the creation of value in an omni-channel context as the backbone for aspirational luxury brands.



Results

What Are the Fundamental
Elements to a Valuable Luxury
Path to Purchase?



4. Results

4.1 The Elements to a Valuable Luxury Path to Purchase

4.1.1 The Luxury Consumer of Tomorrow

Similar to the concept of luxury, the luxury consumer is constantly evolving. As mentioned previously, according to Popomaronis, the average age of the luxury consumer has gone down from 48 to 34 (Popomaronis, 2017). Therefore, as stated by Bain & Company, Generation Y have been stable purchasers of personal luxury goods and they are expected to make up 45% of luxury purchases by 2025. Furthermore, it is the younger Generation Z that are poised to reshape the luxury industry, as they are expected to make up 40% of luxury purchases by 2035. However, Generation Y and Z consumers display distinguishing behaviour from other generations. For instance, they consider themselves as critical actors of emotional engagement with luxury brands: beyond personal luxury goods, emotions will become an essential ingredient in the value of luxury to the luxury consumer of tomorrow (D'Arpizio, Levato, Prete, & Montgolfier, 2020). Consequently, Generation Y and Z are the new rich, and it is essential for luxury brands to accommodate this advanced clientele.

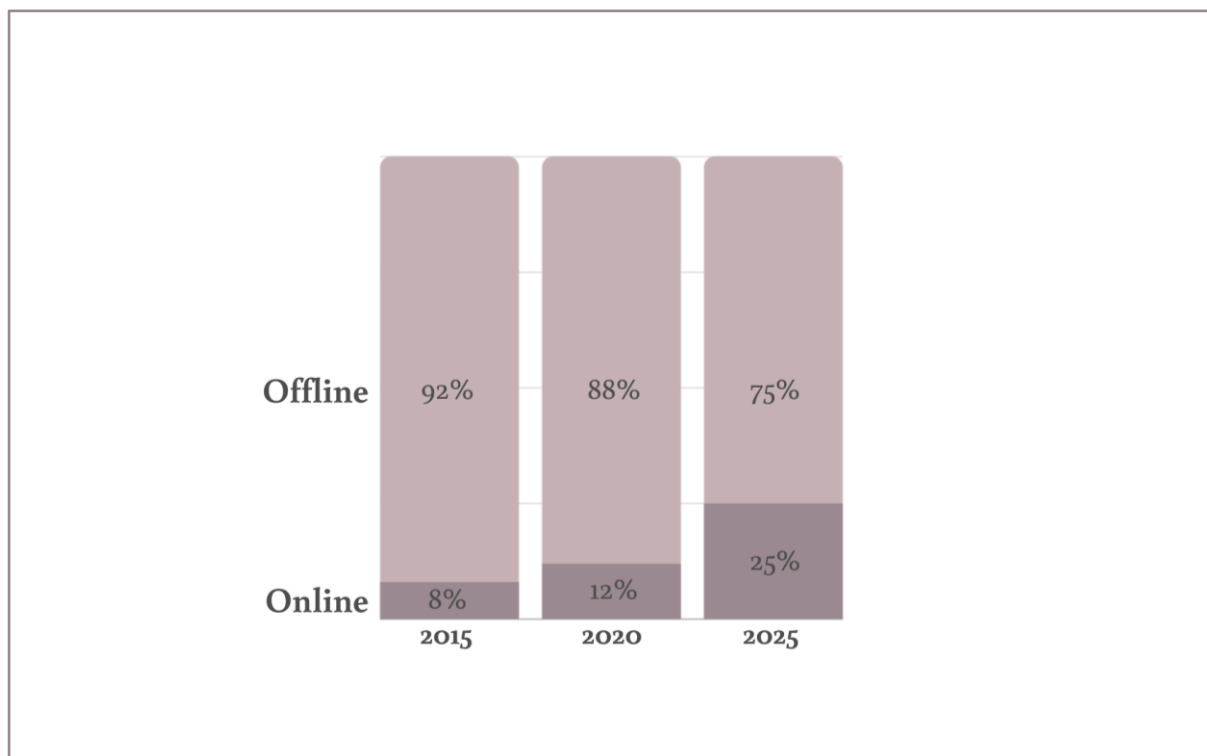


Figure 4: Sales of Personal Luxury Goods (D'Arpizio, Levato, & Montgolfier, 2019)

As a result, there are new ways through which consumers are shopping: it is not that they are shopping less, they are shopping differently. The growing wave of digitalisation continues to disrupt the physical distribution network in the luxury industry. While the increase in engagement across multiple online channels remains, it is anticipated that the physical distribution network of stores could peak in 2020 (D'Arpizio, Levato, Prete, & Montgolfier, 2020). However, a large number of luxury brands have been rather slow to integrate online channels into their business model. Initially, luxury brands have been sceptical of digitalisation, since the traditional luxury consumer would not be willing to purchase personal luxury goods online (Brun, 2017). Nevertheless, research conducted by Bain & Company indicates that online continues to disrupt, as the retail channel grew by 10% in 2019. As a result, online sales now account for 12% of the total personal luxury good market. Therefore, digitalisation is an essential growth opportunity, as online luxury sales will total \$85 billion by 2025, constituting 25% of total luxury sales (D'Arpizio, Levato, & Montgolfier, 2019). Furthermore, according to McKinsey & Company, 80% of luxury consumers, particularly Generation Y and Z consumers, are digitally influenced throughout the consumption process. The luxury consumer of tomorrow considers many online sources before deciding what product is worthy of purchasing, rather than purchasing a product at face value. Therefore, the traditional luxury consumer who begins and ends the purchasing process offline is a vanishing breed (Achille, Marchessou, & Remy, 2018). Considering that Generation Y and Z will be tomorrow's luxury consumer, it is of significant importance to document their behaviour. Consequently, luxury brands must understand the impact digitalisation will increasingly have on their business in the future. Therefore, a seamless integration framework across online as well as offline channels is the oxygen that will enable luxury brands to anticipate to the expectations of tomorrow's luxury consumer.

Considering that the luxury consumer has embraced the digital lifestyle, traditional shopping channels are revolutionising. Consequently, traditional single-channel retail has transformed into omni-channel. Today, the luxury consumer engages with luxury brands across multiple online channels. As a result, the luxury consumer is ready for centralised interactions, and the availability of personal luxury goods in a digital environment will provide luxury brands with access to the luxury consumer of tomorrow. But how can a luxury brand translate the quality of a product to a six-inch screen? Digitalisation is characterised by components such as accessibility, and the essential components of luxury such as exclusivity seem at stake. Consequently, aspirational luxury brands must ensure that the multifaceted spectrum of values is correctly translated in a consistent digital appearance: social media, brick and mortar layout, and the service offered by a brand are of importance in the process of digitalisation (Pini & Pelleschi, 2017).

4.1.2 The Individual Perception of Luxury Value

As mentioned previously, the emergence of accessible luxury brands at a lower price point compared to aspirational or absolute luxury brands creates complexity in terms of the values of luxury. Consequently, one of the critical questions in luxury is the continuous interpretation of what is considered as luxury, and what is not considered as luxury. Given that a personal luxury good is purchased for a multifaceted spectrum of motives, it is essential for luxury brands to understand what value it promotes in the eyes of the luxury consumer. Therefore, the values promoted by a luxury brand is dependent upon the individual perception of the financial, functional, and social antecedent (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). As mentioned previously, the elements proposed by Pini and Pelleschi will be incorporated in the model of value proposed by Hennigs et al. in order to survey the fundamental elements to a valuable luxury path to purchase. As described in the following hypothesis, these value antecedents establish the foundation of the individual perception of luxury value. The values proposed by Hennigs et al. are translated into a seamless integration framework across online as well as offline channels which incorporates a focus on the essential components of the purchasing process of tomorrow: from the initial stage of awareness to the final stage of delivery.

4.1.2.1 The Antecedents of the Individual Perception of Luxury Value

According to Pini and Pelleschi, personal luxury goods are characterised by a multifaceted spectrum of values (Pini & Pelleschi, 2017). Therefore, personal luxury goods must deliver satisfactory value in accordance with the individual perception of luxury value. The complexity of the value of luxury can be explained through financial, functional, and social antecedents of luxury brands that influence the consumption process. The correlation of the three antecedents is a source of influence on the behavioural outcomes of luxury consumption through the individual perception of luxury value (Hennigs, Wiedmann, Klarmann, & Behrens, 2015).

- Antecedent 1: Financial Value

Considering that the democratisation of luxury through online channels is what led to competitive pricing, the price premium associated with the quality of personal luxury goods must correspond to the offline pricing strategy. According to Hennigs et al., personal luxury goods are essentially characterised by their financial value to indicate quality (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). Quantitative research further elaborates on this statement, as three in five participants believe that the premium price of a fashion and leather luxury good is determinative for its quality. Therefore, the value that is particularly associated with personal luxury goods is the quality to justify the price premium paid by the consumer. Nevertheless, the exclusivity exceeds the quality of a product or service offered by a luxury brand, as three in four participants believe that the premium price of a fashion and leather luxury good is determinative for its exclusivity. In this context, consumers who seek the recreation of social stratification often consider the high price of personal luxury goods as a manifestation of quality and exclusivity. Consequently, aspirational luxury brands must capitalise on the art of personalisation of products and services in order to accommodate to the elements that are financially valued by the luxury consumer of tomorrow. Therefore, premium pricing increases the financial value offered by luxury brands, which in turn proposes an increase in the value of personal luxury goods (Hennigs, Wiedmann, Klarmann, & Behrens, 2015).

- Antecedent 2: Functional Value

The values of luxury cannot be defined based exclusively on the financial value. The functional value of personal luxury goods refers to the essential advantages that the consumer expects to obtain from luxury brand consumption, such as exclusivity and quality, while simultaneously wanting to be engaged in a seamless shopping experience (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). According to Pini and Pelleschi, the service offered by a brand has a significant influence on the perception of a valuable path to purchase. Therefore, in addition to the functionality of products, the

functional value of luxury through online channels lies within the functionality of services offered by aspirational luxury brands (Pini & Pelleschi, 2017). Since the luxury consumer of tomorrow has embraced the digital lifestyle, luxury brands have much to accomplish in terms of the digitalisation of services. Nothing dampens a seamless shopping experience like the phrase “out of stock.” However, the integration of online as well as offline touchpoints allows the product to be shipped to the customer from a store, and vice versa (Mohammady, 2020). Quantitative research further elaborates on this statement, as 66% of participants suggest that the availability of multiple delivery methods influences their behaviour in the path to purchase. However, approximately 50% of participants suggest that the availability of multiple payment methods influences their behaviour in the path to purchase. This provides insight into the seamless integration of payment methods across online as well as offline channels, as this is still in its infancy. Therefore, whereas the availability of multiple delivery methods proposes an advantage to the luxury consumer of tomorrow, the availability of multiple payment methods has a less significant influence on the individual perception of luxury value.

- Antecedent 3: Social Value

Considering that luxury brands address social status, although in a rather implicit context, the individual particularly consumes personal luxury goods that are considered as conspicuous within their respective social class. In this context, fulfilling the individual desire to belong to a particular social class is the source of the consumption of personal luxury goods. For instance, the perceived value through the recognisability of a luxury brand, such as Louis Vuitton, is an essential component of the luxury brand equation. Thus, a strong social allure through a brand’s aesthetic strengthens the social status of the product (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). Quantitative research by means of a survey builds on this, as four in five participants believe that fashion and leather luxury goods are a symbol of status. Nevertheless, engagement with the luxury consumer through online channels, such as social media, is of equal importance in terms of social value. Pini and Pelleschi further elaborate on this in the context of digitalisation by arguing that online channels, such as social media, have a significant impact on the individual perception of value proposed by a luxury brand (Pini & Pelleschi, 2017). Approximately 85% of participants consider multiple online channels, such as social media, in the path to purchase. Furthermore, roughly 70% of participants pay attention to the popularity of fashion and leather luxury goods among increasingly influential stakeholders, such as influencers. Therefore, the integration of the appropriate strategy allows luxury brands to become engaged with the luxury consumer of tomorrow, and vice versa.

4.1.2.2 The Behavioural Outcomes of the Individual Perception of Luxury Value

In addition to the analysis of the three antecedents of the individual perception of luxury value, the analysis of the behavioural outcomes provides critical insight into the extent to which positive value perception is translated into luxury consumption. The behavioural outcomes can be explained through the purchase intention, recommendation behaviour, and the willingness to pay a price premium, which are influenced by the individual perception of luxury value as a result of the antecedents (Hennigs, Wiedmann, Klarmann, & Behrens, 2015).

According to Hennigs et al., the individual perception of luxury value has a significant influence on the consumption of personal luxury goods (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). For instance, whereas one consumer purchases a product for its quality, another consumer purchases the same product for its exclusivity. As a result of the positive effect of the antecedents on the individual perception of luxury value, luxury consumers are willing to engage in the recommendation of a particular brand through positive word-of-mouth. Considering the high price of personal luxury goods, the luxury consumer must be willing to pay a price premium. The functional values as well as the social values of personal luxury goods positively influence the consumer's willingness to pay a price premium (Hennigs, Wiedmann, Klarmann, & Behrens, 2015). Thus, the luxury consumer that perceives value through one or more antecedents is willing to pay a price premium, and will continue to do so in the re-purchasing process.

4.2 The Elements to the Creation of Omni-Channel Luxury

4.2.1 Reaching for the Rising Bar

Considering the continuously evolving luxury sphere, brands must recognise that they need to design a brand experience centralised around the luxury consumer of tomorrow. As a result of the increase in connectivity, the Generation Y and Z consumer want to be engaged in a seamless shopping experience across multiple channels (Pini & Pelleschi, 2017). Therefore, the continuous interaction through a number of touchpoints proposes a behavioural shift of the luxury consumer. Consequently, luxury brands must carefully consider their strategy in order to engage with the luxury consumer of tomorrow, while simultaneously proposing a balance between accessibility and exclusivity.

Having considered the forces at play in the luxury industry, the luxury path to purchase is empowered by the process of digitalisation. As mentioned previously, the increase in connectivity allows for a multifaceted spectrum of touchpoints. Luxury brands must focus on streamlining the purchasing process by building a seamless customer experience in order to remain competitive in an industry that is moving beyond its current capacities. The offline shopping experience of brick and mortar locations is centralised around a multisensory experience in order to accommodate to the values proposed by the aspirational luxury brand. However, the online shopping experience might be unable to accommodate to the “touch and feel” experience typically found in brick and mortar locations (Pini & Pelleschi, 2017). Therefore, bridging the gap between online and offline touchpoints introduces aspirational luxury brands to complications that explain as to why the majority of luxury brands prefer to manage advertising across online and offline channels separately. As mentioned previously, such a strategy dangerously underestimates the behavioural developments of the luxury consumer who desires to seamlessly surf from social media to a brick and mortar location. Furthermore, what is of particular interest to consider is the fine line between accessibility versus exclusivity. Consequently, according to Pini and Pelleschi, aspirational luxury brands must combine the value of brand heritage with innovation, from the initial stage of awareness to the final stage of delivery, in order to achieve loyalty in the age of digitalisation (Pini & Pelleschi, 2017).

4.2.2 Path to Purchase

The luxury industry has evolved dramatically as a result of two revolutionising decades of digitalisation. Consequently, the emergence of multiple online touchpoints has changed the luxury path to purchase. Delivering on the needs, wants, and demands of the luxury consumer of tomorrow is the essence of omni-channel retail, which is a prerequisite for achieving loyalty in the age of digitalisation. How can luxury brands ensure seamless integration between multiple disconnected touchpoints into a centralised system?

The increase in connectivity has put power in the hands of a number of stakeholders, such as influencers, who have a strong impact on the initial stage of awareness (Dubois, 2017). Therefore, in order to accommodate to this shift, aspirational luxury brands must translate their identity through social media in collaboration with increasingly influential stakeholders. Nonetheless, despite the increase in engagement across multiple online channels, it is of particular interest to consider the physical distribution network as an experiential destination that will contribute to the individual perception of value offered by a luxury product or service (Gartner, 2020). Therefore, the luxury brand that considers its physical presence as an opportunity to accommodate to the individual needs, wants, and demands of the luxury consumer of tomorrow, rather than a sunk cost, will be rewarded with loyalty. The seamless integration of a number of touchpoints allows for luxury brands to capture personal data, such as purchase history, in order to provide the customer with a bespoke shopping experience (Rizzo, 2019). According to McKinsey & Company, relevant personalisation can drive revenue growth by 10% to 30%. Therefore, what is of particular interest to consider is the balance between personalisation and relevancy (Boudet, Gregg, Wong, & Schuler, 2017). For instance, if a bespoke recommendation of a particular product is irrelevant to the purchasing history of a consumer, it will diminish the desirability of a brand. Furthermore, omni-channel retail centralises the customer's preferences, including their preferred payment method. Providing the customer with the payment method they desire through mobile point of sale terminals allow luxury brands to seamlessly obtain payments from anywhere in store (Adyen, 2017). The centralisation of multiple touchpoints through a framework of digital integration simultaneously proposes an increase in delivery methods to luxury brands. Although the desired product may be out of stock at the shipping warehouse, inventory unification allows the product to be shipped to the customer from a store, and vice versa (Mohammady, 2020). Therefore, the development of omni-channel retail lies within a single platform that supports sales from both online and offline channels. As a result, luxury brands will generate revenue that otherwise would be left on the table, and the luxury consumer will receive the bespoke shopping experience it desires.

With an increase in revenue at stake, the execution of an omni-channel strategy through a model of seamless integration is easier said than done. Luxury brands must consider all touchpoints in existence in order to create a seamless shopping experience. Essentially, any touchpoint that proposes an obstruction in the luxury path to purchase creates an opportunity for aspirational luxury brands to change. For instance, unfinished purchases as a result of lacking payment or delivery methods can lead to a subtraction of the individual perception of value offered by a product or service. Such a strategy will correspondingly lead to the virtuous cycle of a decrease in customer loyalty, not to mention the revenue that would be left on the table. Therefore, seamless integration across online as well as offline touchpoints will propose advantages to brands as well as consumers, as it will leverage an omni-channel strategy by centralising the needs, wants, and demands of the luxury consumer of tomorrow.

4.3 The Current Trends of Omni-Channel Luxury

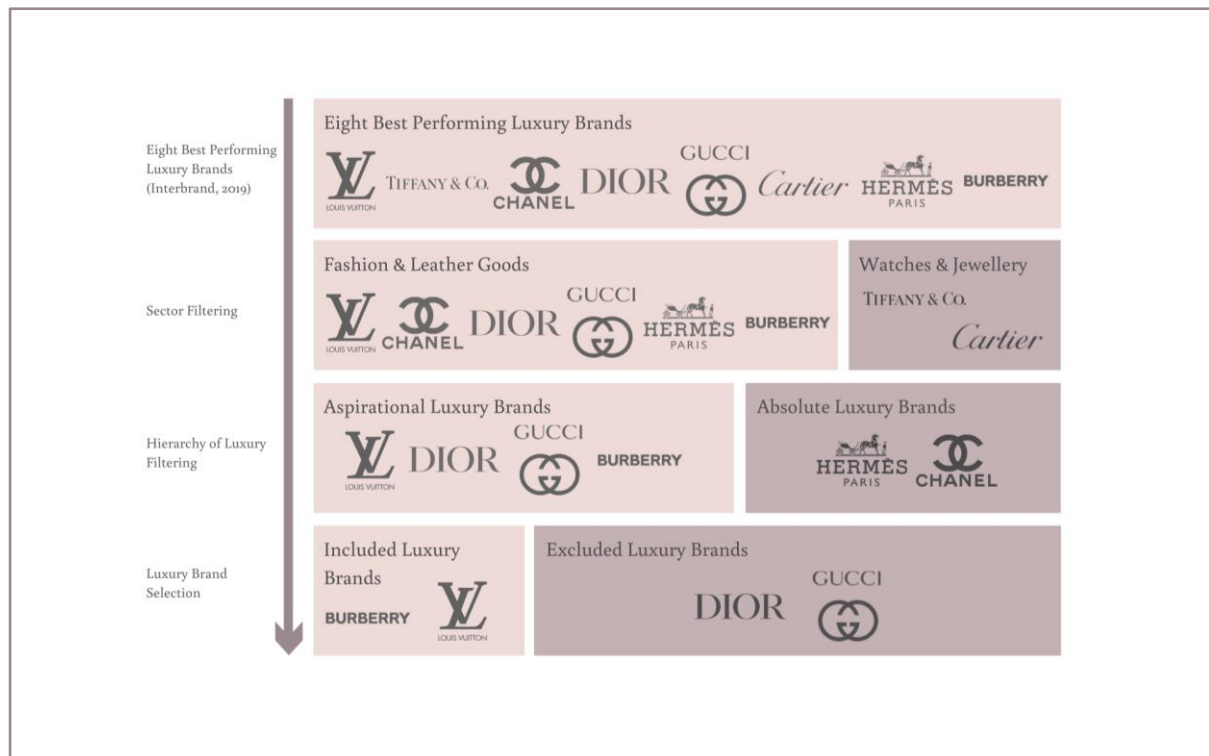


Figure 5: Selection of Aspirational Luxury Brands

In the pursuit to digitalisation in the luxury industry, there have been two aspirational luxury brands who contributed to the disruption of the luxury sphere: Burberry and Louis Vuitton. The two brands have been selected through the appliance of a filter based on the eight best-performing luxury brands in order to ensure applicability of the framework (Interbrand, 2019). The process of sector filtering indicates that six out of eight best-performing luxury brands belong to the fashion and leather goods industry, whereas two out of eight best-performing luxury brands belong to the watches and jewellery industry. Therefore, considering that this study focusses on fashion and leather luxury goods in particular, the brands that belong to the watches and jewellery industry will be excluded from further analysis. The second filter indicates that Chanel and Hermès belong to the category of absolute luxury brands. Therefore, considering that this study focusses on aspirational luxury brands, Chanel and Hermès will be excluded from further analysis. After globally researching the four remaining brands in order to present a homogenous study, it was decided upon that Burberry and Louis Vuitton act according to a comparable digital integration framework in order to seamlessly bridge the gap between multiple disconnected touchpoints.

4.3.1 Burberry: The Digital Revolutionist

4.3.1.1 Background

More and more luxury brands recognise the importance of digitalisation in order to accommodate to the luxury consumer of tomorrow. However, few luxury brands have pushed as far as Burberry. Engaged in traditional heritage with a signature trench coat that dates back to the 19th century, Burberry represents a compelling story of essential British luxury. Despite the complications faced during the early 21st century, Burberry has become an unavoidable brand in the luxury sphere.

Thomas Burberry, a former apprentice draper with an affinity for outdoor attire, was 21 years old when he founded his brand in 1856 upon which he opened his first store in Hampshire, England. The introduction of gabardine, the first waterproof yet breathable fabric in the world, is what led to the rise of his success. Therefore, the appeal of gabardine can particularly be found in its functionality. Consequently, the British War Office picked up on the functionality of gabardine, and Burberry was appointed the apparel provider for British soldiers during the first as well as the second World War (Burberry Group PLC, 2020). Therefore, upon a historical backdrop, Burberry is a successful luxury brand with a distinctly British attitude (Burberry Group PLC, 2019).

However, that has not always been the case. During the early 21st century, licensing threatened to destroy the traditional heritage of the brand as it destroyed exclusivity in the process of internationalisation. Consequently, Burberry experienced a precipitous fall in profit (Ahrendts, 2013). What Thomas Burberry had created as a traditional heritage brand now obtained negative connotations, and British department stores stopped stocking Burberry altogether. Nevertheless, Burberry managed to reclaim its position in the luxury sphere. Upon the examination of the luxury industry, Ahrendts found that Burberry was the only traditional luxury brand that did not capitalise on its historical core: the signature trench coat. Consequently, Burberry has undergone a reconstruction through the renaissance of heritage into its brand. The decision to reclaim focus on the signature trench coat introduced the brand to the abundance of creativity it was lacking (Ahrendts, 2013). Christopher Bailey, the former chief creative officer of Burberry, managed to merge the design of the brand with his passion for technology. Considering that Generation Y and Z are the new rich, Burberry reconstructed its organisation in order to accommodate to this advanced clientele, stimulating growth across online as well as offline channels. Given that the luxury consumer of tomorrow has embraced the digital lifestyle, Bailey initiated a digital strategy in order to establish a seamless omni-channel experience (Ahrendts, 2013). Therefore, Burberry incorporates all three antecedents of the individual perception of luxury value in a strategy centralised around the needs, wants, and demands of the luxury consumer of tomorrow.

4.3.1.2 Seamless Integration

As mentioned previously, the seamless integration across online as well as offline channels is an essential growth opportunity, as online luxury sales will total \$85 billion by 2025, constituting 25% of total luxury sales (D'Arpizio, Levato, & Montgolfier, 2019). Spearheaded by Burberry, luxury brands have much to accomplish in terms of digitalisation. The implementation of a seamless integration framework in order to establish a centralised omni-channel experience is why Burberry is in the vanguard of digitalisation.

The decision by Burberry to reconstruct its organisation in order to accommodate to the Generation Y and Z consumer was not without controversy. Consequently, by exclusively targeting a particular consumer segment, Burberry faced the complexity that the respective target group had no knowledge of its historical core. Therefore, the brand had to reconstruct its marketing approach through digitalisation in order to accommodate to this advanced clientele. Burberry manages to incorporate the social value to the individual perception of luxury into the brand through social media as a platform of awareness in order to reach a dynamic audience. Quantitative research builds on this, as the majority of participants agree to consider multiple online channels, such as social media, in the path to purchase. The brand launches a limited edition product on the seventeenth of each month for a restricted period of time through Instagram as part of B Series (Newbold, Riccardo Tisci Wants You To Put The 17th Of Every Month In Your Diary, 2018). The frequent product launches through Instagram is how Burberry manages awareness among the Generation Y and Z consumer through continuous innovation, thus addressing the social value. Furthermore, building on its rich history of innovation, Burberry manages to bridge the gap between online and offline channels by using its brick and mortar network as an experiential destination. The products across all Burberry stores are fitted with RFID tags which can communicate with the smartphone of a consumer, providing product information or a recommendation on how a product can be worn (Marr, 2017).

4.3.1.3 The Art of Relevant Personalisation

According to Adyen, bespoke products and services have a significant impact on the purchasing process, as 60% of consumers admit to having made an extra purchase as a result of a bespoke product recommendation or service in the past six months. With the availability of personalised channels such as Instagram, the figure is set to grow (Adyen, 2019). As mentioned in its annual report, Burberry maximises a seamless omni-channel experience through personalisation across online as well as offline channels (Burberry Group PLC, 2019). Apart from a monogramming service, the consumer can voluntarily share personal data through online channels, such as the Burberry consumer app, that is used by Burberry to suggest bespoke recommendations.

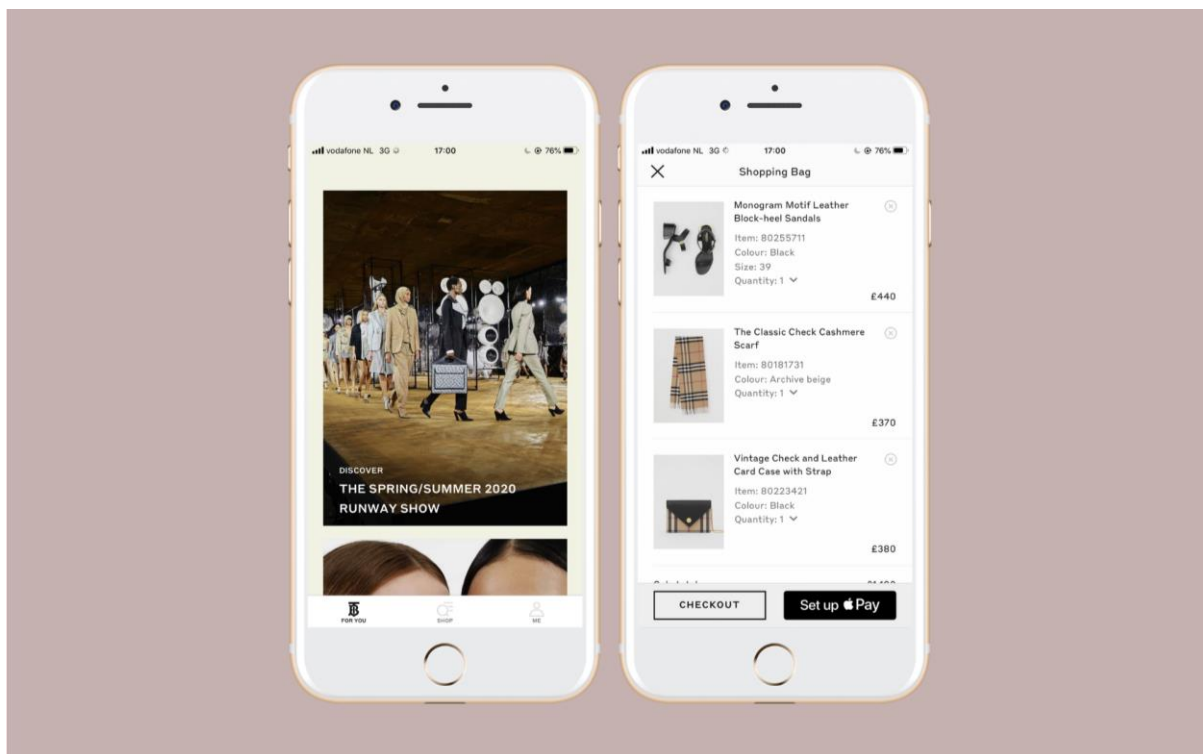


Figure 6: Burberry Application for iOS (Burberry Group PLC, 2020)

In addition to a seamless digital platform, the continuous collaboration between Burberry and Apple led to the development of multiple iOS applications (Phelan, 2019). The consumer is able to discover the expertise of Burberry through the consumer app, explore curated style stories, obtain bespoke recommendations, and shop the latest collection (Burberry Group PLC, 2020). The survey has indicated that approximately nine in ten participants have never purchased fashion and leather luxury goods online as a result of the lack of advice from sales associates. Burberry and Apple have developed a messaging platform, called R Message, that is connected to the consumer app. Through R Message, the consumer is connected to the sales associate who will provide the consumer with a bespoke experience. Nevertheless, Burberry manages to ensure exclusivity through a system of selective

invitation of the individual consumer, as the application cannot be found in the App Store. For instance, the sales associate can send a bespoke product recommendation to the consumer, upon which the consumer can purchase directly through Apply Pay. However, the consumer can use R Message proactively as well, contacting the sales associate in order to book an appointment in a Burberry store of preference (Salmon, 2019). Furthermore, Burberry and Apple have developed a proprietary digital platform, called R World, that is available exclusively to sales associates. There are six thousand sales associates across Burberry, all of whom have access to R World through iPhones. Being a forward thinking brand, Burberry understands that the Generation Y and Z consumer is influenced by the opinion of peers, despite what a sales associate of a luxury brand might have to say. While a luxury brand is able to create brand awareness among potential consumers, it is the brand advocate that convinces others to purchase. For instance, if a customer has recently purchased a trench coat, the sales associate can personally recommend the customer a bag that is popular among other purchasers of the trench coat (Marr, 2017).

Although the decision by Burberry to reconstruct its organisation in order to accommodate to the Generation Y and Z consumer was not without controversy, it allowed Burberry to merge the design of the brand with technology. The push for the consumer to voluntarily share personal data through online channels allows Burberry to accommodate to its advanced clientele, as the luxury consumer desires to be treated as an individual. However, personalisation services, particularly monogramming, could possibly lose its exclusivity to the absolute luxury consumer due to the high availability across both online and offline channels. Nevertheless, as proven by Burberry, the art of personalisation is an essential component in maximising a seamless omni-channel experience for the luxury consumer.

4.3.2 Louis Vuitton: The Luxury Disruptor

4.3.2.1 Background

Engaged in heritage with travel as the essential inspiration since the beginning of the brand in the 19th century, Louis Vuitton is considered as the pinnacle of French luxury. With such a rich history, the heritage of Louis Vuitton is synonymous with a successful foundation that cultivates a unique spirit in the quest for excellence. Upon a historical backdrop, Louis Vuitton is a successful aspirational luxury brand with a distinctly French heritage – today, the spirit of travel remains essential.

Born in Anchay, a small settlement in the east of France, Louis Vuitton left home for Paris on foot at the age of 13 (Holborow, 2012). Vuitton was 16 years old when he arrived in Paris in 1837, a time during which the city had yet to develop as a fashion capital. Nevertheless, it was the Parisian atelier of Romain Maréchal where Vuitton developed the foundation of his career. As a former apprentice craftsman, Vuitton developed a craft that was highly respected at the time: luggage of superior quality. Roughly two decades later, he opened his first atelier on the Rue des Capucines in the 1st arrondissement of Paris, France (Louis Vuitton, 2020). Vuitton was appointed the personal packer of the Empress of France, who charged him with the packaging of her splendour products for transportation. Consequently, his fortune rose as the position opened doors to a new class of rather royal clientele. By the year 1859, Vuitton introduced the signature stackable trunk which addressed the requirements of the popular travel by train (Holborow, 2012). The demand for the signature trunk was such that as a result of his early success, Vuitton opened a larger atelier in Asnières, France. Outside the centre of the French capital, the atelier started with 20 craftsmen which has developed throughout the decades. Today, 170 craftsmen work in the atelier (Louis Vuitton, 2020).

Marc Jacobs was appointed as the chief creative officer of Louis Vuitton in 1997 for a period of 16 years, a time during which he developed the first ready to wear line of the brand. Using the historical core of the brand, Jacobs introduced Louis Vuitton into the new millennium through a renaissance of creativity (Holborow, 2012). Considering that Generation Y and Z are the new rich, Louis Vuitton reconstructed its organisation in order to accommodate to this advanced clientele. Therefore, the powerhouse has doubled down on the role chief creative officer, as it is shared by Nicolas Ghesquière, in charge of womenswear, and Virgil Abloh, in charge of menswear (Abad, 2018). Through this division, the brand addresses two respective target groups, stimulating growth across online as well as offline channels. As a result, valued at \$32 billion in 2019, Louis Vuitton has been awarded the most valuable luxury brand (Interbrand, 2019).

4.3.2.2 Seamless Integration

As mentioned previously, digitalisation is an essential growth opportunity, as online luxury sales will total \$85 billion by 2025, constituting 25% of total luxury sales (D'Arpizio, Levato, & Montgolfier, 2019). Therefore, luxury brands have much to accomplish in terms of digitalisation. When LVMH appointed the former Apple executive Ian Rogers as chief digital officer in 2015, the global power in personal luxury goods addressed how the recruitment of Rogers will lead the expansion in the digital environment. Although Louis Vuitton was rather sceptical to embrace the opportunity of digitalisation in the past, its ambition to reshape the luxury industry appears to be a step in the right direction (Chow & Schechner, 2015). Therefore, in addition to Burberry, Louis Vuitton is one of the luxury brands to implement a digital strategy in order to establish a seamless omni-channel experience. Consequently, Louis Vuitton incorporates all three antecedents of the individual perception of luxury value in a seamless integration framework.

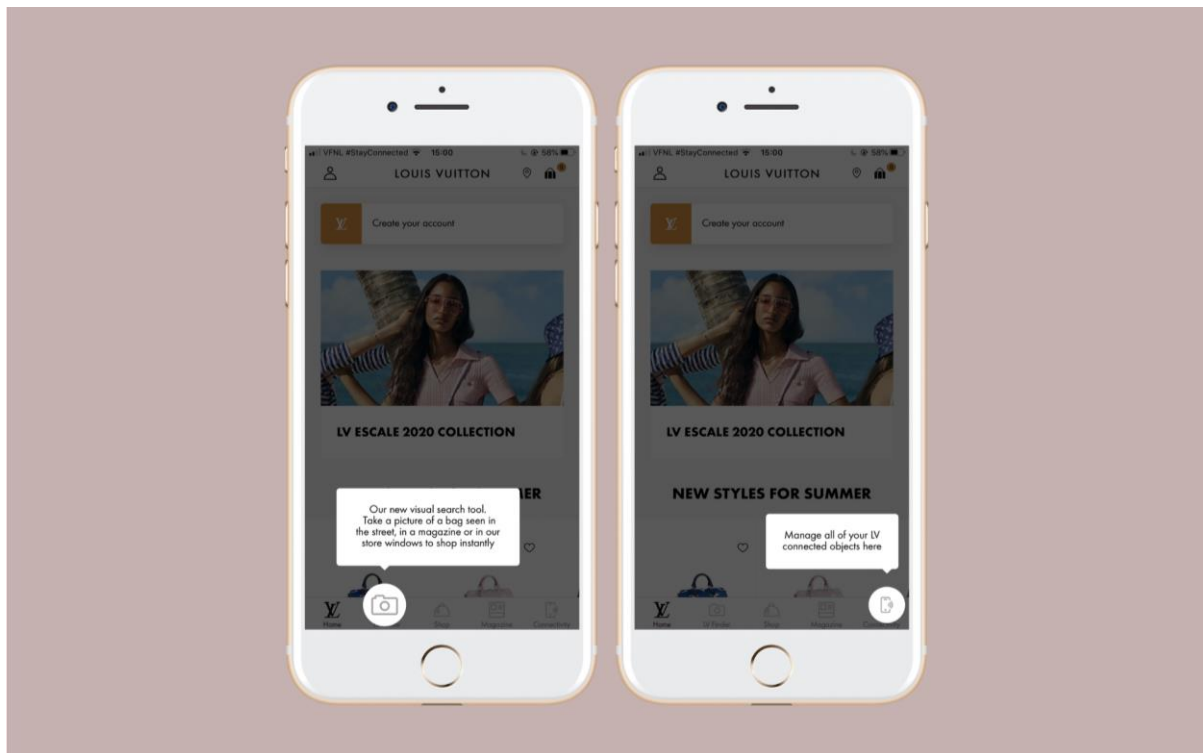


Figure 7: Louis Vuitton Application for iOS (Louis Vuitton, 2020)

According to Deloitte, the luxury consumer of tomorrow only cares for the luxury brand that has created value for them in the last 24 hours, rather than brand heritage (Deloitte, 2019). Upon this backdrop, Louis Vuitton is set to be rejected by the growing global Generation Y and Z population if the brand continues to depend on brand heritage without a reinvention. Therefore, in order to accommodate to the shift in demographics of the luxury consumer, long-established luxury brands must reconsider the value of brand heritage. The importance of a seamless digital platform for Louis

Vuitton is shown throughout the multiple iOS applications that have been developed. The consumer is able to discover the world of Louis Vuitton through the consumer app, explore a bespoke display of products, experience a visual search tool, and manage connected objects (Louis Vuitton, 2020). The visual search tool allows the consumer to take a picture of a Louis Vuitton item seen in the street, in a magazine or in a store window upon which the consumer can shop this item directly. Such a tool is related to the functional value of the brand, which in turn gains importance in the individual perception of luxury value. Furthermore, as the digital environment is often consulted to obtain information, the prices are presented directly and never reduced, which corresponds to the offline pricing strategy of Louis Vuitton, thus addressing the financial value. Nevertheless, Louis Vuitton manages to incorporate the social value into the seamless experience as well. The increase in connectivity has put power in the hands of a number of stakeholders who have a strong impact on the initial stage of awareness (Dubois, 2017). The survey builds on this, as 72% of participants agree to pay attention to the popularity of fashion and leather luxury goods among influencers. LV TV, the entertainment platform of the brand on YouTube, allows the consumer to discover the rich world of Louis Vuitton through the eyes of friends of the brand. For instance, Karlie Kloss, Sophie Turner and Emma Stone offer consumers their favourite fashion and leather pieces (LVMH, 2019). Thus, the recent initiative by Louis Vuitton to provide its consumers with influencer content takes the brand into a new dimension of social media.

Considering that the Generation Y and Z consumer prefers to spend its money on a valuable experience, rather than products such as fashion and leather luxury goods, it is of particular interest for aspirational luxury brands to consider the brick and mortar network as an experiential destination. Contrary to popular belief, brick and mortar locations are not exclusively where revenue is generated, but are rather fundamental to a seamless shopping experience (Wertz, 2019). For instance, Louis Vuitton debuted its “Louis Vuitton X” exhibition in Los Angeles in 2019: a retrospective exhibition that allows consumers to discover the rich history of the Parisian brand. The consumer will encounter a temporary boutique upon reaching the end of the exhibition, where exclusive items can be purchased. In order for the consumer to capture the moment, three Instagram filters have been developed specifically for the exhibition (Scharf, 2019). Therefore, the ability for the consumer to share the experience through Instagram is how Louis Vuitton manages awareness among the Generation Y and Z consumer through social media, thus addressing the social value.

Furthermore, nothing dampens a seamless shopping experience like the phrase “out of stock,” as 66% of participants consider the availability of multiple delivery methods as critical in the path to purchase. Louis Vuitton has proven that a unified system of order management will eliminate the phrase “out of stock” from its vocabulary. In January 2020, the brand launched a partnership with One Stock (LVMH, 2020). In order to generate a seamless shopping experience across all sales channels, One Stock is a company that provides the order management system to omni-channel brands. As mentioned previously, what is significantly challenging for luxury brands is stock management: customers can often become frustrated when the desired product is out of stock, both in-store and online. However, the partnership with One Stock allows Louis Vuitton to unify both its in-store and online inventory in order to reduce lost sales opportunities. The customer is able to view stock availability, upon which a delivery method can be selected: ship from store, order in store, click and collect, and reserve and collect (One Stock, 2020). Although the desired product may be out of stock at the shipping warehouse, inventory unification allows the product to be shipped to the customer from a store. Therefore, among the four delivery methods, ship from store is the cornerstone of inventory unification in terms of luxury value, as it creates financial, functional and social value for both the luxury brand and the luxury consumer. Thus, Louis Vuitton has proven that the efficiency of stock management lies within the integration of sales channels through a unified system of order management.

4.3.2.3 Balancing Personalisation and Privacy

The luxury consumer of tomorrow demands a bespoke product as they seek exclusivity in a world where luxury brands are in danger of becoming ubiquitous through the mass consumption of personal luxury goods. Therefore, to maximise the relationship with the luxury consumer of tomorrow, which searches for an individualised brand relationship, Louis Vuitton focusses on bespoke products and services. The brand responds to the urgency of personalisation by providing bespoke products, such as handbags and sneakers. Furthermore, considering the individual needs, wants, and demands of the luxury consumer of tomorrow, Louis Vuitton manages to build a relationship while adopting individualised interactions (Deloitte, 2019). Therefore, as a result of the growing need towards personalisation, Louis Vuitton has incorporated personalisation in its strategy in order to differentiate itself with bespoke products and services.

While adopting individualised interactions, Louis Vuitton focusses on the needs, wants, and demands of the luxury consumer of tomorrow which in turn creates a personalised relationship. Apart from the possibility to personalise products through hot stamping or hand painting, such as handbags and sneakers, Louis Vuitton manages consumer engagement through digitalisation. Artificial Intelligence (AI), such as machine learning, allows the luxury brand to redesign consumer engagement in order to provide a more bespoke customer service (Deloitte, 2019). In 2017, Louis Vuitton introduced the LV Virtual Advisor, a digital assistant that extends the luxury experience through Facebook Messenger. Programmed to address a multifaceted spectrum of questions, the LV Virtual Advisor is able to provide bespoke product recommendations or to provide help with logistical concerns. Meanwhile, the consumer experiences a sense of individuality as they engage in the digitalised experience (Louis Vuitton, 2017). As mentioned previously, the Generation Y and Z consumer is influenced by the opinion of peers, despite what a sales associate of a luxury brand might have to say. Therefore, the LV Virtual Advisor allows the consumer to share a bespoke recommendation with peers, upon which the consumer will obtain votes on what recommendation to purchase (Deloitte, 2019). The management of a personalised relationship without human assistance powered by machine learning allowed the brand to sell personal luxury goods through online channels. Thus, the invention of a digital strategy to capture personal data allows the brand to derive consumer insights to optimise their services. However, the digital assistant did not achieve the success Louis Vuitton expected it to be. Although the LV Virtual Advisor still exists, the luxury brand declined to comment as to why the digital assistant has not been updated recently (McDowell, 2019).

What is it that caused the LV Virtual Advisor to be unsuccessful? Quantitative research has indicated that 35% of participants have never purchased fashion and leather luxury goods online as a result of the lack of transparency through online channels. Therefore, it is of particular interest to consider the balance between personalisation and privacy: the implementation of privacy laws limits luxury brands such as Louis Vuitton in the collection of third-party data in order to provide the consumer with a bespoke service. For instance, new requirements such as the General Data Protection Regulation (GDPR) in the European Union, which took effect in 2018, changes the landscape of digitalisation (Deloitte, 2019). According to article 22 of the GDPR, the consumer must have the right not to be subject to a decision based on automated processing (European Commission, 2018). Therefore, with machine learning, often designed not to allow human assistance, the regulation creates complexity in the process of personalisation. Consequently, luxury brands will have to limit dependence on third-party data, which in turn will result in a decrease of individualised interactions. Nonetheless, forward-thinking luxury brands such as Louis Vuitton consider the implementation of the GDPR as an opportunity to provide relevant services to a loyal customer base. Instead, the brand can win by capitalising on transparency through AI while simultaneously providing the consumer with a bespoke shopping experience (Ghosh, 2018). What is essential to remember is that the GDPR does not prohibit luxury brands from generating personal data, but rather provides the consumer with increased control over who can and cannot collect their personal data. The opportunity for luxury brands lies within the consumer that is voluntarily willing to share personal data if it in turn proposes a benefit to them. As a result, the relevant implementation of personal data across online and offline touchpoints will contribute to the individual perception of luxury value. Such a strategy will correspondingly lead to a virtuous cycle of relevant personalisation, as loyalty drives consumers to continuously share personal data (Wirth, 2018).

Although the implementation of privacy laws limits luxury brands such as Louis Vuitton in the art of personalisation, technology will continue to play a vital role in the luxury industry. Luxury brands must consider this limitation as an opportunity to generate customer loyalty, which in turn will provide the brand with a competitive advantage (Wirth, 2018). Therefore, as the traditional luxury consumer who begins and ends the purchasing process offline is a vanishing breed, the adoption of transparency is a critical component in maximising a seamless omni-channel experience for the luxury consumer of tomorrow.



Analysis



5. Analysis

5.1 The Creation of Digital Value

The increase in connectivity proposes a change in consumer behaviour: the continuous interaction through a number of touchpoints results in a dynamic luxury path to purchase. The luxury consumer of tomorrow expects to be able to shop how, when and where they want, while simultaneously managing engagement with the luxury brand (Pini & Pelleschi, 2017). Therefore, the aspirational luxury industry is moving beyond its current capacities, as online luxury sales will total \$85 billion by 2025, constituting 25% of total luxury sales (D'Arpizio, Levato, & Montgolfier, 2019). Consequently, luxury brands must carefully consider their strategy in order to engage with the luxury consumer of tomorrow. Based on the literature included in this study, aspirational luxury brands have been rather slow to seamlessly bridge the gap between online and offline channels (Brun, 2017). Aspirational luxury brands must carefully select the online channels that propose relevancy: from the initial stage of awareness to the final stage of delivery. For instance, if the implementation of a touchpoint does not add value to a seamless shopping experience, the brand must opt to not implement it. Nevertheless, the seamless integration of online as well as offline channels in order to establish a centralised omni-channel experience requires a significant investment from brands that are willing to stay ahead of competition. Based on the literature included in this study, a digital integration framework has been developed with a focus on five fundamental elements that are centralised around the needs, wants, and demands of the luxury consumer of tomorrow:

- Social media as a platform of awareness;
- Brick and mortar as an experiential destination;
- Relevant personalisation;
- Payment methods;
- Delivery methods.

Characterised by components such as accessibility, the adoption of a seamless integration framework across online as well as offline channels in order to establish a centralised omni-channel experience will threaten exclusivity, a component that is often associated with the consumption of personal luxury goods (Hennigs, Wiedmann, & Klarmann, 2012). Nevertheless, exclusivity and accessibility go hand in hand when done right. For instance, while Burberry offers personalisation of products through monogramming, it simultaneously offers a sense of exclusivity by offering its consumer base R Message. Therefore, the creation of a harmonious digital integration model consisting of online as well as offline experiences will propose awareness to the potential consumers, while simultaneously proposing a sense of exclusivity to brand advocates in order to maintain loyalty.

5.2 The Development of a Digital Integration Framework

5.2.1 The Elements to Omni-Channel Luxury

Delivering on the needs, wants, and demands of the luxury consumer of tomorrow is the essence of omni-channel retail, which is a prerequisite for achieving loyalty in the age of digitalisation. How can aspirational luxury brands ensure seamless integration between multiple disconnected touchpoints into a centralised system? The development of a digital integration framework focusses on five fundamental elements that can be personalised to the individual preferences of the luxury consumer per aspirational luxury brand.

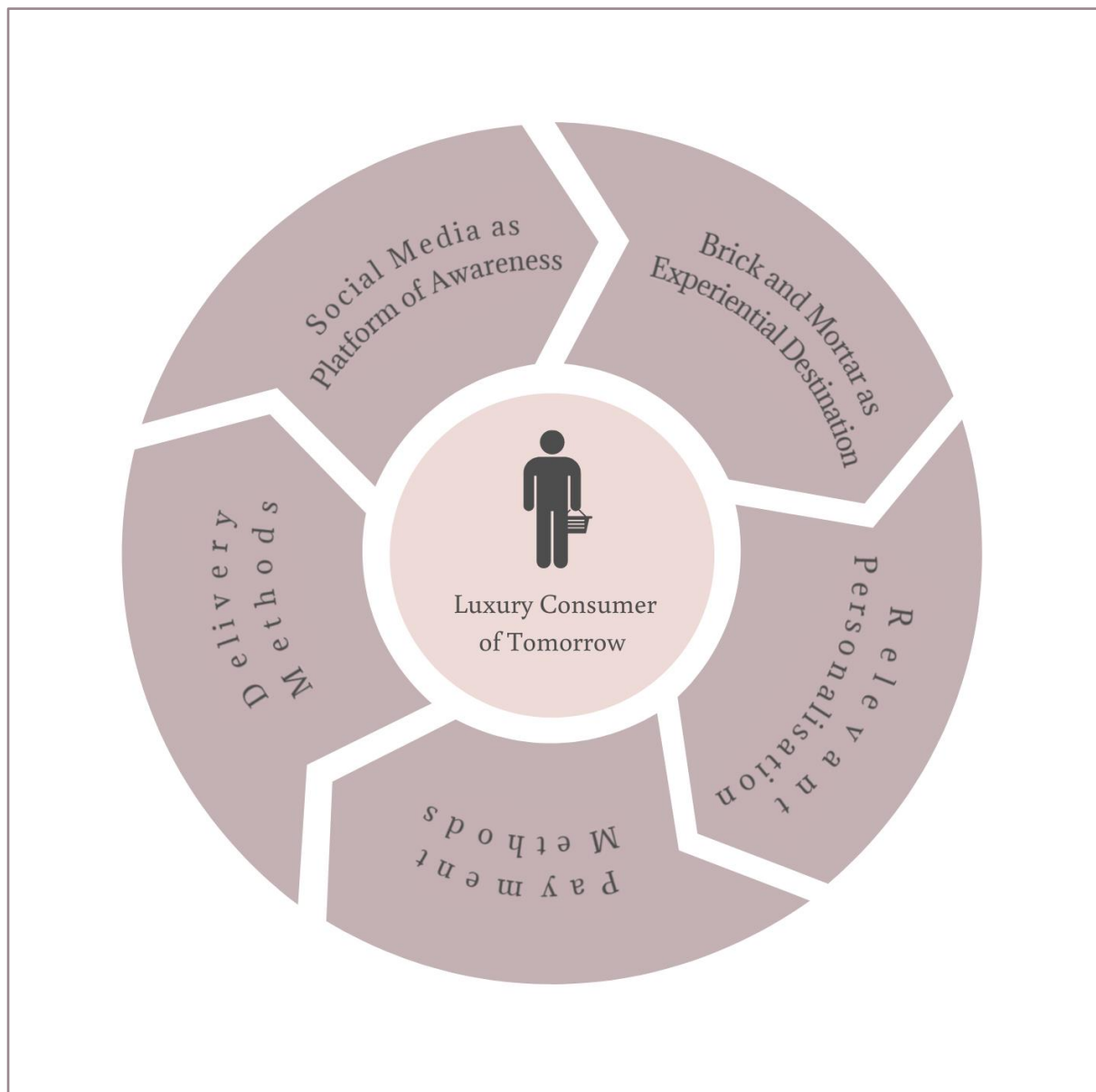


Figure 8: Digital Integration Framework

- Core Element: The Luxury Consumer of Tomorrow

As mentioned previously, the individual perception of the value of personal luxury goods is influenced by the financial, functional and social characteristics of products and services. Understanding the needs, wants, and demands of the Generation Y and Z consumer is essential in the path to seamless integration across online as well as offline channels. The art of digitalisation is to assemble multiple touchpoints into a relevant path to purchase. Surrounded by five fundamental components, the framework ensures that multiple interconnected touchpoints are centred around the luxury consumer of tomorrow: from the initial stage of awareness to the final stage of delivery. As mentioned previously, the luxury consumer of tomorrow considers many online sources before deciding what product is worthy of purchasing (Achille, Marchessou, & Remy, 2018). However, with the right information at hand, aspirational luxury brands can anticipate to the digital lifestyle of the Generation Y and Z consumer. Used strategically, personal data allows aspirational luxury brands to capture information from one channel in order to inform another. In a post-GDPR world, it is critical for aspirational luxury brands to push the consumer to voluntarily share personal data through online channels in return for a valuable experience, such as bespoke products and services (Wheaton, 2019).

- Outer Element 1: Social Media as Platform of Awareness

The increase in connectivity has put power in the hands of a number of stakeholders, such as influencers, who have a strong impact on the initial stage of awareness (Dubois, 2017). As the Generation Y and Z consumer display distinguishing behaviour from other generations, long-established aspirational luxury brands must reconsider the importance of social media as a platform of awareness in order to reach a dynamic audience. According to Global Web Index, the younger generation spends longer than average on social media. The Generation Y consumer spends an average of two hours and 44 minutes on social media each day, 18 minutes longer than average (Global Web Index, 2019). Furthermore, the Generation Z consumer spends an average of two hours and 52 minutes on social media each day, 26 minutes longer than average (Global Web Index, 2019). Therefore, in order to accommodate to this shift, aspirational luxury brands must translate their identity through social media in collaboration with increasingly influential stakeholders.

- Outer Element 2: Brick and Mortar as Experiential Destination

Considering that the Generation Y and Z consumer prefers to spend its money on a valuable experience, rather than products such as fashion and leather luxury goods, it is of particular interest for aspirational luxury brands to consider the physical distribution network as an experiential destination. Thus, the benefit for aspirational luxury brands lies within the fact that the luxury

consumer of tomorrow is willing to spend money on a valuable experience, which in turn will lead to the purchase of a product the brand has to offer (Wertz, 2019). The model of a brick and mortar location as an experiential destination operates best for luxury brands, as they sell high-consideration purchases (Gartner, 2020). Contrary to popular belief, brick and mortar locations are not exclusively where revenue is generated, but are rather fundamental to a seamless shopping experience. Aspirational luxury brands that consider its brick and mortar locations as experiential destinations will manage engagement across multiple touchpoints. For instance, a positive in-store experience will in turn drive the consumer to visit the digital platform of a brand (Matveeva, 2019). Therefore, the serving of a glass of champagne in a store is no longer considered sufficient. Instead, the product purchased by the consumer must be a souvenir of a memorable shopping experience. Thus, despite the increase in engagement across multiple online channels, the luxury brand that considers its physical presence as an opportunity to accommodate to the individual needs, wants, and demands of the luxury consumer of tomorrow, rather than a sunk cost, will be rewarded with loyalty.

- Outer Element 3: Relevant Personalisation

As mentioned previously, the seamless integration of a number of touchpoints allows for luxury brands to capture personal data, such as purchase history, in order to provide the customer with a bespoke shopping experience (Rizzo, 2019). According to Adyen, bespoke products and services have a significant impact on the purchasing process, as 60% of consumers admit to having made an extra purchase as a result of a bespoke product recommendation or service in the past six months. With the availability of personalised channels such as Instagram, the figure is set to grow (Adyen, 2019). However, as stated by McKinsey & Company, relevant personalisation can drive revenue growth by 10% to 30%. Therefore, what is of particular interest to consider is the balance between personalisation and relevancy (Boudet, Gregg, Wong, & Schuler, 2017). For instance, if a bespoke recommendation of a particular product is irrelevant to the purchasing history of a consumer, it will diminish the desirability of a brand. Furthermore, in a post-GDPR world, it is critical for aspirational luxury brands to respect the privacy of the consumer: the implementation of privacy laws limits brands in the collection of third-party data in order to provide the consumer with a bespoke service. What is essential to remember is that the GDPR does not prohibit brands from generating personal data, but rather provides the consumer with increased control over who can and cannot collect their personal data. The opportunity for brands lies within the consumer that is voluntarily willing to share personal data if it in turn proposes a benefit to them (Wirth, 2018).

- Outer Element 4: Payment Methods

Furthermore, omni-channel retail centralises the customer's preferences, including their preferred payment method. According to Adyen, the Generation Z consumer is the most likely consumer group to not purchase a product when confronted with significant waiting times (Adyen, 2019). Therefore, providing the customer with the payment method they desire through mobile point of sale terminals allows luxury brands to seamlessly obtain payments from anywhere in store. Mobile point of sale terminals will in turn generate revenue that otherwise would be left on the table, while it simultaneously influences consumer satisfaction. Furthermore, similar to a lack of payment methods across the physical distribution network of aspirational brands, the luxury consumer of tomorrow is confronted with only a handful payment methods, such as cards, when purchasing a fashion or leather luxury good through online channels.

- Outer Element 5: Delivery Methods

Nothing dampens a seamless shopping experience like the phrase "out of stock." As mentioned previously, what is significantly challenging for luxury brands is stock management: customers can often become frustrated when the desired product is out of stock, both in-store and online. However, the centralisation of multiple touchpoints through a framework of digital integration simultaneously proposes an increase in delivery methods to luxury brands in order to reduce lost sales opportunities. Although the desired product may be out of stock at the shipping warehouse, inventory unification allows the product to be shipped to the customer from a store, and vice versa (Mohammady, 2020). Thus, the efficiency of stock management lies within the integration of sales channels through a unified system of order management.

5.3.2 The Elements in Context

In the pursuit to digitalisation in the luxury industry, there have been two aspirational luxury brands who contributed to the disruption of the luxury sphere: Burberry and Louis Vuitton. In order to ensure applicability of the digital integration framework, the analysis of two aspirational luxury brands proposes a number of examples as to how multiple disconnected touchpoints can be translated into a seamless omni-channel experience for the luxury consumer of tomorrow.

Variable	Burberry	Louis Vuitton
Social Media as Platform of Awareness	Burberry launches a limited edition product on the 17 th of each month for a restricted period of time through Instagram as part of the B series (Newbold, 2018).	LV TV, the brand's entertainment platform on YouTube, allows the consumer to discover the rich world of Louis Vuitton through the eyes of friends of the brand. For instance, Karlie Kloss, Sophie Turner and Emma Stone offer consumers their favorite fashion and leather pieces (LVMH, 2019).
Brick and Mortar as Experiential Destination	The products across all Burberry stores are fitted with RFID tags which can communicate with the smartphone of the consumer, providing product information or a recommendation on how a product can be worn (Marr, 2017).	Louis Vuitton X: a retrospective exhibition that allows consumers to discover the rich history of the Parisian brand. In order for the consumer to capture the moment, three Instagram filters have been developed specifically for the exhibition (Scharf, 2019).
Relevant Personalisation	Through R Message, the consumer is connected to the sales associate who will provide the consumer with a seamless shopping experience. Nevertheless, Burberry manages to ensure exclusivity through a system of selective invitation of the individual consumer, as the application cannot be found in the App Store (Salmon, 2019).	Louis Vuitton responds to the urgency of personalisation by providing bespoke products, such as handbags and sneakers.
Payment Methods	The consumer can purchase products through the Burberry application or through R Message directly through Apply Pay (Salmon, 2019).	
Delivery Methods		Louis Vuitton launched a partnership with One Stock that allows the brand to unify both its in store and online inventory in order to reduce lost sales opportunities. The customer is able to view stock availability, upon which a delivery method can be selected: ship from store, order in store, click and collect, and reserve and collect (One Stock, 2020).



Conclusion



6. Conclusion

Through a combination of exploration and measurement, this study assessed how a digital integration framework in the aspirational luxury industry can provide a seamless omni-channel experience to the Generation Y and Z consumer. Although the growing wave of digitalisation continues to disrupt the luxury path to purchase, aspirational luxury brands have been rather slow to seamlessly bridge the gap between online and offline channels (Brun, 2017). The majority of luxury brands in the fashion and leather goods industry prefer to manage advertising across online and offline channels separately, despite the increasing interest in digitalisation (Pini & Pelleschi, 2017). Although this strategy minimises complications across multiple touchpoints, it dangerously underestimates the behavioural developments of the luxury consumer who desires to seamlessly surf from social media to a brick and mortar location. Nonetheless, the seamless integration of online as well as offline channels in order to establish a centralised omni-channel experience requires a significant investment from brands that are willing to stay ahead of competition.

Understanding the needs, wants, and demands of the Generation Y and Z consumer is essential in the path to seamless integration across online as well as offline channels for aspirational luxury brands in the fashion and leather goods sector (Pini & Pelleschi, 2017). Therefore, this study critically analysed the fundamental elements to a valuable luxury path to purchase for the Generation Y and Z consumer by means of a survey. Although the sample size consisting of a total of 50 participants limits the study in the generalisability of the results, the survey provides fundamental insight into the attitudes of the Generation Y and Z consumer in relation to the creation of value. Subsequently, aspirational luxury brands must carefully select the online channels that propose relevancy in the luxury path to purchase. For instance, if the implementation of a touchpoint does not add value to a seamless shopping experience, the brand must opt to not implement it.

Consequently, it is critical for aspirational luxury brands to gain a thorough understanding of the fundamental elements to the creation of omni-channel retail. The collection of data allowed for a thorough body of knowledge, which in turn proposed the foundation of the omni-channel strategy aspirational luxury brands are lacking. However, in order to ensure applicability of the digital integration framework, the current trends of omni-channel retail in the aspirational luxury industry were assessed by means of a case study. In the pursuit to digitalisation in the luxury industry, there have been two aspirational luxury brands who contributed to the disruption of the luxury sphere: Burberry and Louis Vuitton. The analysis of two aspirational luxury brands proposes a number of examples as to how multiple disconnected touchpoints can be translated into a seamless omni-channel experience for the luxury consumer of tomorrow.

Delivering on the needs, wants, and demands of the luxury consumer of tomorrow is the essence of omni-channel retail, which is a prerequisite for achieving loyalty in the age of digitalisation. The art of digitalisation is to assemble multiple touchpoints into a relevant path to purchase. Surrounded by five fundamental components, the framework ensures that multiple interconnected touchpoints are centred around the luxury consumer of tomorrow: from the initial stage of awareness to the final stage of delivery. Based on the literature included in this study, a seamless integration framework has been developed with a focus on five fundamental elements that are centralised around the needs, wants, and demands of the luxury consumer of tomorrow:

- Social media as a platform of awareness;
- Brick and mortar as an experiential destination;
- Relevant personalisation;
- Payment methods;
- Delivery methods.

Whereas the initial challenge for luxury brands was how to translate the offline brand image into online channels, omni-channel retail will separate winners from losers in the following chapter of digitalisation in the luxury industry. With an increase in revenue at stake, the execution of an omni-channel strategy through a model of seamless integration is easier said than done. However, with the right information at hand, luxury brands can seamlessly bridge the gap between online and offline channels in order to anticipate to the digital lifestyle of the Generation Y and Z consumer.



Recommendations



7. Recommendations

Considering the continuously evolving luxury sphere, brands must recognise that they need to design a brand experience centralised around the luxury consumer of tomorrow. However, what is of critical interest to consider are the limitations of the study for further research in the respective field. As this study primarily focussed on the collection of data allows for a thorough body of knowledge, it is recommended to take into account opinions for further study. For instance, multiple interviews in the respective field will allow for a thorough understanding of digitalisation in the luxury sphere.

Furthermore, as mentioned previously, the limitation of the survey conducted lies within its sample size. Considering a sample size consisting of a total of 50 participants, the survey proposes a lack of reliability. As a result, this limits the study in the generalisability of the results. Therefore, it is recommended to increase the sample size in order to decrease the degree of misrepresentation of the survey, which thereupon will propose an increase in the reliability of the study,

Nonetheless, the study provides fundamental insight into the development of a digital integration framework for aspirational luxury brands. Therefore, this study can be considered as the backbone for further study research in the respective field. Subsequently, it is recommended for further study to build on the digital integration framework as digitalisation in the aspirational luxury industry continues to mature.



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Appendices



9. Appendices

Appendix 1: Survey

The Development of a Digital Integration Framework for Aspirational Luxury Brands

Part 1: Personal Data

The first section consists of a total of six multiple choice questions.

1 What is your gender?

- ☐ Male
- ☐ Female

2 What is your age?

- ☐ 18 – 19
- ☐ 20 – 29
- ☐ 30 – 39
- ☐ 40 – 49
- ☐ 50 – 59
- ☐ > 60

3 How many digital devices do you own?

- ☐ None
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ More than 4

4 How often do you purchase fashion and leather luxury goods?

- ☐ Never
- ☐ Weekly
- ☐ Monthly
- ☐ Every 3 months
- ☐ Every 6 months
- ☐ Once a year

5 Have you ever purchased fashion and leather luxury goods online? If yes, please skip the next question.

- ☐ Yes
- ☐ No

6 If no, why are you not willing to purchase fashion and leather luxury goods through online channels? Multiple answers are allowed.

- ☐ Lack of payment methods
- ☐ Lack of delivery methods
- ☐ Lack of advice from sales associate
- ☐ Lack of product information
- ☐ Lack of “touch and feel” experience
- ☐ Lack of transparency

Part 2: The Creation of Digital Value

Financial Value

The second section consists of a total of four statements with a focus on the financial value of luxury. You are required to rate each of the four statements on a scale from 1 to 5, where 1 indicates "strongly agree," 3 indicates "neither agree nor disagree," and 5 indicates "strongly disagree."

	1 Strongly Agree	2 Agree	3 Neither Agree nor Disagree	4 Disagree	5 Strongly Disagree
I believe that the premium price of a fashion and leather luxury good is determinative for its quality.					
I believe that the premium price of a fashion and leather luxury good is determinative for its exclusivity.					
I believe that investment in a fashion and leather luxury good is worth its retail price.					
I am willing to pay a price premium for the personalisation of products and services.					

Functional Value

The third section consists of a total of four statements with a focus on the functional value of luxury. You are required to rate each of the four statements on a scale from 1 to 5, where 1 indicates "strongly agree," 3 indicates "neither agree nor disagree," and 5 indicates "strongly disagree."

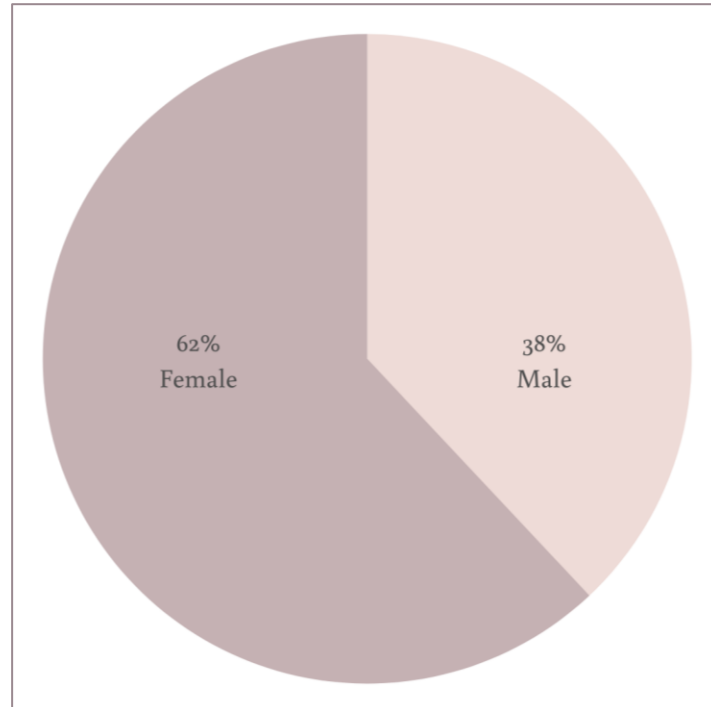
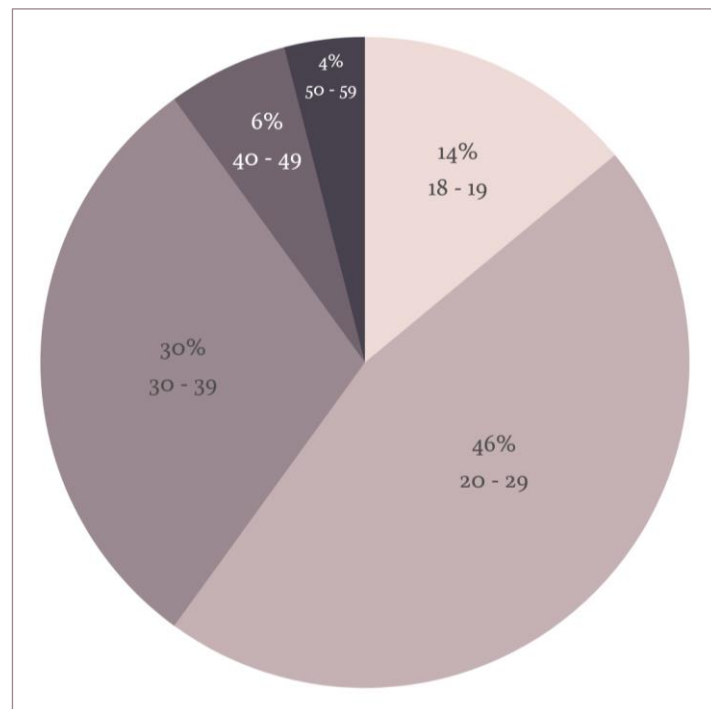
	1 Strongly Agree	2 Agree	3 Neither Agree nor Disagree	4 Disagree	5 Strongly Disagree
The functionality of the website of a luxury brand influences my behaviour in the path to purchase.					
The functionality of the mobile app of a luxury brand influences my behaviour in the path to purchase.					
The availability of multiple delivery methods influences my behaviour in the path to purchase.					
The availability of multiple payment methods influences my behaviour in the path to purchase.					

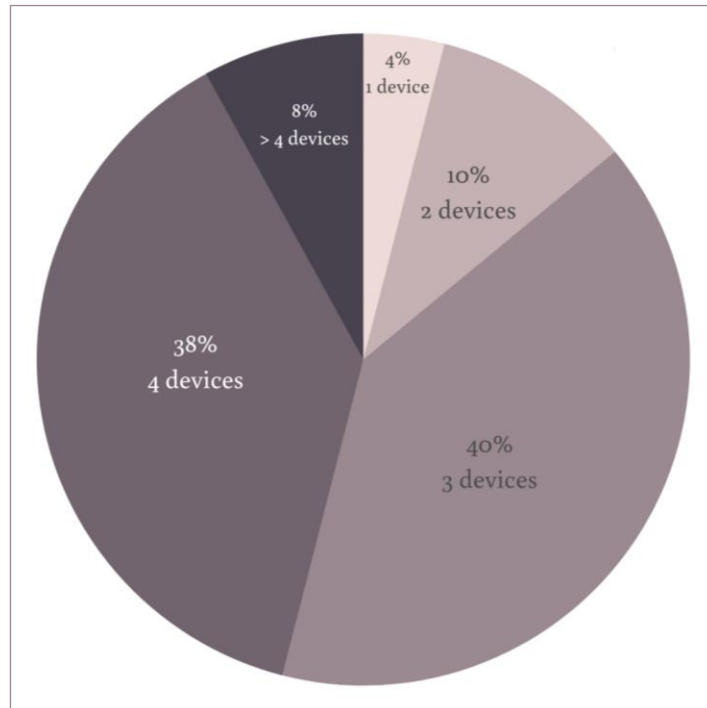
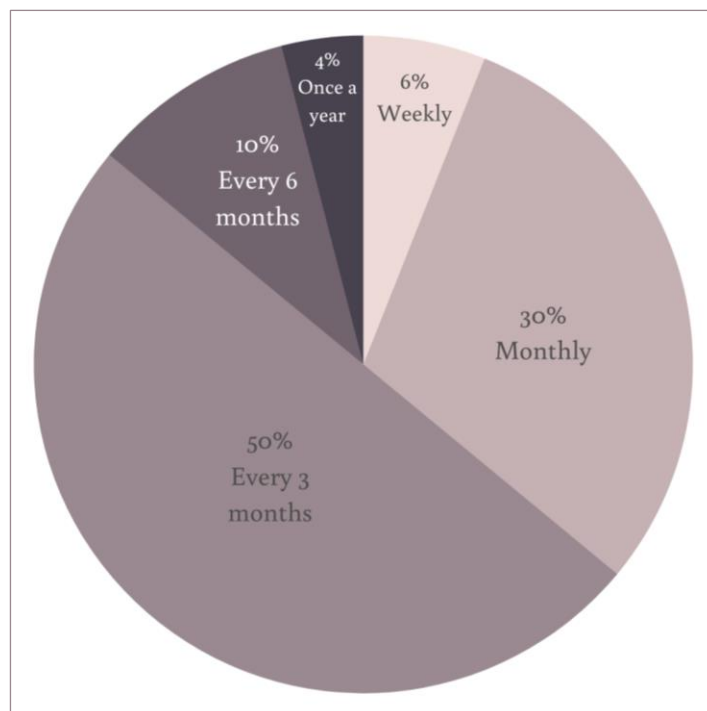
Social Value

The fourth section consists of a total of four statements with a focus on the social value of luxury. You are required to rate each of the four statements on a scale from 1 to 5, where 1 indicates "strongly agree," 3 indicates "neither agree nor disagree," and 5 indicates "strongly disagree."

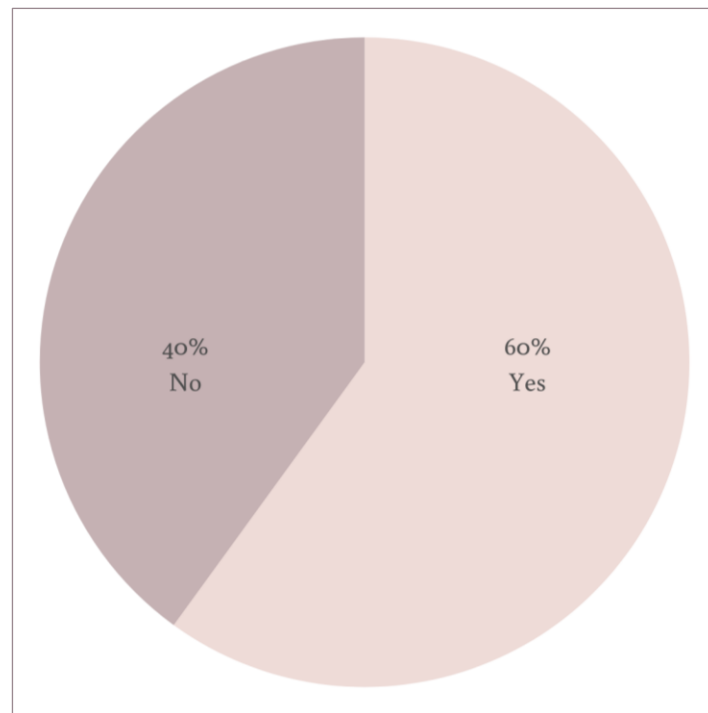
	1 Strongly Agree	2 Agree	3 Neither Agree nor Disagree	4 Disagree	5 Strongly Disagree
I pay attention to the opinion of my peers in the path to purchase.					
I believe that fashion and leather luxury goods are a symbol of status.					
I consider online channels, such as social media, in the path to purchase.					
I pay attention to the popularity of fashion and leather luxury goods among influencers					

Appendix 2: Survey Results

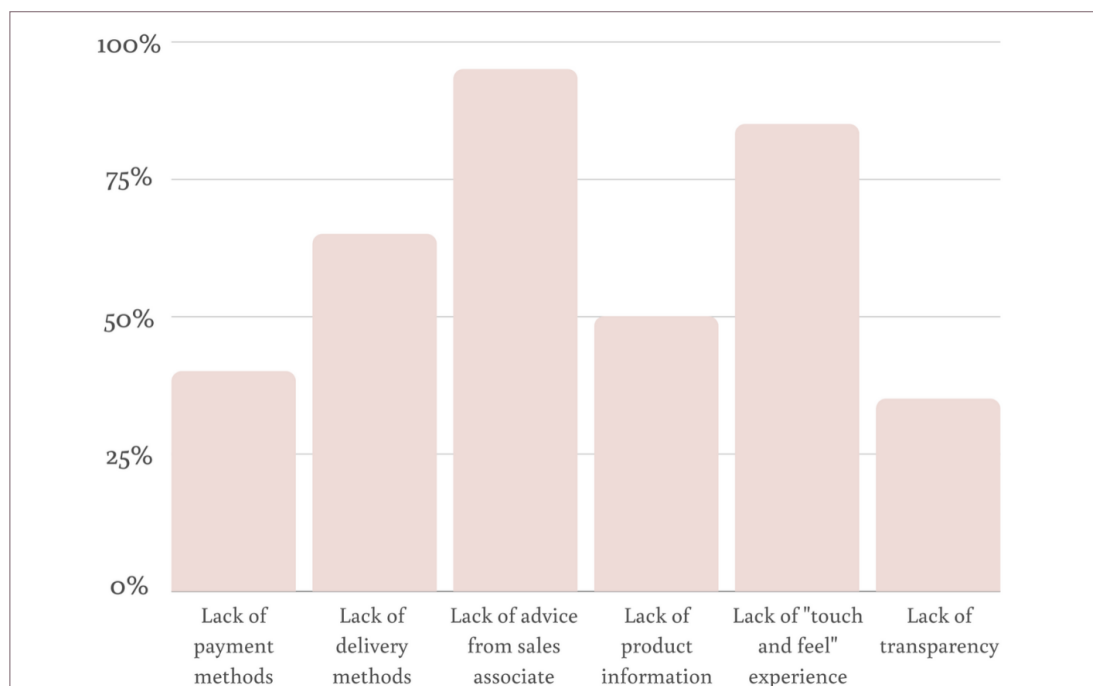
1 What is your gender?**2 What is your age?**

3 How many digital devices do you own?**4 How often do you purchase fashion and leather luxury goods?**

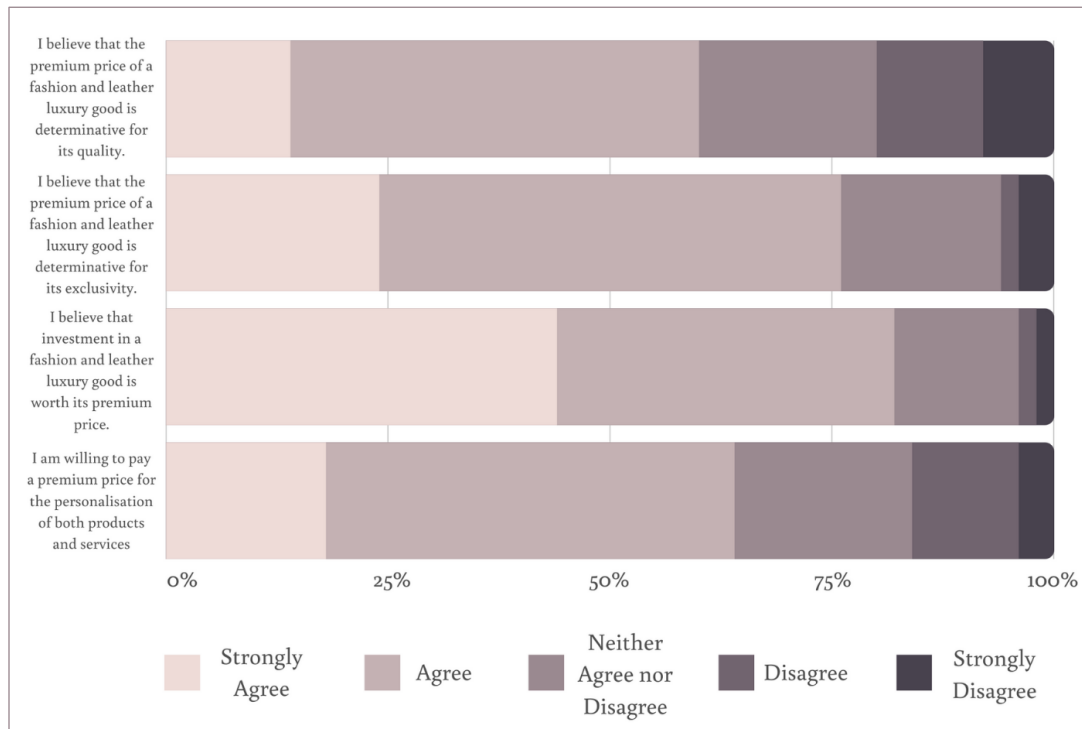
5 Have you ever purchased fashion and leather luxury goods online? If yes, please skip the next question.



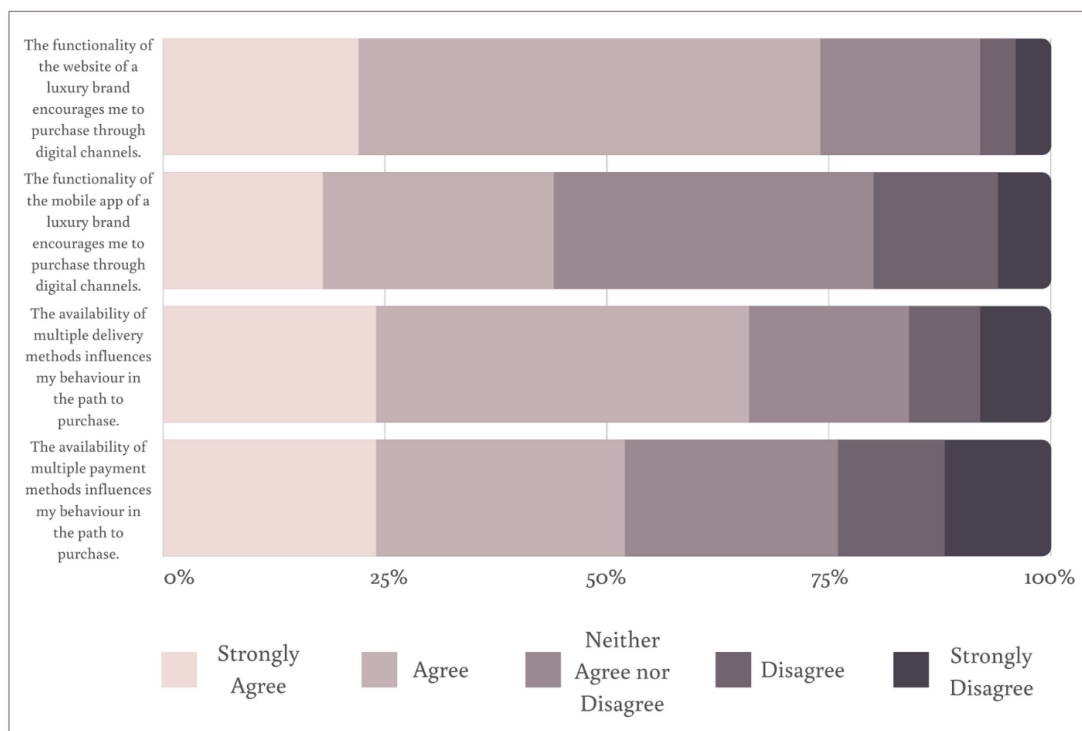
6 If no, why are you not willing to purchase fashion and leather luxury goods through online channels? Multiple answers are allowed.

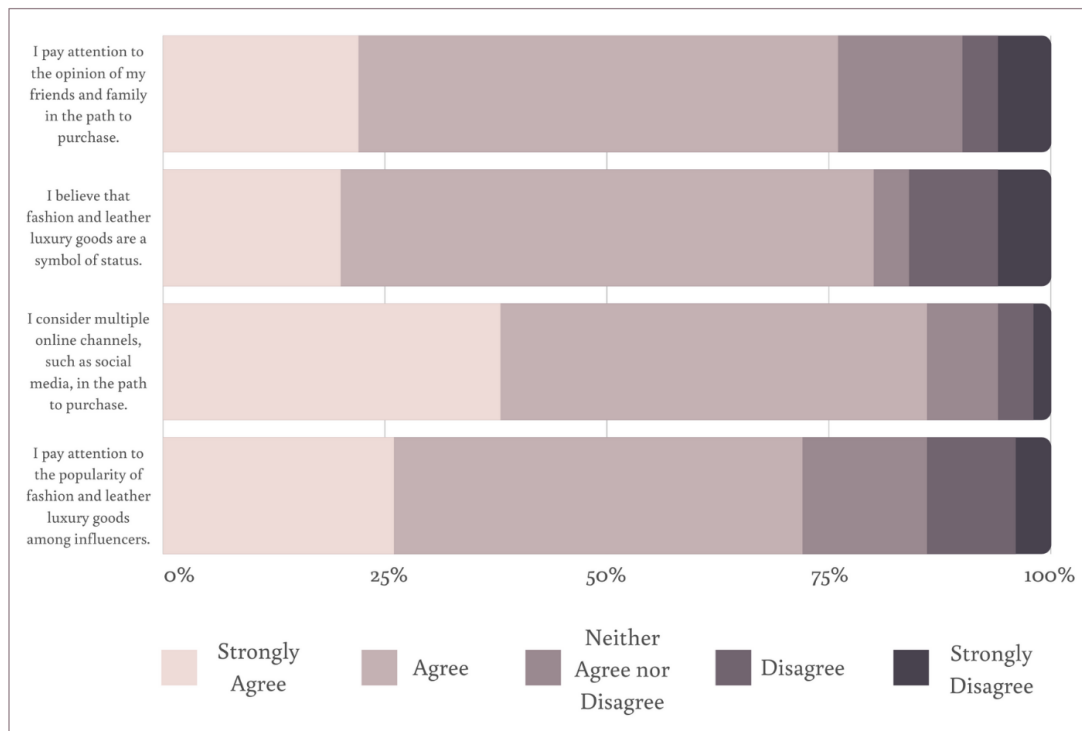


Financial Value



Functional Value



Social Value

European Studies Student Ethics Form

Your name: Lotte van Schilt

Supervisor: Lee Harris

Instructions:

Before completing this form you should read the APA Ethics Code (<http://www.apa.org/ethics/code/index.aspx>). If you are planning research with human subjects, you should also look at the sample consent form available in the Final Project and Dissertation Guide.

- a. Read section 2 that your supervisor will have to sign. Make sure that you cover all these issues in section 1.
- b. Complete section 1 and, if you are using human subjects, section 2, of this form, and sign it.
- c. Ask your project supervisor to read these sections (and the draft consent form if you have one) and ask him/her to sign the form.
- d. Always append this signed form as an appendix to your dissertation. This is a knock-out criterium; if not included the Final Project/Dissertation is awarded an NVD.

Section 1. Project Outline (to be completed by student)

(i) **Title of Project:** Omni-Channel Luxury: The Development of a Digital Integration Framework

(ii) Aims of project:

The dissertation will propose a digital integration framework for aspirational luxury brands. It will research the elements required to establish a seamless omni-channel experience to the Generation Y and Z consumer while taking into account the challenging view of accessibility versus exclusivity. There have been two aspirational luxury brands who contributed to the disruption of the luxury sphere: Burberry and Louis Vuitton. The analysis of two aspirational luxury brands proposes a number of examples as to how multiple disconnected touchpoints can be translated into a seamless omni-channel experience for the luxury consumer of tomorrow.

(iii) Will you involve other people in your project – e.g. via formal or informal interviews, group discussions, questionnaires, internet surveys etc. (Note: if you are using data that has already been collected by another researcher – e.g. recordings or transcripts of conversations given to you by your supervisor, you should answer 'NO' to this question.)

Yes ☒

If yes: you should complete the section 2 of this form.

If no: you should now sign the statement below and return the form to your supervisor. You have completed this form.

This project is not designed to include research with human subjects. I understand that I do not have ethical clearance to interview people (formally or informally) about the topic of my research, to carry out internet research (e.g. on chat rooms or discussion boards) or in any other way to use people as subjects in my research.

Student's signature _____

Date _____

Section 2 Complete this section only if you answered YES to question (iii) above.

(i) What will the participants have to do? (v. brief outline of procedure):

The participants will have to fill out a survey consisting of two parts. The first part consists of a total of six multiple choice questions that will address personal information, such as gender, age and the amount of digital devices owned by the participant. The participants then proceed to the second part, consisting of a total 12 questions which the participant will have to rate on a scale from one to five, with one indicating that the participants strongly agree, three indicating that the participants neither agree nor disagree, and five indicating that the participants strongly disagree.

(ii) What sort of people will the participants be and how will they be recruited?

The participants will be purchasers of personal luxury goods (fashion and leather goods in particular) and will be recruited through snowball sampling. Therefore, existing participants will recruit future participants from among their acquaintances.

(iii) What sort of stimuli or materials will your participants be exposed to? Tick the appropriate boxes and then state what they are in the space below

- ☒ Questionnaires Survey
- ☐ Pictures
- ☐ Sounds
- ☐ Words
- ☐ Other

(iv) Consent: Informed consent must be obtained for all participants before they take part in your project. By means of an informed consent form you should state what participants will be doing, drawing attention to anything they could conceivably object to subsequently. You should also state how they can withdraw from the study at any time and the measures you are taking to ensure the confidentiality of data. A standard informed consent form is available in the Dissertation Manual. Appendix the Informed Consent Form to your Final Project/Dissertation as well.

(vi) What procedures will you follow in order to guarantee the confidentiality of participants' data?

Participation in the survey is voluntary. Therefore, acquaintances may decide to not participate in the survey. Furthermore, if acquaintances decide to participate in the survey, they may withdraw.

Prior to the survey, acquaintances are requested to "agree" or "disagree" with voluntary participation.

Student's signature: L.C.H. van Schilt

Date 13/05/2020

Supervisor's signature:



(if satisfied with the proposed procedures)

Date

15-5-20
