



The Branded Experience as a source of Competitive Advantage in Luxury Fashion

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Abstract

This study investigates the influence of branded luxury experiences on purchasing decisions. A review of the literature addresses the luxury industry, consumption theories, luxury values, experiential marketing, and fundamentals of branded experience. Primary data was collected through interviews with industry experts and an online survey for customers. The triangulation method was used to improve the quality of the findings. The study revealed that the main benefits of branded experiences are increased loyalty, enhanced product desirability, and establishing an emotional relationship between the brand and the client. Additional significant advantages include attraction and retention of customers. Furthermore, the thesis identified key sources and elements of successful luxury branded experiences. These may include, but are not limited to, personalization, engagement, creativity, storytelling, or authenticity. Moreover, the findings suggest that firms need to focus on their retail atmosphere as well as online channels. The study also revealed that luxury firms should pay close attention to younger generations, since their preferences and needs differ from other clients. The rising trend of technology and sustainability can impact the design of effective branded experiences. The findings imply that companies should offer luxury branded experiences to sustain competitiveness and customer appeal.

Keywords:

Luxury Industry, Experiential Marketing, Branded Experience, Competitive Advantage, Retail

Title:

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Sumário

Este estudo investiga a influência das experiências de luxo nas decisões de compra. A revisão da literatura aborda a indústria de luxo, teorias do consumo, valores de luxo, marketing experiencial e os fundamentos da experiência de luxo. Os dados primários foram coletados por meio de entrevistas com especialistas do setor e uma pesquisa online para clientes. O método de triangulação foi usado para melhorar a qualidade dos resultados. O estudo revelou que os principais benefícios das experiências de luxo são o aumento da fidelidade, o aumento da atratividade do produto e o estabelecimento de um relacionamento emocional entre a marca e o cliente. Outras vantagens significativas incluem atração e retenção de clientes. Além disso, a tese identificou as principais fontes e elementos de experiências de marcas de luxo bem-sucedidas. Isso pode incluir, entre outros, personalização, engajamento, criatividade, storytelling ou autenticidade. Os resultados também sugerem que as empresas precisam focar-se no ambiente das lojas, bem como nos canais online. O estudo também revelou que as empresas de luxo devem prestar especial atenção às gerações mais jovens, uma vez que suas preferências e necessidades diferem dos outros grupos. A tendência crescente de tecnologia e sustentabilidade pode impactar o design de experiências de marca eficazes. As descobertas indicam que as empresas devem oferecer experiências de luxo para sustentar a competitividade e o apelo do cliente.

Palavras-chave:

Indústria de Luxo, Marketing Experimental, Experiência de Luxo, Vantagem Competitiva, Retail

Título:

A Experiência de Luxo como fonte de Vantagem Competitiva na indústria de Moda de Luxo

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List of abbreviations

AI	Artificial Intelligence
AR	Augmented Reality
COVID-19	Coronavirus Disease 2019
CRM	Customer Relationship Management
DC	Dynamic Capabilities
IDT	Innovation Diffusion Theory
NFT	Non-fungible Tokens
RBV	Resource-based view
SCA	Sustained Competitive Advantage
USA	The United States of America
VR	Virtual Reality

1 Topic presentation

In the world of luxury branding, purchasing a product is not merely a transaction but an experience that evokes emotions such as a sense of exclusivity and prestige, where the customer experience is just as important as the quality of the product. The *branded experience* is one of the key trends in the luxury fashion sector and has gained considerable attention from many scholars (Atwal & Williams, 2017; De Keyser et al., 2020). The customer experience is taken to be an essential aspect for gaining a competitive advantage, particularly in the luxury industry (Klaus & Manthiou, 2020). Thus, there is a need for further research regarding this phenomenon. A study by Deloitte (2021) shows that luxury companies adopt technological innovations to communicate with their clients and provide branded experiences. Therefore, providing a branded experience is not a choice anymore but an expectation (Chandon et al., 2017).

Verhoef et al. (2009) claim that the literature concerning the customer experience could be more expansive. Furthermore, Wirtz et al. (2020) state that despite an increase in immersive customer experiences in the luxury sector, research needs to be more fully developed. This paper aims to fill the gap.

It is essential to define the concept of luxury. Lojacano and Pan (2021) believe that luxury products are categorised around price points being proportionally higher than the industry midpoint. Although no universally accepted definition is available, a luxury good seeks to convince consumers to pay a premium for a unique product and exclusive experience (Yang & Mattila, 2016). Miller and Mills (2012) claim that there is no singular definition of what qualifies as a luxury product or service, and this varies among consumers. Thereafter, definitions of the luxury segment tend to be based on price points of the good. Features that consumer associate with luxury vary, depending on preferences.

Luxury further is associated with exceptional quality, craftsmanship techniques, rich history, heritage and exclusiveness (Athwal et al., 2019; Turunen, 2017). This is in line with Ko et al. (2019) who state that luxury goods need to provide value through desired benefits while having a high-status value based on outstanding service or craftsmanship. Additionally, creating strong emotional bonds, inspiration, and sentimental evocations are other crucial factors associated with luxury (Ko et al., 2019). Hence, the distinctive feature of luxury products is their symbolic rather than functional value.

The concept of luxury is also paradoxical because it entails being highly desired and well-known while simultaneously being rare and difficult to attain (Turunen, 2017). Nevertheless, companies started implementing a trading-down strategy to enlarge their customer base further. For example, fast-fashion company H&M, in collaboration with French luxury brand Balmain created a unique collection to target middle-market clients (Mrad et al., 2019). This is consistent with the work of Yeoman and McMahon-Beattie (2018), who claim that the increasing accessibility of luxury products and services to all people poses a challenge for luxury brands as the exclusivity traditionally associated with luxury is diminishing. It can therefore be inferred that the luxury industry is moving towards greater democratisation, making luxury more accessible to a broader range of people.

Additionally, it is worth noting that Millennials will account for nearly 50% of purchases of personal goods in the luxury industry by 2025 (Shin et al., 2017). Moreover, the new next generations (particularly Generation Z and Alpha) by 2030 will represent 30% of the market (Bain & Company, 2022). Thus, younger generations will become the most influential customers in the luxury industry in the future. However, Adkins (2016, cited by De Kerviler & Rodriguez, 2019) believes it is challenging for companies to make powerful emotional and psychological bonds with Millennials. Further, only limited research has been conducted regarding their feedback on customer experiences in luxury settings.

There are numerous examples of luxury brands implementing branded experiences. For instance, Burberry has a retail concept when a portion of the store layout is designed for a consumer to explore the brand itself (Lojacano & Pan, 2021). In addition, luxury companies are utilising the strategy of pop-up brand stores as an instrument to provide branded experiences and create word-of-mouth marketing and networking, both to target new clients and retain existing ones. This is because the focus of pop-up stores is on evoking emotions rather than solely on selling products. This strategy is supported by research indicating that pop-up stores are primarily intended to provide an emotional experience to customers (Klein et al., 2016). Another example is Dior introducing the Riviera collection featured specifically in pop-up stores located in popular summer destinations (Lojacano & Pan, 2021).

The Research Question we will be engaging with is:

RQ: “How do branded luxury experiences influence purchasing decisions?”

1.1 Academic and managerial relevance

This study aims to provide insight into a significant and timely subject that is currently shaping the industry. It is expected that the luxury industry will continue to adopt branded experiences, targeting younger generations who prioritize emotional and immersive shopping experiences and digital innovations that enhance the overall shopping process.

Managers need to be introduced to the possibilities of how to implement branded experiences in their strategies. Furthermore, through these actions, luxury companies can powerfully connect with customers and, thus, increase brand loyalty and consumer satisfaction (Gupta et al., 2022). Moreover, customers are enthusiastic about enjoying exclusive experiences that enable them to observe and interact with the brand even more (De Kerviler & Rodriguez, 2019). Therefore, managers must realise the importance of implementing branded experiences into their firm's strategy. Additionally, luxury brand managers can gain insights into how to meet customer desires and increase brand attachment.

2 Literature Review

2.1 Luxury Industry

2.1.1 Definition

The luxury sector is a large, intricate, and fiercely competitive field that has experienced significant growth in recent years (Ko et al., 2016). Despite the extensive academic literature on the luxury industry, there is no agreed-upon consensus on what defines a luxury brand. However, some scholars believe that in economics, luxury is typically associated with a high price point (Kapferer, 2015; Lojacano & Pan, 2021; Yang & Mattila, 2016). It has been demonstrated that price is the most objective factor when assessing the level of luxury associated with a product (Becker et al., 2018); however, being expensive does not necessarily confer a luxurious image (2018).

Moreover, the definition of luxury is not straightforward and can have multiple interpretations depending on the situation or context (Cristini et al., 2017). Some attributes defining the luxury good may be more applicable and associated with specific luxury product categories, such as cars, jewellery, or fashion but are unsuitable for describing others (Turunen, 2017).

Hence, the luxury industry is a broad concept, depending on the circumstances and based on customer associations.

The global market for personal luxury goods was valued at 353 billion euros in 2022 and is expected to grow annually by 3.47% (Statista, 2023). Despite being impacted by the COVID-19 pandemic, the luxury sector has demonstrated remarkable resilience, bouncing back with a V-shaped recovery curve soon after the initial shock (Bain & Company, 2022). By 2030, the consumer base of the luxury market is expected to grow from 400 million people in 2022 to 500 million. (D'Arpizio et al., 2023). Moreover, younger generations, namely Gen Y (Millennials), Gen Z and Gen Alpha, will become the most dominant consumers in the luxury market by 2030 (D'Arpizio et al., 2023).

In the luxury segment, over 56% of all revenues are generated by the top ten largest companies, with LVMH as the world's most influential (Deloitte, 2022). Most luxury giants manage multiple luxury brands or brand portfolios, which operate independently (Chevalier & Mazzalovo, 2008). However, each of the conglomerates can utilize various strategies. For example, Kering possesses a portfolio of companies from different industries (Lojacono & Pan, 2021). Meanwhile, Richemont focuses on investing in a limited scope of sectors, such as watches or fine jewellery (2021). It can be inferred that luxury brands derive advantages from being part of a large conglomerate.

2.1.2 Consumption theories

With his term “conspicuous consumption,” Veblen (1899) is recognized as one of the early scholars who explained how wealthy individuals use status symbols to engage in social comparison with others. In other words, consumers display wealth through luxury goods and possessions to signal high social status and distinguish themselves from others (1899). Similarly, Truong et al. (2008) believe that a good's price and shaping attitudes of others are the main elements that determine the value of a luxury item as a status symbol. However, conspicuous consumption and displaying wealth to others through luxury possessions is being reconsidered through added elements that define luxury such as extended products, perceived uniqueness, authenticity and context (Turunen, 2017).

Some consumers still favour luxury brands with prominent or recognizable logos however there is a growing desire for refinement and minimalism driving inconspicuous consumption (Eckhardt et al., 2014). The shift towards inconspicuousness as a new luxury forces

companies to create small, sophisticated logos or none (2014). Brands that utilize subtle brand hints instead of obvious ones gain more success and admiration among their clients (Shao et al., 2019). These cues may be misunderstood by the public but are easily recognized by industry experts and insiders (2014). Accordingly, brands are categorized into conspicuous and inconspicuous based on the design of their logos (Kang & Park, 2016). Nevertheless, current trends suggest that the role of the logo is insufficient and limited in capturing the intricacies of conspicuousness (Greenberg et al., 2020). Hence, the shift towards more subtle brand hints and minimalistic design gains more admiration among consumers, driving the trend of inconspicuous consumption.

Another principle describing luxury consumption is the self-concept notion. It suggests that individuals use luxury consumption to shape and express their identities (Gil et al., 2012). Consumers with independent self-concepts tend to prioritize individual objectives, such as pleasure, practicality, and self-expression, while purchasing luxury goods (Kastanakis & Balabanis, 2012). In contrast, individuals with interdependent self-concepts tend to prioritize the social role of luxury consumption while being influenced by the opinions of others (Kastanakis & Balabanis, 2012).

Discussions of luxury consumption also involve other social factors, including the need for uniqueness, the bandwagon effect, and the snob effect. The bandwagon effect is connected to those consumers who copy others while buying the same items (Husic & Cicic, 2009). Conversely, the snob effect occurs when consumers strive for material possessions to differentiate themselves from others, and if a particular item becomes overly sought-after, snob consumers may not buy it (Kastanakis & Balabanis, 2012). Hence, bandwagon consumers follow the latest trends and make them famous (Turunen, 2017). Conversely, snob consumers are the ones who differentiate themselves by being explorative, playing a crucial role in driving change, thereby keeping the fashion cycle rolling (2017). As an illustration, some consumers aim for unique, custom-made items instead of flaunting their wealth through famous luxury brands like Rolex or Prada, with a preference for possessing exclusive and one-of-a-kind goods (Reddy, 2008, cited by Kastanakis & Balabanis, 2014). Therefore, luxury consumption is affected by the perceived value that consumers associate with it.

2.1.3 Luxury values

Despite lack of stability to the definition of luxury brands, scholars generally agree that several vital attributes are necessary for a brand to be considered luxurious. Heritage and long cultural history belong among the core characteristics of the luxury industry. Lojacano and Pan (2021) claim that the country of origin is crucial to the luxury segment, impacting quality, craftsmanship, and heritage. This is especially crucial for luxury companies from countries with a significant cultural heritage in certain areas of expertise (2021). Thus, Okonkwo (2007) states that the highest-valued luxury brands, such as Gucci or Louis Vuitton, with their origins in Italy and France, have a longstanding tradition and heritage that need to be preserved.

Further, Turunen (2017) suggests that labels with the country of origin “Made in France” are a signal of superior skill, artistry, and know-how. Hence, the country of origin may significantly affect the brand's core values and support its heritage, tradition, and the perception of excellent quality. The brand's long history and cultural legacy also express its trustworthiness, resilience, and credibility (2017).

Authenticity, providing desirable benefits to consumers, whether practical or emotional, is a crucial aspect of luxury brands (Kapferer, 2015; Ko et al., 2019). This aligns with the concept of symbolic value, which states that a product must represent a specific symbolic meaning, with a story behind it, to be linked to luxuriousness (Seo & Buchanan-Oliver, 2015). In other words, a product's value goes beyond its practical benefits and is tied to its emotional significance. Similarly, Kapferer (2015) proposes that luxury brands are the instrument of aspiration and symbolic entrance to exclusivity. Furthermore, the foundation of a luxury product is based on the association it evokes (Turunen, 2017). As a result, the main factor distinguishing luxury goods from non-luxury ones is the personal feelings and beliefs connected to a specific product or brand.

Exclusivity and uniqueness are crucial aspects of the luxury industry. The rarer and more unique a product characteristic is, the higher its perceived social value, allowing it to command a premium price and convey a sense of luxury (Becker et al., 2018). In the same way, Kapferer & Bastien. (2009, p.73) state that "being unique is what counts, not any comparison with a competitor". This is connected to the rarity principle (Turunen, 2017), while it is difficult for luxury companies to find the right balance of awareness, availability, and accessibility to be viewed as a luxury one. For instance, Patek Philippe limits its

production quantities and manufacturing volume, thus creating a sense of scarcity (Kapferer, 2015).

To conclude, luxury brands are characterized by high price points, brand heritage, craftsmanship, uniqueness, exclusivity, and symbolic meanings. However, it is important to note that these characteristics alone do not necessarily guarantee a luxurious experience (Turunen, 2017). Therefore, a set of luxury brand features that complement each other must be fulfilled to be considered luxurious.

2.1.4 New Luxury

For many, luxury has traditionally been linked with exclusivity, prestige, and unaffordability (Kumar et al., 2020). Nevertheless, in recent times, the meaning of the term luxury has been reconceptualized, leading to the emergence of new luxury that entails accessibility in the market and the separation of social status and class (Eckhardt et al., 2014). The transition of luxury from being a scarce commodity to its adoption by the masses, along with a willingness to increase one's prestige by spending less, has resulted in the concept of mass prestige (2020). Yeoman and McMahon-Beattie (2018) suggest that one of the drivers of change in the luxury sector is democratization while making products more affordable. Hence, there is a shift towards more democratizing luxury items and reducing the unattainability and exclusivity of luxury goods.

The luxury industry is predicted to maintain a dynamic in the coming years, mainly powered by a younger generation of Millennials who will account for 45% of the personal luxury goods market by 2025 (Shin et al., 2017). Technological innovations will drive the future trends in the luxury industry, with a particular emphasis on the metaverse and NFTs, monetizing communities, second-hand for luxury goods, and the rise of 3.0 experiences, such as virtual stores and digital shopping (D'Arpizio et al., 2023). Lojacano and Pan (2021) emphasize the transition towards more aspirational values, the rise of retail experiences, and the importance of omnichannels.

Additionally, luxury companies are no longer only focused on conspicuous consumption, but nowadays they also pay attention to their social responsibility and environmental impact (Danzinger, 2021), particularly relevant for younger generations (D'Arpizio et al., 2021). Luxury clients are therefore searching for brands that are in line with their values and beliefs regarding this value (Danzinger, 2021). Further, there has been a huge boom for second-hand

luxury products (Christodoulides et al., 2021) and rental services (Feng et al., 2020), which are perceived as more environmentally friendly solutions in the eyes of customers.

2.2 Competitiveness

Exploring the sources of sustainable competitive advantage (SCA) has become a key topic of research in strategy (Barney, 1991). Porter (1996, p. 39) views competitive strategy as based on "choosing a different set of activities to deliver a unique mix of value." In other words, a firm may overcome rivals only if it can create a differentiation that protects it over the long term (1996). Similarly, Christensen (2001) suggests that competitive advantage is tied to a specific set of conditions present at a particular moment, notably acquired through economies of scale and scope, integration and non-integration, and process-based core competencies. Generally, a company acquires a competitive advantage when it can generate greater economic value compared to its rivals (Barney & Hesterly, 2015).

Porter is one of the key scholars who determined critical factors related to strategy influencing a firm's success. Firstly, the company needs to establish goals and objectives that align with the firm's internal strengths and weaknesses and external opportunities and threats (Porter, 1991). Further, the company's strategy should focus on generating and utilizing distinctive capabilities crucial for achieving competitive advantage (1991). Porter (1991) also established the basis for competing in an industry with his concept of challenges to the firm known as Porter's Five Forces. Additionally, Porter (1997) suggests three main approaches that enable the company to change its competitive status: cost leadership, differentiation strategy, and focus. Barney (1995) states that more than the industry's analysis is needed to describe a firm's competitive advantage. It is necessary to also assess the company's internal factors using a framework known as SWOT – strengths, weaknesses, opportunities, and threats (1995).

Competitive advantage can also be described by the resource-based view (RBV) (Barney, 1991). The main idea behind the RBV is the possession of intangible, unique assets such as reputation, knowledge, technology, or skills. The company needs to obtain and manage resources that are valuable, rare, inimitable, and non-substitutable (VRIN) as well as organizational structure (O) to leverage them successfully to achieve a SCA (1991). However, RBV has faced significant criticisms. Literature suggests that RBV has no practical

application for managers regarding how it should be implemented (Miller, 2003).

Additionally, scholars believe that the scope of its applicability is too narrow, with an emphasis on a fixed environment (Kraaijenbrink et al., 2010). Moreover, academics propose that SCA is a state that should be dynamic, evolving with different resources over time (Fiol, 2001). This aligns with Wiggins and Ruefli's (2005) findings that companies may face more significant challenges in achieving SCA over the long term in hypercompetitive or high-velocity conditions. Thus, to survive, firms must develop dynamic capabilities in fast-changing markets (Barreto, 2010).

Teece et al. (1997) initially proposed the dynamic capabilities (DC) approach which was regarded as a significant extension of the RBV of the firm. DC describe competences to incorporate, establish, and adapt internal and external resources to deal with rapidly changing environments (1997). Firms should consider two other capabilities: "the capability to sense and shape opportunities and threats and the capability to seize opportunities" (Teece, 2007, p. 1319). Barreto (2010) further believes that DC is a composite construct derived from the integration of four interrelated dimensions. And Eisenhardt and Martin (2000) conceptualized that DC are required but not essential to guarantee a competitive edge. Surprisingly, Zahra et al. (2006) claimed that if DC were applied when not required, company performance may be harmed rather than improved.

Additionally, Kim and Mauborgne (2005) developed the Blue and Red Ocean strategy idea. Blue Ocean strategy suggests that untapped markets are defined by high growth potential, unknown rules, and no competition (Barney & Hesterly, 2015). Conversely, Red Oceans consist of defined and recognized markets where firms compete with rivals. This is often based on price competition and lowering margins. However, firms must expand beyond established industries and create Blue Oceans to grow and sustain competitiveness (2010). Nevertheless, Porter points out the importance of long-term competition as a primary driving force (Tanwar, 2013). Both Porter's competitive strategy and Blue Ocean strategy highlight the relevance of companies needing to grapple with competitors (Burke et al., 2009). The literature demonstrates that embracing a mixture of both strategies with different emphases over time is the most effective (2009).

Davis et al. (1989) introduced the Technology Acceptance Model as a framework for forecasting the adoption and acceptance of technology which may also apply to novel marketing experiences. The key sources explaining a user's intention to adopt are perceived

usefulness and perceived ease of use (Lou & Li, 2017). Moreover, Innovation Diffusion Theory (IDT) is based on predicting the probability and speed at which innovation will be adopted (Chen et al., 2002). The IDT incorporates five important attributes: “compatibility (CPT), relative advantage (RAD), complexity (CPX), trialability, and observability” (Lou & Li, 2017, p. 300) that are employed to describe the process of user adoption of new technologies and the elements influencing decision-making (Lee et al., 2011).

2.3 Experiential Marketing

Consumerism is the desire to accumulate goods and services. But as access to once-luxury items increases, people also seek experiences (Yeoman & McMahon-Beattie, 2018). This aligns with Smilansky's (2017) findings that traditional marketing is no longer effective, which can be due to generational transitions and the rise of interactive technologies. The term experiential marketing, first used by Pine and Gilmore (1998), refers to when a consumer gets a memorable, personal, and engaging experience that a company creates.

Experiential marketing is built on two-sided communication – a live brand experience that enables customers to interact through various activities, and close customer affiliation (Smilansky, 2017). Similarly, experience refers to an interaction between a business and its customers (Same & Larimo, 2012). Nowadays, successful companies perceive the importance of high-quality services as an effective tactic to add value and sustain competitiveness (2017).

2.3.1 Experiential Marketing in Luxury

In recent years, there has been a transition towards branded experiences for gaining more traction and success in the luxury sector. Turunen (2017) suggests that experiential value is a significant stimulus of luxury, which aligns with Batat's (2019) findings that the new wave of luxury consumers prefers to consume emotionally driven experiences. The main differentiating factor compared to traditional marketing is the "purpose of consumption" (Batat, 2019, p. 36), with the focus being on emotional and symbolic benefits gained from the shopping process.

Four experiential zones, specifically Entertainment, Education, Escapist and Aesthetic, differ in involvement and intensity (Atwal & Williams, 2017). An example of an Entertainment zone is Fendi's fashion show arranged on the Great Wall of China, while an Educational zone is made of activities where consumers develop new abilities or gain new knowledge (Seo &

Buchanan-Oliver, 2015). An Escapist zone is based on getting away from daily life through luxury hospitality or luxury sports club enhanced by celebrity endorsement associations (2017). Lastly, Zegna's flagship New York store, which aims to attract customers by appealing to all the senses is an example of an Aesthetic zone (2017). The richness of the experience depends on how well and deeply all four zones can be integrated into the branding experience (2017).

A brand's experience is composed of various user interactions with a brand through numerous touchpoints. Further, "brand experiences are dynamic sensations, feelings, cognitions, and behavioural responses" (Schmitt & Zarantonello, 2013, p. 36). Brand experiences refer to the thoughts, emotions, and actions that consumers experience while engaging with a brand's visual image, communication, and physical environments (Brakus et al., 2009). To become successful in the long run, luxury companies need to discover new practices to engage customers and reach out to new ones without jeopardizing their brand image (Klein et al., 2016). Competitive positioning is based on the actual experience of the buyer and emotions triggered by it (Batat, 2019).

2.3.2 Experience at retail

Bricks and mortar, directly operated stores are essential in providing customer experience at the retail level (Kapferer & Valette-Florence, 2016). Lojacano and Pan (2021) suggest that luxury stores nowadays are more experiential and less transactional. Similarly, De Lassus and Freire (2014) claim that it is insufficient to concentrate solely on selling products in retail; retailers must strive to compete based on memorable experiences created for customers. Apple is an example of a brand that successfully assigned half of its stores' selling area to actual purchasing and the rest to customer experiences, such as the Genius Bar (2021). Another outstanding example of the successful implementation of a branded experience strategy is the Burberry concept called Burberry Kisses, which allows one to virtually send kisses to anyone in the world (Batat, 2019).

Over the past few years, the retail industry has deployed an increasing variety of technologies that enrich customers' selling process. These include social media, brand mobile apps, or in-store technologies such as interactive walls, mirrors, or displays (Pantano & Verteramo, 2015; Papagiannidis et al., 2017). Additionally, Pantano et al. (2018) focus on making retail smart while integrating all the technologies, which can offer several benefits, such as better

relationships and communication between retailers and buyers, new experiences, more accessible access to information for both parties, and better touchpoints (Smith & Hanover, 2016). Gucci is an excellent example of a high-tech store strategy with interactive displays (Batat, 2019).

2.3.3 Pop-up stores

Pop-up stores have become attractive experiential marketing tools in luxury retail, with the aim of creating unique brand experiences and generating word-of-mouth among existing and new target customers (Klein et al., 2016). They are usually temporary and installed for only a few days or weeks (Smith & Hanover, 2016). An example is the Cartier store in Tokyo, where consumers can find a fridge stocked with champagne, cakes, and cup noodles (Lojacano & Pan, 2021). Interestingly, Lunardo and Mouangue's (2019) suggest that consumers feel less embarrassed and supply more positive evaluations compared to traditional retail formats. Additionally, pop-up stores serve as a tool for customers to gain more accessible access to luxury brands (Klein et al., 2016).

Pop-up stores are particularly relevant for the younger generation and tech-savvy consumers, who are more inclined towards them (De Lassus & Freire, 2014). Moreover, these clients are the most influential in the era of new luxury (De Kerviler & Rodriguez, 2019). Millennials strive for satisfaction, and luxury companies that offer powerful experiences may be valuable in expanding their self-identity (2019). However, Adkins (2016) proposes that Millennials present a challenge for luxury companies, as it is difficult to establish a deep personal connection with them. Similarly, Rodrigues and Rodrigues (2019) point out that Millennials are usually more tech-savvy, socially conscious, and open to change than previous generations. This includes embracing new technologies and taking risks.

3 Methodology

This section covers the research methodology for this dissertation, including the research design and the data collection used for this purpose to answer the research question.

RQ: *“How do branded luxury experiences influence purchasing decisions?”*

3.1 Research Design

The methodology used in this dissertation involves primary and secondary analysis. The secondary data were utilized mainly to obtain a broad understanding of the industry and to verify the primary data.

A two-part qualitative primary analysis was conducted to supplement the secondary analysis. Firstly, an online survey was developed and implemented to obtain information about the viewpoint of consumers. Online surveys are a quick, easy and convenient way to distribute questionnaires (Sekaran & Bougie, 2016).

Secondly, semi-structured expert interviews were used as they offer numerous advantages such as flexibility, versatility, and attention to details (Kalio et al., 2016; McIntosh & Morse, 2015). A semi-structured interview follows a prepared set of questions based on pre-identified themes, enhanced by probes to stimulate more detailed and extensive responses (Qu & Dumay, 2011). Another benefit is the possibility for improvisation of follow-up questions (2011). Moreover, the use of semi-structured interview can yield qualitative data that are reliable and can be compared to other sources (Cohen & Crabtree, 2006). The objective is to gather insights, perspectives, or projections (Rowley, 2012).

The triangulation method was employed to ensure the reliability of results, which involved using multiple approaches and different methods to confirm consistency in the results (Jack & Raturi, 2006; Sekeran & Bougie, 2016).

3.2 Data Collection

3.2.1 Primary data collection

3.2.1.1 Online customer survey

An online customer survey was performed to collect insights into participants' attitudes and opinions regarding branded experiences in the luxury industry, as well as their purchasing decisions. The objective was to explore how the luxury industry can optimize branded experiences in retail.

The survey consisted of a set of 5 questions that were designed to help comprehend luxury consumption trends, 13 questions aimed at understanding consumer perceptions towards branded experience in luxury and 6 profile questions on gender, age, education, marital status,

current profession, and income. Most of the questions were collected using a Likert scale (1-5) that provided qualitative data by assigning quantitative values. The comprehensive set of questions can be seen in Appendix C.

The survey was distributed online via various platforms, enabling a data collection at large scale, receiving responses quickly and protecting respondents' anonymity (Newcomer & Triplett, 2010). Overall, 150 respondents completed the survey, with 140 individuals who successfully passed the attention check question. Attention checks are tools to filter respondents who do not pay close attention to questions (Kung et al., 2018).

3.2.1.2 Expert interviews

Nine expert interviews were conducted using a predetermined interview guide. During the interview, the participants were given the opportunity to share their perspectives openly, freely express thoughts, and focus the discussion on the aspects that they considered relevant. The interviews aimed to collect and compare insights on the luxury branded experiences and their implementation towards luxury companies' strategies. Expert opinions were obtained from luxury industry experts such as consultants, speakers, or academic experts (more information can be found in Table 1)

Interview ID	Type of Meeting	Date	Time	Length of the meeting	Expert information	Origin	Expertise
Expert 1	Zoom Call	5th April	14:00	42 minutes	Keynote speaker, strategic advisor, Top 5 Global Retail influencer, senior Forbes contributor	USA	30+ years
Expert 2	Google Meet	9th April	10:30	72 minutes	Luxury brand consultant	India	7 years
Expert 3	Google Meet	10th April	17:30	29 minutes	Digital marketing expert & strategy consultant	Czech	17 years
Expert 4	Zoom Call	11th April	9:30	35 minutes	Founding partner of luxury consultancy, executive of Luxury Brand Management program across 3 continents	Portugal	25 years
Expert 5	WhatsApp Call	11th April	14:00	57 minutes	Coach & mentor, speaker, podcast host, business strategists focusing on UHNWI clients	England	18 years
Expert 6	Zoom Call	11th April	15:00	31 minutes	A marketing/communications consultant focusing on luxury goods.	USA	10 years
Expert 7	Zoom Call	12th April	14:00	39 minutes	Founder and CEO of the luxury consulting firm, leading private investor, speaker	USA	20 years
Expert 8	Zoom Call	12th April	15:00	32 minutes	Speaker, author, researcher and Forbes senior contributor on Luxury, Retail and Affluent consumers	USA	30+ years
Expert 9	Zoom Call	17th April	8:00	37 minutes	Manager at Bain & Company	Italy	5 years

Table 1: Overview of industry experts

3.2.2 Secondary data collection

The literature review provided the foundation for the secondary analysis, which gathered relevant knowledge and insights about the topic of branded experience in the luxury industry. The literature review is primarily based on Grade-A academic papers and top journals.

4 Analysis

This section answers the *Research Question: “How do branded luxury experiences influence purchasing decisions?”* To explore the trend of luxury branded experiences, the analysis is divided into two parts. Chapter 4.1 presents insights on the luxury branded experiences into companies’ competitive strategies. Chapter 4.2 offers a qualitative and quantitative evaluation of customers' attitudes towards luxury branded experiences and how these experiences influence their purchasing decisions.

4.1 Industry experts

This section will be based on the insights obtained from nine industry experts during interviews. The table with the most common keywords mentioned by industry experts can be found in Appendix A. Additionally, the summary of each interview can be discovered in Appendix B.

4.1.1 Competitiveness

Experts agreed that creating a luxurious branded experience is a key source of competitive advantage and a way for firms to differentiate themselves in the luxury industry (Experts 1, 3-7 & 9). Additionally, to command a premium, brands need to go beyond and deliver more than just a product (Experts 1-4 & 7-9). Customers are buying the experience rather than a product. Specialists agreed on various critical sources of successful branded experience (as shown in Figure 1).



Figure 1: Critical sources of successful luxury branded experience

Firstly, industry experts emphasized the importance of establishing an emotional connection between the customer and the brand (Experts 1, 3, 5 & 7-9). Another crucial element is inducing the feeling that the client is part of the brand or story (Experts 1-2, 5-6 & 8-9). Further, brands must have a clear understanding of their target audience and they need to conduct research to understand customers' needs and preferences (Experts 1-2, 4-5 & 7-9). These elements are crucial to creating a successful luxury branded experience.

The main objectives of luxury branded experiences are the ability to differentiate (Experts 1, 4-5 & 9) and to foster a strong emotional connection with customers (Experts 1, 3-4 & 9) as depicted in Figure 2. Moreover, they can help to increase customer loyalty and retention (Experts 3 & 5-6). Further, luxury branded experiences serve as powerful tools for communication (Experts 5 & 8) and to define brand identity (Experts 5 & 6), thus enabling brands to communicate their value and vision. Lastly, luxury branded experiences allow brands to command premium pricing (Expert 1), since customers are willing to pay more for the additional value.



Figure 2: What are the goals of luxury branded experiences?

In addition, there are several key elements essential for creating a successful luxury branded experience (see Figure 3). These include personalization (Experts 1, 3-5 & 8-9), engagement (Experts 1, 4-5 & 7), creativity (Experts 1 & 7-8), storytelling (Experts 1-2 & 6), authenticity (Experts 1 & 5), craftsmanship values (Experts 1 & 2), and innovation (Experts 1 & 9).

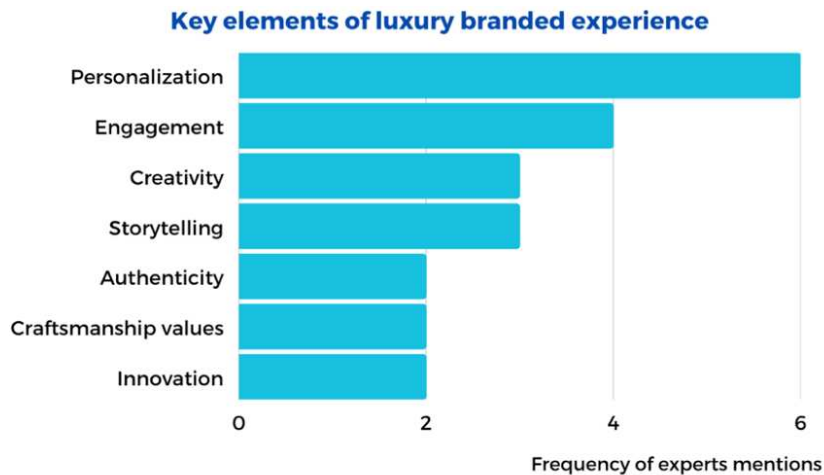


Figure 3: Key elements of luxury branded experience

Further, the crucial factor needed is consistency in luxury branded experiences (Expert 2); it does not matter if you wear a tracksuit or an elegant dress, if you are a woman or a man, young or old, or if you are accompanied by kids or not. This experience should be consistent throughout the globe in different countries (Expert 2). As an example, if you enter the store in Paris and then in Lisbon, the smell or music should be the same. Moreover, one expert claimed that Word-of-mouth is very powerful marketing tool nowadays (Expert 7). Although, the branded luxury experience is your marketing, the real driver is WOM (Expert 7).

4.1.2 Retail

Despite the rise of online shopping, the retail environment is still key in terms of branded luxury experiences (Experts 2-3 & 6-8). Most shopping journeys start online in digital platforms, nevertheless the purchase is made in retail (Expert 8). Customers want to physically interact with products, such as trying them on or exploring other available options (Expert 2). Additionally, in-store experiences should be based on incorporating all five senses and this cannot be done online (Expert 7).

Retail is a people business (Expert 8), thus indicating that building relationships is more important than simply conducting transactions. The most valuable asset in retail is the staff (Experts 5-8), (see Figure 1). Employees must create a welcoming atmosphere and provide exceptional customer service, including the ability to resolve any issues that may arise (Experts 4 & 7). A brand needs to be resilient, agile, connected to its customer and able to help clients discover the brand more (Expert 7). Thus, staff should be properly trained to deliver customers exceptional branded luxury experiences (Experts 5, 6 & 8).

As an example, some brands installed small coffee stands in their stores to keep their customers there longer (Expert 2). The more time a client spends, the higher the chance of a purchase (Expert 2). Another case is one of Louis Vuitton's stores where an iconic elevator was installed (Expert 4). More people came into the store to see this architectural piece (Expert 4). These are examples of a successful branded experience in retail.

Additionally, some luxury brands, such as Chanel or Louis Vuitton, have designed special areas in their store dedicated only to VIPs, where a more intimate relationship can be established (Expert 9). This can be considered a successful retail strategy as well.

4.1.3 Technology

Adopting technology in daily processes of luxury brands is something that companies need to do to remain competitive (Experts 1-3, 5-6 & 8). Technology has accelerated mainly due to the Covid pandemic in the luxury industry (Expert 9). Many brands were doubtful about adopting technologies, believing they could not provide a real experience (Expert 2 & 5). However, firms need to be ready sooner or later, as technology will take over (Expert 5). Furthermore, experts believed that there is a huge shift towards the implementation of AR, AI or VR and that the future will be filled with technologies (Experts 1-3, 5-6 & 9)

Technology may work as an enabler and has numerous advantages that can enrich the luxury branded experience (Experts 1-2, 4-7 & 9). The main benefits are the access to client data and thus simplified and faster process of relationship building (Experts 1, 4, 6-7 & 9).

Additionally, the level of customer engagement can be enhanced with the help of technology (Experts 2 & 6). As an example, Tiffany's virtual try-on with engagement rings has become viral and very successful (Expert 5). However, experts suggested that technology is still not being fully utilized, and the challenge for luxury companies is to successfully integrate technology into a seamless experience (Experts 2 & 7-8). Therefore, there is still a lot of work to be done in this area (Expert 8). Moreover, experts proposed that due to their high profit margins, luxury brands should continuously invest free cashflows into technology (Experts 4 & 8-9).

However, there was a discussion among experts regarding the relevance of the metaverse trend today versus in the future (Experts 1, 4 & 7-8). One expert believed that metaverse is a current trend (Expert 4), while others claimed it is a trend that is 20 years away (Experts 7 &

8). One expert was also a bit sceptical about the metaverse, arguing that there must be something truly unique and special to attract customers to this concept (Expert 7). As an example, Gucci is one of the brands with the highest presence in the metaverse, however the activation is minimal (Expert 3).

With the help of technology, companies can be creative and design almost anything (Expert 2). A useful example is the latest campaign from Jacquemus, where giant bags were seen moving alongside vehicles in the city, thanks to 3D video rendering (Expert 2).

Nevertheless, one expert claimed that companies must not forget about the fact that a brand communications are for people and created by people (Expert 3). No AI-powered technology can create as successful a campaign as humans can (Expert 3).

4.1.4 Younger generations

There was significant discussion regarding younger generations as clients of luxury brands. Experts held opposing views about which was the most crucial generation today and which generation brands should focus on (Experts 1-3, 5 & 7-8). Three experts agreed that Generation X and Millennials are currently the most powerful customers demographic (Experts 1, 3 & 8). However, companies should not forget targeting and attracting younger generations as well (namely Gen Z), especially due to their long-term potential (Expert 1). Additionally, one expert stated that Gen Alpha should be taken into consideration also (Expert 5). Nonetheless, some experts claimed that Gen Z is overrated and known for its constantly changing habits and needs, making it challenging for companies to attract this segment (Experts 3-5 & 8-9). Additionally, one expert proposed that within one generation, everyone is unique, thus brands should target different mindsets rather than different generations (Expert 7).

Moreover, Gen Z is known for its focus on sustainability (Experts 1-3, 5 & 7). In this regard, companies should show clients how committed they are to reducing their environmental impact and giving back to local communities (Expert 5). However, some experts stated that Gen Z's attention to sustainability is hypocritical (Experts 3, 5 & 7). They said that Gen Z cares a lot about sustainability, but at the same time they are buying knock-offs, fast-fashion, and not researching companies' sustainability activities in more detail (Experts 3, 5 & 7).

Additionally, there has been a shift towards different brand archetypes that can be thought of as related to inspiration (Expert 1). Famous and known people often wear simple and casual clothing compared to the elegant luxury outfits of the past (Expert 1). This reflects a change in how wealthy people spend their money, which can also influence younger customers (Expert 1).

Furthermore, there are several ways in which companies can attract younger generations (as depicted in Figure 4). Younger consumers are inclined towards reselling (Expert 1), which includes buying and selling of pre-owned luxury goods. Moreover, younger customers are attracted by renting services that allow them, for example, to rent a particular piece for a two-day period for any special occasion (Experts 1-2 & 6). Additionally, brands should develop a special collection to target younger clients (Experts. 2, 4 & 9). This may include some unique targeted collaborations or different products, such as sneakers or streetwear (Experts 2 & 4).

One of the experts supported the pop-up stores strategy as a good tool for publicity and attracting younger customers (Expert 1). Nevertheless, management of pop-ups can be complex, and their scope is often limited (Expert 1). It is therefore crucial for brands to offer something in regular large stores as well (Expert 1). Another expert also believed that pop-up store strategies will gain more momentum in Europe in the future (Expert 3).

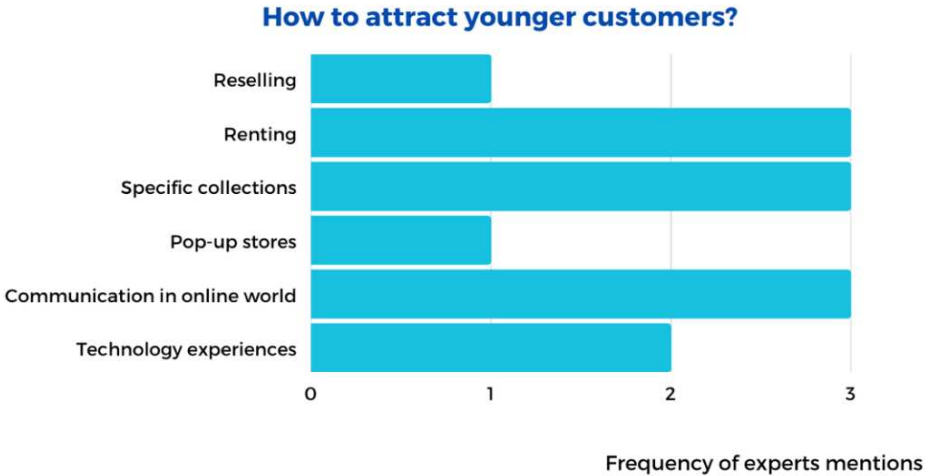


Figure 4: How to attract younger customers?

Furthermore, younger clients prefer e-commerce and digitalization as they were born into a world where online technologies and social media are an integral part of life. Therefore, companies should prioritize communication through online channels and establish an emotional bond this way (Experts 3, 4, and 6) linked to technological advancements. Brands should pursue the strategy of luxury branded experiences that are enhanced by technological

gadgets, which can be presented as an attractive proposition for younger generations (Experts 2 and 3). Gucci is an excellent example of a company that is successfully targeting younger generations with its social media channels and technology gadgets (Expert 6).

Further, companies need to do something creative and unexpected to catch their attention (Expert 2). Since younger generations have unstable preferences that are constantly changing, companies should effectively research, monitor, and be adaptable and flexible to target younger consumers (Experts 2-5 & 8).

4.1.5 Future trends

Five out of nine experts agreed that technology will be the most crucial trend in the future (Experts 1, 5-7 & 9). Moreover, the presence of the digital world, with an omnichannel field, has been a major innovation in luxury over the past few years (Expert 9). That includes the reserving products, ordering products with next-day delivery, or scheduling an appointment in a store (Expert 9). Additionally, two experts believed that companies should go back to their roots, traditions, and do what they do best (Experts 5 and 8). Another future trend may be engagement of celebrities in brand strategies (Expert 7). Unusual collaborations are becoming more and more powerful, such as Versace and Fendi or Dolce & Gabbana and Jujutsu Kaisen (Expert 5). However, they need to be more focused to be successful (Expert 5). Lastly, other non-luxury continents are starting to emerge and are exporting luxury, such as Africa, India, or South America (Expert 4). These countries will come up with their own global luxury brands, bringing new ways of seeing luxury, new trends, and new experiences (Expert 4).

4.2 Online customer survey

4.2.1 Sample composition

Of the 150 responses collected, 140 were used after 10 results were excluded due to failing the verification check. In total, 62.86% of respondents were female, 78.57% were from Generation Z, 18.57% were Millennials and 3% were Generation X.

Participants were asked about their highest completed education: 15% had a high school diploma, 55% had a bachelor's degree, and 27.86% had a master's degree. Also, 43.57% respondents were single, while 46.43% were in a relationship while 60% of participants were students, 28.5% were employees and 10.7% were either self-employed, or entrepreneurs. The

annual household income for 62% of respondents was lower than 50,000 euros. However, 13% of participants preferred not to disclose their annual household incomes.

4.2.2 General findings – Luxury industry

A majority of participants responded that they own a luxury product (74.3%), while 6.4% were not sure; 38.57% of respondents purchased luxury products yearly, 22.14% once every six months. Other answers were less than yearly or only for special occasions. One third of respondents (32.14%) spend 16 to 30 minutes in a luxury store, whereas 27.15% respondents spend more than 31 minutes there. The majority of people (60.72%) purchase luxury products in stores, either in their home country or on vacation.

Additionally, the respondents were presented with a selection of factors that influence them when purchasing a luxury product (as depicted in Table 2).

Top 5 factors influencing customers to purchase luxury product

Rank	Factor	Total votes	% of mentions by respondents
1	High quality	108	77.14%
2	Design	105	75%
3	Brand reputation	80	57.14%
4	Personal values	36	25.71%
5	Emotional values	34	24.29%
5	Prestige	34	24.29%

Table 2: Top 5 factors influencing customers to purchase luxury product

4.2.3 General findings – Luxury Branded Experience

Respondents were given a brief explanation of the luxury branded experience to understand the topic properly and ensure the quality of their answers. The majority of people (79.29%) who answered “Very Important” or “Important” believed that luxury branded experiences are important when purchasing a luxury product.

Additionally, there was an interesting insight gained from combining the question of the importance of luxury branded experiences and the length of time spent in a luxury store. The more importance people placed upon the luxury branded experience, the more time they spent in luxury stores (as depicted in Figure 5).



Figure 5: Length of time spent in luxury store X Importance of branded experience

However, the percentage dropped to 65% when asked if it was more likely for people to make a purchase from a luxury brand that offers a memorable branded luxury experience compared to one that does not. Nevertheless, if customers experienced a positive luxury branded experience, 85% of respondents were "Very Likely" or "Likely" to recommend a luxury brand. Moreover, 108 participants (77.15%) agreed that the retail atmosphere is either "Very Important" or "Important" when making purchases. Regarding the importance of personalization of the luxury branded experience, the same percentage of respondents (77.15%) deemed it as a "Very Important" or "Important" factor. The personalization aspect was further highlighted in the next question, where respondents were asked to list factors influencing the luxury retail atmosphere. Participants were able to evaluate each factor on a scale of 1 to 5 (1 = least important, 5 = most important). Table 3 shows the results based on different generations.

**The importance of top 5 factors in the luxury retail
based on different generations**

Rank	Gen Z	Mean	Millennials	Mean	Gen X	Mean
1	Personalized approach	3.95	Personalized approach	4.08	Personalized approach	3.5
2	Lightnings	3.81	Lightnings	3.88	Exhibits landscapes of heritage	3
3	Fragrance	3.38	Fragrance	3.38	Digital displays	3
4	Music	2.89	Welcome ceremony	3.27	Welcome ceremony	2.75
5	Virtual mirrors, try-ons	2.84	Digital displays	2.96	Fragrance	2.75

Table 3: The importance of top 5 factors in the luxury retail based on generations

Surprisingly, the least important factor for customers in a luxury store was food options with a mean of 2.186. “Exhibits landscapes of heritage” had a mean of 2.586 and “digital displays” was a mean of 2.707. The table 4 summarizes descriptive statistics for these elements in luxury retail.

Statistic	N	Mean	St. Dev.	Min	Pctl(25)	Pctl(75)	Max
Music	140	2.879	1.289	0	2	4	5
Digital_displays	140	2.707	1.255	0	2	4	5
Welcome_ceremony	140	2.893	1.482	0	2	4	5
Food	140	2.186	1.339	0	1	3	5
Fragrance	140	3.364	1.265	0	3	4	5
Lightnings	140	3.779	1.080	1	3	5	5
Heritage	140	2.586	1.394	0	1	4	5
Virtual	140	2.764	1.422	0	2	4	5
Personalized_approach	140	3.957	1.223	0	3	5	5

Table 4: Descriptive statistics of elements of the luxury retail

A majority of people (86.43%) stated that positive luxury branded experiences lead to brand loyalty. Nevertheless, whether a positive luxury branded experience is associated with repeat purchase was not straightforward with 69.28% strongly agreeing or agreeing with this statement, however 30.72% were neutral or disagreed with it. Moreover, 82.14% of participants also stated that a memorable and engaging luxury branded experience in retail is something they expect when visiting a luxury store. Despite this, integrating technologies and making a luxury retail smart is not a crucial factor, although 62.14% of people viewed it as crucial. The dominant generation for smart retail was Generation Z, with 66.37% of them saying the "Strongly agree" or "Agree", and 50% of Millennials were also in favor of this. However, all respondents from Generation X were either not in favor or held a neutral view.

Further, 90.7% of participants responded that an emotional connection between the brand and the consumer can be established by a branded luxury experience. Additionally, 87.15% of people believed that a branded experience can make a luxury product more desirable. However, only 60% of participants stated that branded experiences are associated with intellectual aspects such as learning new knowledge or stimulating customers to know more about the brand, and 30% of respondents were neutral about this.

The most essential insights from the customer survey are highlighted in the Figure 6.

The most essential insights from the customer survey regarding the luxury branded experience



Figure 6: The most essential insights from the customer survey

The Table 5 below displays results of two linear regressions with the dependent variable “Purchase” (the likeliness to make a purchase from brand that offers a branded luxury experience). There are 3 independent variables in Model 1 and an additional 2 independent variables added in Model 2.

	Dependent variable:	
	Purchase	
	(1)	(2)
Expectation	0.153* (0.091)	
Personalization	0.253*** (0.073)	
Importance	0.469*** (0.078)	0.374*** (0.073)
Loyalty		0.172** (0.087)
Recommendation		0.314*** (0.078)
Welcome_ceremony		-0.123*** (0.042)
Profession		-0.115* (0.067)
Constant	0.476** (0.192)	1.094*** (0.301)
Observations	140	140
R2	0.430	0.523
Adjusted R2	0.417	0.505
Residual Std. Error	0.738 (df = 136)	0.680 (df = 134)
F Statistic	34.200*** (df = 3; 136)	29.379*** (df = 5; 134)

Note: *p<0.1; **p<0.05; ***p<0.01

Table 5: Linear regressions

Looking at the Personalization coefficient in Model 1, we can conclude that for every increase by one unit in Personalization (Lower importance on a Likert scale), the predicted value of Purchase variable increases by 0.253 units (Lower likeliness of purchase), all other variables being constant. More specifically, if a respondent in the survey placed more importance on personalization, he/she was more likely to make a purchase. The coefficient was statistically significant at the 1% level. The coefficient for Personalization also suggested that the effect of

Personalization on Purchase was larger than the effect of Expectation or Profession, but smaller than the effect of Importance. Additionally, the coefficient expectation was statistically significant at a 10% level in Model 1

Coefficients of importance were significant at the 1% level in both Models. The additional variables: Recommendation, Loyalty and Welcome ceremony were all significant at the 1% level in Model 2. The coefficient Welcome ceremony suggested that for every increase by one unit in the importance of Welcome ceremony (Higher importance on a Likert scale), the predicted value of Purchase variable decreased by 0.123 units (Lower likelihood of purchase), all other variables being constant, at a significance level of 1%. This might seem illogical and may be caused by not accounting for omitted variables. Thus, ANOVA test was undertaken to see relationship between these two variables (as depicted in Table 6).

	Df	Sum Sq	Mean Sq	F value	Pr(>F)
Welcome_ceremony	1	23.52	23.519	30.52	1.59e-07 ***
Residuals	138	106.33	0.771		

 Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Table 6: ANOVA test

Based on the ANOVA test result, the independent variable Welcome ceremony had a significant effect on the dependent variable Purchase with a p-value of 1.59e-07, at a significance level of 1%. This suggested that Welcome ceremony variable should be included in the regression model, rather than being omitted.

The R squared of 0.430 in the Model 1 means that 43% of the variance in Purchase is explained by the independent variables in the model. In the second model, R squared increased due to the addition of 2 new variables. Model 2 thus described 52.3% of this variable. Model 2 had smaller residual standard errors compared to Model 1, indicating that the model fit the data better.

Additionally, the dummy variable for Purchase was created (indicating 1 if participants were “Very likely” or “Likely” to purchase a product from the brand that offers luxury branded experience) to test the probability. One limitation of the linear probability model is that it can produce probabilities smaller than 0 and probabilities greater than 1. The predicted

probabilities outside the (0,1) interval were checked. There are predictions lower than 0 as well as greater than 1 (see Figure 7). Therefore, the logit function was more suitable to use.

```
[1] -0.3902116
[1] 1.017204
```

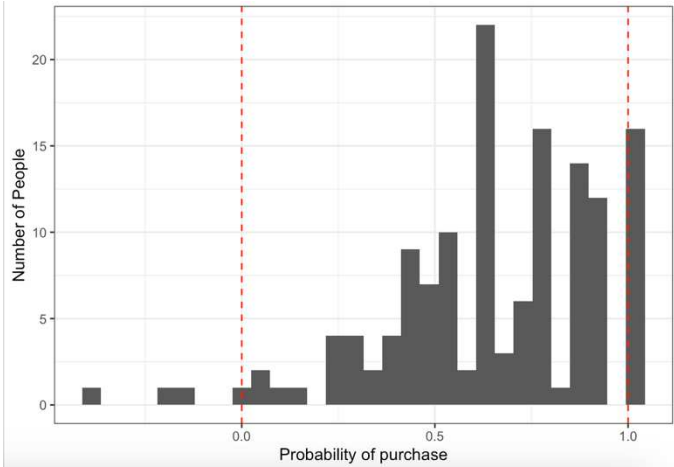


Figure 7: Limitations of Linear probability model

Heteroskedasticity followed a particular shape in the LMP. We could see this by plotting the residuals (See Figure 8)

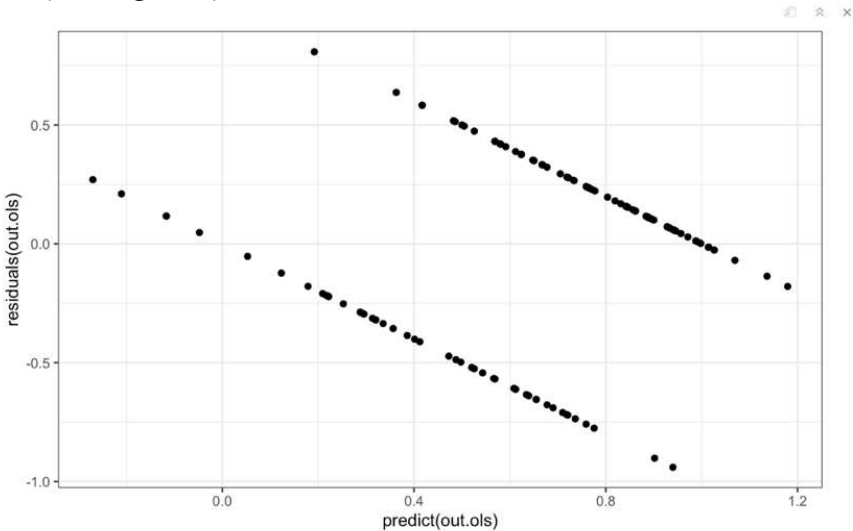


Figure 8: Limitation of Linear probability model – heteroskedasticity

Because of the more complicated (non-linear) nature of the logit models, the betas cannot be directly interpreted or compared to the OLS coefficients (see Appendix D).

Therefore, the marginal effects formula was executed (Figure 9). If the coefficient personalization increased by one unit (becomes less important), the probability of purchase would decrease by 0.204, *ceteris paribus*. Similarly, if the importance of branded experience grew by one unit (becomes less important), the probability of a purchase would decrease by 0.211 with 99% level of confidence, holding all other variables constant.

```
Call:
logitmfx(formula = out.logit, data = dt_luxury, atmean = TRUE)

Marginal Effects:
              dF/dx Std. Err.      z    P>|z|
Expectation  -0.142613  0.075563 -1.8873 0.0591151 .
Personalization -0.204116  0.058470 -3.4909 0.0004813 ***
Importance   -0.211692  0.060703 -3.4873 0.0004879 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

Figure 9: Marginal Effects

5 Discussion

This part contains a discussion of the results on the topic based on the triangulation method, integrating the research with findings from the literature review.

5.1 Luxury industry

Batat (2019) suggests that consumers purchase luxury products based on the emotional and symbolic benefits they gain. This is in line with experts' perceptions. However, according to the survey, participants purchase luxury products mainly due to their high quality (77%) and design (75%), while emotional (24%) and symbolic (15%) values were not as relevant. According to Ko et al., (2019) emotional benefits have a positive effect on customer intention to buy a luxury product, while symbolic value has a negative association with purchase intent. Therefore, it may be concluded that emotional benefits are more important compared to symbolic ones.

The literature indicated that there has been a shift from conspicuous consumption to inconspicuous consumption (Shao et al., 2019). This is mainly caused by the desire for minimalism (Eckhardt et al., 2014). Thus, brands have begun to implement more subtle logos and hidden signals that have been more successful among customers (Shao et al., 2019). Likewise, one expert recommends that brands need to adopt very subtle, minimal, and

simplistic logos that only experts may distinguish. This is due to the recent boom of "coded" (or quiet) luxury (Expert 5).

5.2 Luxury branded experience

Companies' motives for implementing luxury branded experiences and pursuing this strategy were described in the literature review. Porter (1991) claims that distinctive capabilities are critical for attaining a competitive advantage. Based on the expert interviews, luxury branded experiences have the potential to be a source of better performance and a way to differentiate a brand from competitors. Likewise, Batat (2019) argues that the competitive edge is based on the buyer's experience with the brand and the emotions it evokes. Additionally, customers place high emphasis on luxury branded experiences which the majority of survey respondents also found important. Furthermore, 65% of respondents were likely to make a purchase from a luxury brand offering branded experiences compared to one that does not, which also denotes the importance of branded luxury experiences.

Moreover, experts also proposed that creating an emotional bond between the customer and the brand is one of the most crucial aspects of luxury branded experiences. Similarly, the most essential insight from the customer survey, with almost 91% of participants strongly agreeing or agreeing with this fact, was that branded luxury experiences help create emotional connections. That is supported by Smith and Hanover (2016) who note that emotional connections surpass traditional marketing that only stimulates our visual senses whereas the former instead utilizes experiences to touch the heart of clients. Comparably, according to Atwal and Williams (2017), experiential marketing provides customers with sensory, emotional, and relational values.

Three industry experts agreed that the main focus of branded experiences is attracting and retaining customers, which would lead to increased loyalty. This is supported by survey findings indicating that 86.4% of respondents held the view that a positive experience with a brand may lead to increased brand loyalty. Moreover, the results of regressions showed that the impact of brand loyalty had a positive effect on purchase decisions for luxury products at a 95% level of confidence. Similarly, Gupta et al. (2022) and Smith and Hanover (2016) proposed that experiential marketing may result in longer relationships between brands and customers.

One of the most fundamental elements of luxury branded experiences is personalization. Six industry experts agreed about personalization, with 21 mentions of this phenomenon. This was further supported by the customer survey, since the personalized approach ranked first with a mean of 3.96 on a scale of 1 to 5 (1 being the least important, 5 being the most important) of critical elements of the retail sector. Additionally, another question supported these findings, since 72% of participants agreed that branded luxury experiences need to be personalized to clients' tastes and preferences. Moreover, Kapferer and Valette-Florence (2016) further emphasized that luxury brands changed the trajectory towards personalized services. Lastly, data from linear regression suggested that personalization had a statistically significant effect on the likelihood of purchasing a luxury product from a brand offering the branded experience, with a 99% level of confidence.

However, the personalization component is also one of the most significant obstacles for marketers, as it is a challenge to tailor experiences to individual needs and preferences while also reaching a wider audience (Dhillon et al., 2022; Smith & Hanover, 2016). Moreover, Lojacano and Pan (2021) proposed that CRM plays an important role in personalization.

5.2.1 Retail

Scholars believe that retail stores play an important role in delivering experiences to customers (De Lassus & Freire, 2014; Lojacano & Pan, 2021). This is in line with expert interviews, with five experts believing that, despite the rise of online channels, the retail environment still remains key to success. Additionally, Lojacano and Pan (2021) and De Lassus and Freire (2014) stated that selling just a product is not enough in luxury settings. Companies must strive to offer some kind of experience as well. Accordingly, seven industry experts suggested going beyond the product and delivering more.

The literature and two experts argued that pop-up stores are an attractive marketing strategy in luxury retail. Additionally, Klein et al. (2016) stated that pop-up stores are also increasing brand experiences. The findings of Klein et al. (2016) and De Lassus and Freire (2014) are in line with insights from Expert 1 that pop-up stores served as a tool for attracting younger generations and gaining publicity.

Moreover, pop-up luxury stores are known for their more relaxed, chill atmosphere and more casual welcome (De Lassus & Freire, 2014). The importance of this strategy may be further supported by customers as 77% of survey participants deemed them very important or

important for the appropriate retail atmosphere when making a purchase. Further, welcome ceremony was ranked the 4th most important element in retail in the online survey.

Additionally, Expert 3 also believed that more and more luxury stores will pursue pop-up store strategies. Thus, pop-up luxury stores can work as a new innovative tool to sell luxury products (2014).

5.2.2 Technology

The literature suggested that technological advancements are becoming increasingly attractive and useful, particularly in retail settings (Atwal & Williams, 2017). This may include the implementation of technologies such as interactive walls, mirrors, or displays (Papagiannidis et al., 2017). The majority of experts admitted that technology will take over and become the most significant trend in the near future, particularly AR, VR and AI.

However, survey participants were somewhat sceptical about the importance of the usage of technologies in luxury retail. The importance of digital displays as well as virtual mirrors or try-ons were ranked sixth and seventh out of nine elements, respectively. More precisely, the mean for digital displays was 2.71 on a scale of one to five, while the mean for virtual mirrors and try-ons was 2.76, suggesting a neutral opinion. Additionally, Pantano et al. (2018) emphasized smart retail integrating numerous technologies as a significant factor for success. Nevertheless, respondents were more or less neutral about this since the mean for the importance of smart retail was 2.35 (on a scale of one to five) with slightly more participants in favor. However, underutilization of technology was mentioned by three experts, which presents challenges for luxury brands trying to properly implement technologies in their daily processes. This may be further supported by the findings of Lou & Li (2017) that key factors regarding adoption of technology are perceived usefulness and ease of use. Thus, it may be inferred that these two aspects should increase customer usage of new technology.

5.2.3 Generational trends

The impact of younger generations was one of the most discussed topics by scholars in luxury settings, as this population is predicted to be drivers of the luxury industry. Millennials and Generation Z are the most dominant generations today (D'Arpizio & Levato, 2022). It is expected that Generation Z and Alpha will experience three times faster growth compared to other generations by 2030 (2022). However, four experts prioritize only Millennials as the most influential generation today. Additionally, according to some experts, Generation Z is

known for its constantly changing habits and needs, making them a difficult target audience. Adkins (2016) pointed out that Millennials also are a challenging generation to attract and create a deep personal bond with. Dobre et al. (2021) stated that Millennials and Generation Z are drawn to social networking platforms, with Generation Z referred to as digital natives. Similarly, three experts believed that the online world should be the primary channel for younger generations as it aligns with their needs and preferences. They are born in the digital world which sets them apart from other generations (Singh & Dangmei, 2016). Furthermore, two experts held that luxury branded experiences enhanced by technological advancements are an appealing proposition for younger generations.

5.2.4 Sustainability

Scholars pointed to rising interest in sustainability in the luxury industry (Danzinger, 2021; D'Arpizio et al., 2021). This is aligned with the majority of experts who believed that Generation Z is particularly keen on environmental and sustainable practices. Nevertheless, three industry experts problematized sustainability, since younger generations search for environmentally friendly methods while purchasing fast-fashion. Additionally, three experts considered luxury renting services as a key future trend for younger customers, which is in line with Christodoulides et al. (2021). Furthermore, one industry expert, along with Feng et al. (2020), also placed emphasis on reselling luxury products.

6 Conclusions

This chapter presents findings and their implications for both theoretical and practical perspectives. It also addresses limitations and potential avenues for further research.

6.1 Main findings

This dissertation aimed to gain an understanding of how branded luxury experiences influence purchasing decisions. The study showed that luxury branded experiences may be a source of SCA and a way for companies to differentiate, which is of utmost importance in this industry. Additionally, luxury brands are motivated to implement luxury branded experiences due to various benefits, such as the possibility of increased loyalty, establishing emotional bonds with customers, and attracting new clients, etc.

Overall, the findings of this paper suggest that branded luxury experiences are witnessing a boom and have become a fundamental element for luxury brands. Customers expect to interact with an experience rather than just purchase a product. Although online channels are gaining popularity, the retail setting is still key in terms of purchasing. Clients expect to be warmly welcomed and enjoy a pleasant and appropriate retail atmosphere. Brands can also utilize the pop-up strategy, which is expected to gain more momentum, especially for younger generations. In addition, this study aimed to explore what factors are the most crucial for customers in terms of the luxury branded experience. It can be concluded that the most prominent elements are the personalization approach, lightning, welcome ceremony and fragrance.

This paper also showed that the future will be filled with technologies. However, companies are not currently utilizing them to their full potential and more work needs to be done. Therefore, brands should continuously invest in the development of technologies to stay ahead of competitors and fully meet customer expectations.

Furthermore, the luxury industry is highly influenced by generational trends, particularly Millennials and Generation Z, who differ significantly from earlier generations. These generations are not only more tech-savvy and more conscious of the environment, but also have distinct purchasing preferences and needs. In this regard, it is challenging for companies to attract younger generations and to implement luxury branded experiences that align with their demands.

6.2 Theoretical contributions

This study makes several theoretical contributions to the literature on luxury branded experiences. The paper's main contribution is confirming that luxury branded experiences may lead to higher customer loyalty and provide a way to gain SCA, which is consistent with the existing literature on experiential marketing. Furthermore, other benefits of luxury branded experiences were addressed. Positive branded experiences may increase the likelihood of repeat purchase, brand recommendations, or enhancing product desirability. Moreover, generational trends in luxury consumption were highlighted due to the impact of technology and sustainability concerns that can shape luxury branded experiences. Given that luxury branded experiences are a relatively recent phenomenon, this dissertation complements

the literature by providing insights into the most crucial sources, elements, and aspects of branded experiences.

6.3 Practical contributions

Since the luxury branded experiences are relevant for the luxury industry, confirmed by both experts and customers surveyed, it is advisable for firms to adopt a strategic approach towards this emerging trend. Companies can benefit by offering something extra and unique to stand out from competitors. Additionally, customers visit luxury stores with the expectation of having memorable and immersive experiences. Therefore, it is crucial to carefully plan and shape the retail atmosphere accordingly. Luxury companies have the potential to gain a SCA through loyalty, emotional relationships, and word-of-mouth. Furthermore, managers should be aware of the rising trend of technology and sustainability concerns that are specific to younger generations. Additionally, it is important for companies to communicate branded luxury experiences also in the online world.

6.4 Limitations & Further Research

The current dissertation has certain limitations that should be acknowledged. The sample of expert interviews may be seen as low, which can limit the generalizability of the results. Although six different nationalities were present, four of the experts were from the USA, which may skew the findings. Furthermore, the majority of experts were either consultants, mentors, or advisors, which may result in skewed claims since consultants may have more optimistic points of view based on confirmation biases. It would be beneficial to also interview experts from large luxury companies or conglomerates to gain insights from those who are implementing branded experiences. It would also make sense to cover a broader range of experts with different expertise and cultural backgrounds to gain a clearer picture.

The majority of survey respondents were from Generation Z, as this age group was the most accessible. More samples from older generations could impact conclusions about attitudes towards branded luxury experiences. Additionally, since the field of luxury branded experience is diverse with no universal definition, some of the survey participants may have been unfamiliar with this concept, which could influence the findings. However, respondents were provided with a definition of the concept of luxury branded experience to mitigate this.

Overall, increasing the number of participants in both interviews and the survey would have resulted in more representative findings, thus increasing the researcher's confidence in inferences drawn from the data. Additionally, it would have been beneficial to study younger generations and the influence of technology on luxury branded experiences over a prolonged period to gain better understanding of their behavior. It would also be valuable to investigate strategies implemented by luxury brands to evaluate their effectiveness as luxury branded experiences.

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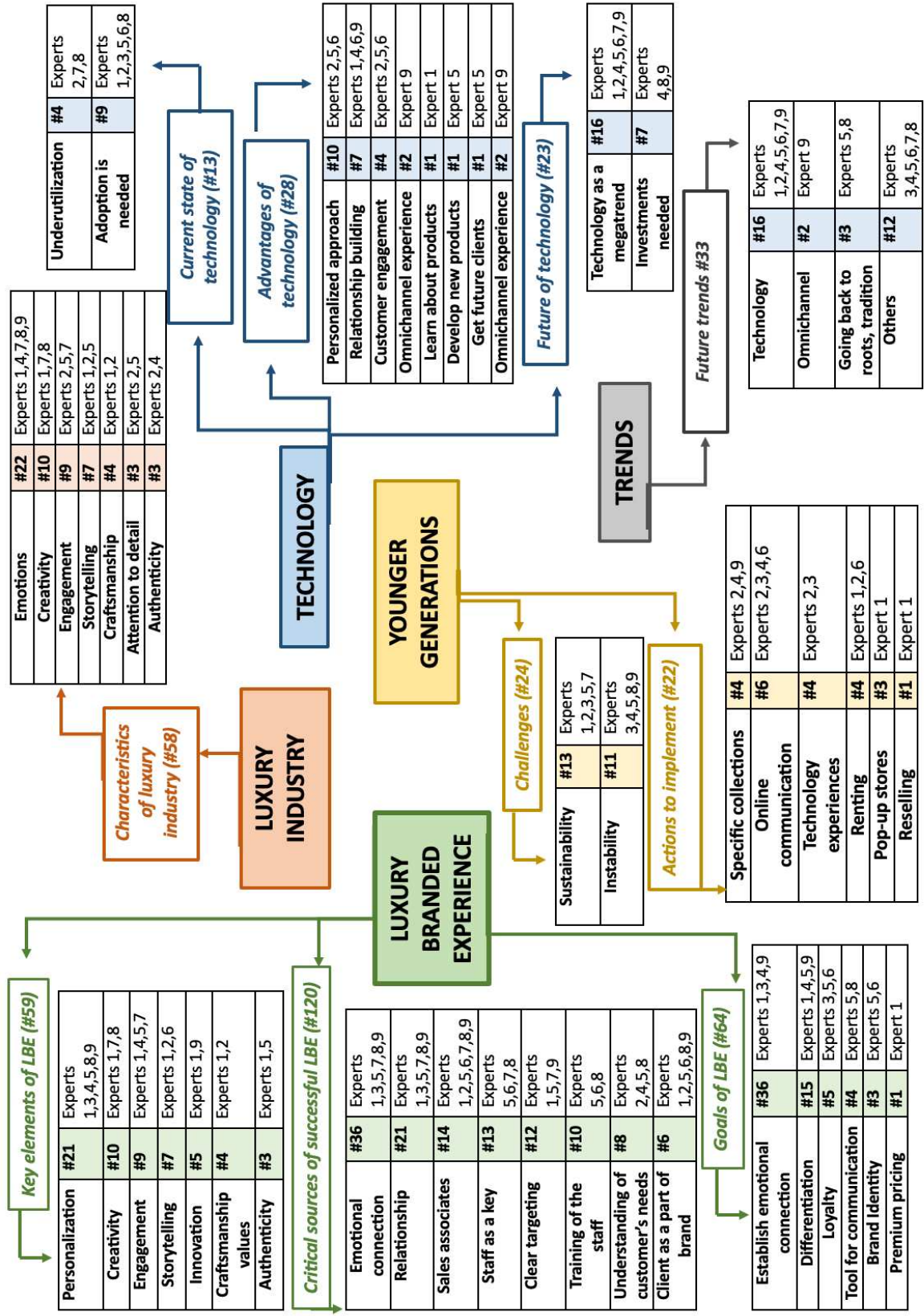
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8 Appendices

8.1 Appendix A – Expert Interviews Common Keywords



8.2 Appendix B – Expert Interviews Summary

Interview - Industry Expert 1

5th April 2023

1. Expert Presentation

Industry expert 1 is the leading Global Retail influencer, Keynote Speaker & Consultant and Senior Forbes Contributor. He has over 30+ years of experience as a strategic advisor, board member, general manager and C-level executive at several Fortune 500 retailers. He developed the framework of successful retail strategies in his book.

2. Questions

2.1. Luxury Branded Experience:

Luxury branded experience can be a powerful source of competitive advantage. The main reason why luxury companies are successful is differentiation. Luxury evokes exclusivity, a focus on the narrowest market, scarcity, and rarity. Price plays a significant role in defining luxury as many people cannot afford it. But luxury is not just about the product, it's also linked to heritage, craftsmanship, storytelling, and the emotional connection it creates with the consumer. This is exemplified by the Hermes Birkin bag – the nature of the product and the brand.

The primary goal of a luxury branded experience is to command premium pricing. To achieve this, luxury companies must provide something extra to their customers. However, the more strategic goal is to establish an emotional connection with customers through word-of-mouth marketing. In today's digital age, social media provides an effective platform for creating a buzz around a luxury brand. To succeed in the luxury industry, companies must be mindful, passionate, and focused on building long-term loyalty with their customers.

Luxury is defined by the experience it provides to its customers. Long-established brands from France and Italy, such as Gucci and Dior, have built their reputations on offering exceptional experiences to their customers. This is reflected in their huge and beautiful shops, their excellent customer service, and the branded image that permeates throughout.

Companies need to create this incredible story. Customers need to feel they are part of the story. Brands must enforce the story and thus create the environment.

2.2. Emotional and symbolic values as drives of luxury:

The only change compared to the past is the huge variety of choices. In the past, business was mainly done in retail and department stores. Nowadays, there is a huge shift towards technology, especially the internet. Customers can get products quickly and cheaply. They can search for different substitutes and find the product that best meets their needs. On the other side, we buy for more emotional needs. That has always been true. The rich are getting richer, there are more affluent and wealthy consumers. More people have more money. And that is the driving force behind luxury.

2.3. Technology:

Consumers do not buy technology; technology is only an enabler. We have more technological gadgets than before that continue to disrupt the retail industry. But they work as a function button; for example, technology allows customers to learn about products without having to go to a store and see it. They can easily look for information on the internet. It is about connecting and having access to information that did not exist before. This is linked to the fact that technology makes luxury more accessible than before; ecommerce has enabled customers to access different markets. All this is also part of the branded experience. More and more technology is replicating this: sales associates can send customers a picture of the product via WhatsApp, or they can have a video call with them. This is increasingly important since younger customers have grown up in a world where ecommerce and social media exist.

In-store experiences are very important for customers. If a brand has a competitive advantage in that, it is much harder to find a substitute. For the luxury industry, it is essential to keep delivering that experience. Nowadays, there are many brands that are duplicating almost the same products at a very high-end quality but at a lower price. These brands do not spend on marketing and advertising, so they are not creating any value for customers. Thus, it is crucial for luxury to build their strategy on value. But many brands are struggling to create a reason for younger customers to buy their product.

2.4. Challenges:

World is creating the perfect customer for luxury, someone who is very wealthy. Much of the growth of luxury companies comes from raising prices, rather than attracting new customers or offering new products. Increasing margin strategies are especially relevant in large conglomerates, such as LVMH or Kering. The largest portion of sales comes from ultra-wealthy individuals aged 50+, but brands are limiting their long-term potential in terms of

customers by forgetting about the younger generations. They should realize that the older generation will be replaced by the younger one sooner or later.

2.5.Future trends and innovations:

Metaverse is overrated. Brands should expand outside the physical store via livestreaming, VR, and AR; technology is very valuable. In the luxury industry, the very best loyal customers are known by managers and sales staff. Technology can enhance and simplify the process of relationship building. Personalization is really important in these settings. Technology can bring us closer to a one-to-one relationship. Customers' importance is based on a pyramid scale (with the most important at the top). But technology can scale it, allowing us to have a personalized approach at more levels of the pyramid faster.

2.6.Successful in-store customer experience:

If the client is new to the brand, they need to feel very welcomed when entering the store. That is a problem for younger generations, as they often do not feel welcomed and thus refuse to enter the store. An accessible and welcoming atmosphere can be very important. Existing customers need to feel well-known; they like to be recognized and seen. Sales associates must ensure that they are valued in the business. However, in larger stores, it is harder for brands to provide an experience across the board; it is not easy.

2.7.New customers:

Attracting new customers is very tricky. A lot of companies are built around a base of 50+ years. Younger generations like massive stores, but they do not like going into stores that are not in line with their expectations. The challenge for luxury companies is how to create a different experience to really attract them. To pursue a strategy towards this younger generation, it is easier to do it in smaller stores, since department stores are built and designed to meet the needs of everyone. Brands should therefore experiment with smaller formats, that can be temporary. Pop-up stores can be good tools for publicity when attracting younger customers. However, they can be relatively complex to manage and are limited in scope. Brands still need to have something for young customers in regular large stores. There is no luxury brand that has a powerful pop-up strategy.

Moreover, younger customers are interested in the circular economy. Companies should offer services such as reselling or renting. They should show clients how committed they are

towards sustainability. There is also a shift towards different brand archetypes. In the past, customers were inspired by people that were dressed in elegant luxury outfits. Nowadays, famous people such as Mark Zuckerberg or Elon Musk are not dressed in luxury clothes. These popular entrepreneurs typically have basic, simple t-shirts, jeans and running shoes. Thus, how wealthy people spend money is quite different than what was known before.

To be successful, luxury companies need to have powerful storytelling, a clear idea about targeting, know what they are going to do and keep reinforcing that. Companies need to evolve over time; they need to move away from the old customers.

Interview - Industry Expert 2

9th April 2023

1. Expert Presentation

Industry Expert 2 is a luxury brand consultant based in India. He studies the nuances and trends in the luxury industry, forecasts trends, and helps existing and upcoming luxury brands to scale their business. He is a contributor of consumer behaviour and marketing strategies for Luxury Daily, American Marketer, and Entrepreneur India.

2. Questions

2.1.Luxury Branded Experience:

It is necessary to define luxury; there is no universal definition. For everyone, luxury is something different. For me, to own something luxurious, you must desire it. Brands cannot simply sell the product; they must sell the desire for the product. Experience is very important in luxury. The luxury branded experience, for me, is the connection of nine key luxury elements. These are:

Craftsmanship values: When selling at a very high price, companies must justify it. They need to talk about craftsmanship values in every phase of the process

Attention to detail: Companies must showcase their product in great detail; every small part counts. For instance, Dior shows customers a video of how they make their products. Clients can see every step of the process.

Storytelling: Brands are selling a piece of art, a masterpiece. Customers need to feel more connected to a brand and, thus, be more willing to pay for it. This is the main difference between luxury and premium brands. Premium brands, such as Michael Kors, do not focus on storytelling, whereas luxury brands, such as Hermes and Dior, place a great emphasis on it.

Responsibility: Luxury brands must act in a responsible manner, which is a very important factor nowadays. Customers are looking for responsible brands that do not involve animal

killing and use sustainable materials. However, it is difficult for them to be completely sustainable. For example, Hermes' famous Birkin Bag is made of crocodile skin; how can the company switch to vegan leather?

Authenticity: The label "Made in France" vs. "Made in China" has different values for customers. From "Made in France," customers are expecting high-quality products, which is a competitive advantage of Hermes - everything is made in France.

Personalization: A personal touch can be added at every stage - these can be engravings, special gifts for top customers, personalized invitations for festivals or special dinners. Companies need to go beyond; there is no limit. Brands are still trying to find ways to connect with customers.

Innovation: There has been a shift towards digital and retail experiences. Many digital activities are being incorporated into brand strategies. Online is very important and has yielded positive results, and it is still growing. However, the real challenge is how to sell products online with high investments.

Engagement: This is extremely important at present. Customer engagement can be achieved through the use of virtual reality, augmented reality, artificial intelligence, or other technologies.

Creativity: Companies have a very creative mindset. They are utilizing various techniques to engage customers.

2.2.Emotional and symbolic values as drives of luxury:

Customers have had strong emotional connections to luxury settings for a long time; now, more personalized experiences are occurring. Luxury is a highly profitable industry and can survive any pandemic or recession; it is very resilient.

2.3.Technology:

Everything is going digital. Brands can create almost anything with the help of technologies – for instance Jacquemus and the recent marketing campaign. Huge shift towards AR, AI, VR – that is something that customers are expecting from companies to get.

2.4.Challenges:

Major challenges for companies are going online. In the past, they could not imagine going online. Brands thought that the real-time experience could not be done online. However, through VR and AI, they can do it. Moving towards online is a very huge challenge for

companies; consumers need to have a very seamless experience compared to one offline. Brands are working on it. However, there are still some issues; technology can take a lot of time, and companies have heavy websites. Everything is a long-term process.

2.5. Successful in-store customer experience:

In-store customer experiences are very important when it comes to luxury. As a customer, you need to go to the store, interact one-on-one, feel the product on your body, and see what the best option will be. Brands need to understand the cycle; you search online and then go offline. You know what you want to buy, but you also want to see other options. This is especially important for high-end products.

Brands should not allow negative branded experiences to happen. It can damage their reputation when customers move to different brands. It is important for marketers to understand the culture of the country they are targeting. For example, Chinese customers don't like to interact, don't like to talk, they need space, and if they need help they will come; they are a bit shy. Brands should not judge customers based on the way they dress. The experience should be consistent, no matter who is coming or what they are wearing. This applies to children as well. Brands should understand the influence power; mothers can be highly influenced by their kids to buy a product.

The in-store experience should be the same as the digital experience. The smell of the store should be the same in every city visited (Paris/Lisbon). The same product placement should be applied - once you enter, you should know what to expect. The music is also very important. Autonomous Sensory Meridian Response (ASMR) - touch and feel - is becoming more and more widespread in the luxury industry. Many brands have installed small cafés inside the store; the more time you spend in the store, the more you buy (an easy formula). Moreover, you should feel very welcomed when entering the store. Additionally, it should be up to the customer if they want a personal assistant or not. Brands have to do something that is unpredictable for you.

2.6. New customers:

Right now, the main focus of companies are Millennials, the most important segment. Companies should first understand what Gen Z really likes. Brands can develop collections only dedicated to Gen Z. Gen Z is more towards street-style, for instance. Gen Z is very

different; they don't want to spend that much money; they want to rent a Dior dress for two days and post a picture on Instagram. Younger generations want to do renting, so companies can arrange a small space collection dedicated to renting only. Gen Z cares a lot about sustainability, whereas Millennials do not care as much. Companies need to research their needs.

Gen Z is a tech-savvy generation and values in-store technology experiences; customers can scan the barcode and see all the info about the product. What is typical for them is that they do not pay attention for a long time, scrolling quickly on Instagram. Thus, brands should do something unexpected to catch their eyes. Companies need to be consistent with their behaviour and strategies; it is important to note that the first campaign will not give you results.

Interview - Industry Expert 3

10th April 2023

1. Expert Presentation

Industry Expert 3 is a digital marketing expert & strategy consultant. He worked in agencies such as Leo Burnett, Ogilvy, and BBDO. For the last 2 years, he is with a German-American independent agency Optimist; a creative experience agency that bridges the gap between brand culture and human emotion.

2. Questions

2.1. Luxury Branded Experience:

Everyone talks a lot about the term "branded experience," but it is not actually clearly stated and defined what it means; the term is often confused and is actually very individual. From my point of view, it is about events; they can be customer events, in-store experiences, online activations such as metaverse, and so on. The goals of branded experience are mainly commercial in the long term; brands promise themselves increased loyalty. The question still remains how we actually want to measure the branded experience. At a basic level, it is about creating some kind of emotional relationship between the customer and the brand, and the branded experience will help with that. It is necessary to build a branded experience that builds a deeper emotional connection.

Branded experience is especially important for luxury brands, as the main problem is finding potential clients. In the online world, this is particularly difficult. Branded experience certainly makes sense, as all brands operate it, but it is very difficult to differentiate oneself.

The target group expects to have an above-standard service; they are not buying a product, but rather an experience.

Branded experiences in retail are very important. They do not have as big of an impact online. However, this will be different in the future, as virtual reality becomes more developed; they will become more important. Currently, these are all just attempts. For example, Gucci is present in the metaverse, but the activation is minimal; we are still in the testing phase.

2.2.Challenges:

The biggest challenge for brands is how to differentiate themselves and with what. The motto "differentiate or die" is important; all customers expect exceptional service, but it is very difficult to surprise them with something extraordinary. There have to be branded experiences that attract customers. Negative branded experiences greatly threaten loyalty; many customers are demanding, and any mistake or dissatisfaction, no matter how small, will discourage them.

2.3.Successful in-store customer experience:

A successful branded experience is not about having an imaginary checklist with tasks that must be fulfilled. It is very individual, but it should be consistent with the brand persona, the brand's vision, and the emotion they want to evoke in the customer. Then it is up to the individual approach of the brands.

2.4.New customers:

Generation Z is highly overrated, especially by luxury brands. They are not the main target now and will not be in the near future, given the significant investment in targeting them compared to the revenue. It makes sense to focus on them in the online world, building a branded experience where this generation spends time, such as on social media and through influencers. However, the problem with this generation is that their preferences change rapidly, making it very challenging for companies to keep up with these changes in the long term. Companies must be prepared to be flexible in order to attract this generation. Additionally, this generation is more interested in sustainability, but in reality, it is a superficial matter. They don't actually research if a company is truly responsible; they just look for a stamp of approval.

2.5.Future vision:

In the future, the pop-up store strategy will certainly gain more momentum in Europe. Currently, it is experiencing a large surge in America and Asia. These stores are typically exclusive, displaying only a portion of the collection in luxurious locations. It is not about purchasing something there, but rather taking away an experience. It is all about design, with only a few products being displayed. Augmented reality can play a significant role here.

2.6. Future recommendation:

It is important to focus on the core audience now and the core audience in the next five years (which, in most cases, will not be Generation Z). From a marketing perspective, the implementation of AI is important. It will be essential for brands to adopt this trend, but at the same time, they must be able to differentiate themselves. Brands must remember that their communication is for people and created by people. No chat GPT can create a digital campaign as good as humans can; people are a crucial resource.

Interview - Industry Expert 4

11th April 2023

1. Expert Presentation

Industry Expert 4 is one of the leading experts in the luxury segment in Portugal. She is a founding partner of luxury consultancy that provides training in the luxury area. She also coordinates executive luxury brand management program across 3 continents.

2. Questions

2.1.Luxury Branded Experience:

Luxury branded experience can definitely be a source of competitive advantage. In the past, brands and products used to be very different from one another, leading to minimal competition. Nowadays, brands are less creative, offering almost the same products, making branded experience a differentiation factor. In the past, the relationship between brands and customers was closer, and now the only way for brands to become closer to clients is through branded experience, making it fundamental.

Luxury branded experience is a taste of the brand that should touch the customer. Luxury is very emotional; customers should see a piece of art and experience something different. Luxury itself is an experience, and brands should focus more on the experience than the product, as the product is the experience itself. Brands need to go further and offer something more to customers. In the digital world, this can help or damage the creation of branded

experiences. People need to feel things and want to touch them; customers want to be recognized and feel special, knowing that there is something just for them.

2.2. Technology:

There has been a deep discussion that technology cannot provide an emotional connection, but that is not true. Technology definitely helps us to provide very personalized experiences using big data. We can feel something spectacular. Technologies are not something new. The metaverse makes sense. We are living digitally, so this is another world where we can express ourselves. The success of the metaverse will depend on the effort and investments of brands. If customers are there, brands should be there as well. Companies want to be where their customers are. If there is going to be a recession or pandemic, we have another world - a virtual paradise.

2.3. Future trends and innovations:

There is a huge concentration of conglomerates. There exists a kind of monopoly of conglomerates, namely LVMH and Kering, both of them French, leading to a lack of diversity. This is not good for the luxury industry or customers. Second-hand markets are a huge trend. There are many platforms heavily investing in this. Other countries are starting to emerge - South America, Africa, and India. Currently, Chinese and Americans are the main clients of the luxury industry, but this will change in the future. India and Africa will come with their own brands, bringing new ways of seeing luxury, new trends, new creativity, and new experiences.

2.4. Successful in-store customer experience:

People want to be related to brands, to try products, to smell them, even if they do not buy it. Instead of going to a museum in Paris, many tourists go to luxury stores to experience them. Brands know that people go there to be inspired and experience different things, which is why companies are heavily investing in retail. For instance, in one of Louis Vuitton's stores, there was an iconic elevator and people went there just to see this architectonic piece. Retail is a kind of playground and cultural environment at the same time, and this is a really good way for brands to interact with people. The relationship with a luxury brand begins very early in the shopping process. Often, people dream about owning a particular product and then one

day they have it. Therefore, it is important to establish a relationship with the customer as soon as possible. Retail is more relational than transactional.

Customers have very high expectations of luxury branded experiences. If a customer has a negative experience and the brand does not solve it, it is really complicated. For instance, because of one negative experience with a sales advisor in Prada, a customer may never enter the Prada store again. Customers cannot imagine having a negative experience. The more the brand is perceived to be luxurious, the more customers will not forget the negative experience and the more they expect something special.

The most important thing in each luxury branded experience, no matter the type of experience, is the ability to relate to each person and to be engaged. The way brands treat people, making them feel important, special, and unique, is crucial. A 1-to-1 relationship is essential.

2.5. Challenges:

The biggest challenge is how to deal with different generations that seek different things. Every generation is completely different from one another. Needs are constantly changing, and generations are switching faster than ever before. People used to follow their parents' way, but now parents are behaving based on their children, asking them for advice. Businesses need to be meaningful for every generation. This is extremely hard. Brands need to know what language to use, what products to promote, and what music everyone likes.

2.6. New customers:

Companies know that there is an intention from Generation Z to buy luxury. However, brands are evolving with the generation; they are monitoring it and responding. For instance, a lot of new products, such as sneakers, have become popular in the luxury setting. People behave differently compared to other generations, so companies are watching them carefully and very closely. Brands are trying to find a way to be relevant for them. The main advice for companies is to communicate to new generation but having product for others. But be meaningful for each generation.

2.7. Future recommendation:

Consumers need to be very demanding; we need to have a critical eye on luxury.

Greenwashing is a big problem. Consumers do not know the value of things; they should be demanding of the quality, sourcing, and creativity. Brands are more conservative nowadays because they are afraid of not selling creative products, which should not happen in the luxury industry. Customers need to analyse the real value of things. Brands are increasing prices but value is not increasing; this is not correct or sustainable. We need to be critical.

Interview - Industry Expert 5

11th April 2023

1. Expert Presentation

Industry Expert 5 is a business coach and strategist on building a luxury business, international keynote speaker and award-winning entrepreneur based in the UK with 18 years of experience. She is also the host of two luxury business-focused podcasts.

2. Questions

2.1. Luxury Branded Experience:

The branded experience can be a source of competitive advantage; it depends on what the experience is and who the client is. There are different types of clients - you need to make sure you target it to your clients. It is different if your clients are royalty (who live the luxury life) or clients with an aspirational lifestyle. Therefore, experiences need to be different as well. It also depends on the culture. You have to tailor the branded experience to your luxury client. Luxury branded experiences must be authentic and exceptional for customers. Clients' experiences should be even better than the last.

Goals of the branded experiences are conversion to become a customer, loyalty retention for those who are already customers, and generating positive emotions, which is something that sells luxury. Branded experiences can also work as a tool to apologize to clients that have been lost, or to tell people who the brand is.

Branded experience is a way to signal to other brands that we are better than them, to differentiate ourselves, and to tell that to our competitors. In the overall marketing strategy, experiences tend to be the most personalized, and the conversion rate is expected to be higher compared to other marketing strategies. However, you still need to keep an eye on the underlying product.

In-store experiences are key; it is like "bread and butter". Especially after the pandemic, the relationship between sales assistants and clients is crucial. In the Middle East and China, companies were using WhatsApp groups with clients, thus they were able to form a really good relationship. At Hermes, anyone who wants to own a Birkin needs to form a relationship first and buy over and over again. That is something you cannot develop over the phone.

Your expectations of positive branded experiences and emotions are very high. If a client has a negative experience and the brand apologizes and does so in a nice way, the company can still retain the customer. The role of the store director and training of staff is very important. People are trained how not to mess things up, but they are not trained what to do if they do mess up. There should be a crisis management plan in place. Sales assistants are only trained in one way.

2.2. Emotional and symbolic values:

Customers are seeking emotional and symbolic values; it depends on the customers. For a particular category, they use luxury brands to brand themselves ("I am part of the brand" - this is symbolic value). Emotional value is "I am able to afford this" or "My mom is using this perfume, so I should use it as well." Emotional and symbolic values have a symbiotic relationship; when one begins, the other may end.

2.3. Technology:

Technology has sped things up, especially during the pandemic. Technology is very crucial in getting future clients or clients who cannot come to you. Technology is also important in the development of new products. For example, there was a virtual catwalk - just clothes were moving. Many brands are using Snapchat's virtual try-on to try shoes. There was a huge boom of virtually trying engagement rings at Tiffany's. Another trend is the metaverse. Dolce & Gabbana has its own NFT - a long-term physical product. All of this is already in use. The future will explode with technologies. There are many companies, especially classic ones, that have stated they will not use any technology. They believe that this is not a true experience. Whether brands like it or not, technology will take over, and companies need to be ready.

2.4. Future trends and innovations:

Technology is a huge trend. Another trend is that brands are going back to their archives and origins. Gen Z are luxury clients, but companies should pay attention to Gen Alpha in the near

future as well. Companies should also be aware of the differences between all generations. Unusual collaborations are also a trend, such as Versace with Fendi or Dolce&Gabbana with Jujutsu Kaisen. Tiffany's collaboration with Nike was a massive failure, as they did not give customers what they wanted. Collaborations need to be more focused.

2.5.Successful in-store customer experience:

From the customer's perspective, a successful in-store customer experience is when clients walk in and are treated as if they are the best person on earth. They should feel like a king or queen of the day. But all of this is about training; sales assistants need to be able to read the clients. The security guard is also a key person. Everybody associated with the store needs to be aware of how to correctly behave and treat clients.

Brands need to make sure that the customer comes back many times. In the future, some luxury brands will perform well and some not. The successful brands will be making sure that a personal connection with the customer is established.

There are also clients who do not want to be seen while lavishly spending. Companies need to find a new way to serve these clients. It is about people wanting to be discreet. There is a boom of CODED luxury (or "quiet luxury") where the logos are very subtle and only an expert can recognize the luxury item.

2.6.Challenges:

The main challenge is pitching the wrong experience (what they think the client wants versus what the client really wants). A lot of clients are short on time, so the branded experience needs to be worth the time. Another challenge is how to make the experience convenient and easy for brands. As an example, Fendi café installation in Harrods – there were branded London taxis that brought influencers to the venue. Influencers stepped out of the taxi wearing their Fendi bag and went to the venue. At Fendi, they carefully thought about every stage of the experience. Every touchpoint of the customer journey needs to be fulfilled. You need to know your audience.

2.7.New customers:

Brands are not prepared for younger generations. There are much higher expectations in terms of social concerns, equity, and sustainability. It is somewhat hypocritical. Generation Z wants

you to be sustainable, but they still love fast fashion; they value luxury, but still buy dupes. Many brands have adopted greenwashing and whitewashing practices. Companies are not being authentic. Brands should really listen to the new generations.

The recommendation for the brand is to diversify the board, go back to its roots, see what the company does best instead of trying to be all things to everyone. Brands should give back to local communities and show more of the impact they have on the community. There should be more communication about what the brand is and what it does. There should be more engagement; they need to ask younger generations for their ideas.

Interview - Industry Expert 6

11th April 2023

1. Expert Presentation

Industry expert 6 is a marketing/communications consultant focusing on luxury goods. Currently partner at innovative business development and advisory firm.

2. Questions

2.1.Luxury Branded Experience:

Luxury branding is a source of competitive advantage. It can consist of various elements, such as the customer journey. The fundamental factor in luxury is storytelling. The experience needs to be interesting to encourage customers to stay longer in the store or on the website. In the store, it is important how customers are greeted, what story is told, and what other small elements, such as gift boxes or tissue paper, are present. In luxury, details matter.

The goal of a luxury branded experience is for the customer to understand who the brand is, what it stands for, and why they should pay attention to it. Customers need to feel they are part of the brand. Companies need to continue building that; otherwise, customers can easily find another brand as a substitute. Without experiences, the business will be only transactional, and that is not something that luxury is about.

2.2.Technology:

Technology is incredibly important in creating luxury branded experiences. All experiences can be enhanced by AI, video showings, and more. Artificial intelligence is number one. There has been a huge increase in virtual try-ons. Technology also helps companies to collect a lot of information about customers. But brands need to know what to do with that

information in order to build a long-lasting relationship and maintain communication with clients.

2.3.Future trends and innovations:

Companies need to adopt technology to be competitive in the market. Gucci is a great example of a company that is successfully targeting younger generations with its social media channels and technology gadgets. LVMH is really good in terms of investments into technology; they are always looking for the next trends and staying relevant. Metaverse is important, but it will not replace physical stores. It is just another environment in which to interact with customers.

Sustainability is another crucial factor. Brands should demonstrate how their products are being made, by whom, where, and with what materials. Younger generations are very sensitive to these matters. Companies need to source ethically. Circular storytelling is important. Another trend is renting; younger generations want everything to be disposable.

2.4.Successful in-store customer experience:

Branded experiences in retail must be memorable for customers. Every brand chooses its own approach for that; for example, in some stores, sales associates walk with the customer, while in others they do not.

In retail, you must be greeted, offered a beverage, and asked what brings you into the store. Storytelling is really important there. Staff must ensure that the customer will make a purchase and leave their personal information. The success lies in the customer's need to come back to the store and make multiple purchases.

2.5.Challenges:

The main challenge is the fact that the brand is dependent on the staff; staff need to be properly trained, as well-trained staff is one of the most important resources. At online, you need to have website designers that create something unique, appealing, and smooth to work with.

2.6.New customers:

For younger generations, the way you treat them leaves an impression. You have to build the relationship over a long period of time with this generation. However, companies cannot ignore older generations; you have to continue building relationships with them. As an example, you can honour them on their anniversary for being long-time customers. There are also different communication style preferences for different generations. The older generation needs one-to-one communication, whereas the younger generations prefer digital communication.

Brands should invest in people and train their staff on how to behave in certain situations. Retail will still be very important in the future; it is irreplaceable. It will be more important than ever if things are done right.

Interview - Industry Expert 7

12th April 2023

1. Expert Presentation

Industry Expert 7 is the founder and CEO of the luxury consulting firm. He is globally recognized as one of the world's leading luxury industry experts, as well as leading private investor and entrepreneur with 20 years of experience.

2. Questions

2.1.Luxury Branded Experience:

Luxury branded experiences can be a source of competitive advantage. Brands like Chanel or Louis Vuitton have a distribution rate of up to 90%. Hermes owns almost 100%. Companies need to differentiate or they will fall behind. It is about connecting technology, venues, aesthetics, and people (the most underrated element). People are the key; sales assistants are relationship builders. They need to be trustworthy, empathetic, generous, and experts at the same time. Product is the main focus, but brands should have a unique set of aesthetics, website design, creativity, and store layout. They need to evoke a wow effect with an emotional impression.

Luxury branded experiences are part of the marketing strategies of companies. The crucial factors are awareness of the experience and affordability of the experience. Word-of-mouth (WOM) can be very powerful nowadays, especially through social media such as Instagram or TikTok. Experience is your marketing, but the real driver is word-of-mouth.

2.2.Emotional and symbolic values:

Customers seek something unique and extraordinary. The product is only the beginning. Brands have to create emotions and desire; customers need to feel that they are special. If sales associates feel joy and happiness, customers will feel that too. We need to make people happy.

2.3.Technology:

Technology is crucial in many ways, from supply chain to client data. However, the only thing that is being done today is personalized ads. All kinds of data should be collected, such as taste, size, and favorite color. Companies should reward clients for collected data in terms of personalized products and experiences. Luxury brands are still behind in this regard.

2.4.Future trends and innovations:

A huge boom is establishing relationships with customers based on personal data. Celebrities are increasingly engaging in luxury companies' strategies. For example, Beyonce is an ambassador at Tiffany. Celebrities can become a luxury brand themselves. The challenge is how to keep the celebrities; if the celebrity goes away, their fans will go as well.

Technology adoption is another trend. The Metaverse is 10-20 years away. Companies need to create something extra and unique there. People still love the physical world (rich people for sure). If there is anything in the metaverse, it needs to be real in our minds. It has to be unique and touch our senses.

2.5.Successful in-store customer experience:

An in-store luxury experience is like a symphonic orchestra, all the elements coming together to create something extraordinary. All five senses must be engaged. This cannot be done online, so branded luxury experiences in retail are very important. It needs to be entertaining, compelling, and engaging.

In the case of a negative experience, the best brands have recovery management. Brands need to solve the problem and take it to a higher level with the skills needed at that moment. They must recover and help clients to discover the brand even more. They need to show that they are resilient, agile, creative, and connected to their customers.

2.6.Challenges:

The biggest challenge is differentiating. A lot of copying is going on. Brands should protect their intellectual property; everyone wants to steal your ideas and have them for free. Companies need to be creative, attract the right people, compensate them, and take care of them. This is another big challenge: how to retain the best people (staff).

2.7.New customers:

Every generation is different. It is important not to stereotype; everyone is individual. It also depends on the family's wealth. The more inclusive and open-minded a person is, the more they are able to influence their parents on what to do, where to go, and so on. Generation Z is much more influential compared to other generations. Richer kids are always more immersed and exposed to the world. We have to treat everyone as an individual, regardless of their wealth.

A lot of people care about sustainability. But there is still a lot of hypocrisy. A lot of greenwashing is happening. Brands have to try to promote sustainability at an individual level, but it is really complicated. Companies need to target different mindsets, such as people who love this and that, rather than different generations. This is something that successful brands do.

Interview - Industry Expert 8

12th April 2023

1. Expert Presentation

Industry Expert 8 is a speaker, researcher, senior Forbes contributor on luxury, retail and affluent consumers with more than 30 years of expertise. She is a founder of research firm and principal in marketing group consultancy. Moreover, she is prolific writer, blogger and author of eleven books.

2. Questions

2.1.Luxury Branded Experience

The term "luxury branded experience" is very overused, and people usually do not understand its meaning. It is about incorporating and embodying the product that the company is selling and turning it into an experience that gives you feelings and emotions. Luxury brands need to deliver more than just a product; to justify high price tags, there needs to be something more. Luxury branded experiences work as a tool for communication, feeling, and status symbolizing.

Branded experiences make luxury more accessible and more personal. Companies need to create experiences that allow consumers to become a part of the brand, but they cannot be too accessible, as this can threaten the luxury. There is a need for a special experience that needs to be customized for each individual. In the past, there was a lot of symbolic meaning associated with luxury, but today it is at the forefront.

2.2. Technology:

Luxury companies were slow to adopt the technology. They needed to do so, especially due to the pandemic. Moreover, investments are more in stores than online. But companies should invest in both. Especially, training staff is essential.

In-store technology is not caught up to what it really needs to be. There will be an evolution in the coming years; technology will be more relevant and companies will be more comfortable using it. Today, technology is underutilized; more work needs to be done. There is a need for advancements, however these need to be meaningful in terms of the level of engagement.

2.3. Future trends and innovations:

One of the current trends is trying to be more culturally relevant; as an example, we see street-wear products. However, luxury needs to go back to tradition, be exclusive, show craftsmanship, and have high standards. For example, Hermes and Chanel maintain this. Metaverse is 20 years away from now; it is not something relevant today.

2.4. Successful in-store customer experience:

In-store experiences for customers are extremely important; retail is "people business". It is a business of serving people, yet companies often forget about that. A lot of luxury brand sales associates are not that friendly or personable. This is a missing piece; it is about training the staff. Corporate culture needs to be defined critically. Staff is critical in delivering a personal experience in-store.

Negative branded luxury experiences are critical. When customers experience a negative experience, they tell it to 10-20 other people, which can be detrimental. Brands need to deliver on their promises. There is a need for clear communication between staff and

consumers. Store managers need to reiterate rules to staff on how to behave in these situations. Promises made need to be promises kept.

Successful in-store branded experiences should be made around the customer. The customer's perspective is the only one that matters. Clients need to feel delighted, and brands should provide them with a feeling of pleasure. Most shopping journeys start online in digital platforms. Thus, brands need to communicate their values, vision, and purpose, etc. But success is achieved in retail.

2.5.Challenges:

Common challenges include trying to do too many things without defining the real goals. Companies need to ensure they know what they are trying to communicate. There should not be a formula for creating experiences that is used over and over; experiences need to be creative. Companies need to think outside the box and make sure what feeling they want to evoke in customers. Creativity and imagination are crucial.

2.6.New customers:

Every individual is very different at every age. Firstly, you are spending your parents' money, so your behavior is also different. A real test will come when you have to spend your own money. Moreover, a brand that is relevant for you when you are 18 years old (e.g. Balenciaga) may not be relevant for you when you are 35 years old. It is important to research your client base, Millennials and Generation X, right now. Brands need to really understand them.

Interview - Industry Expert 9

17th April 2023

1. Expert Presentation

Industry Expert 9 is a manager at Bain & Company, top management consulting firm.

2. Questions

2.1.Luxury Branded Experience:

You have to imagine the Maslow pyramid - at the top of the pyramid there are more self-realizations. Luxury brands really differentiate there, at the top. Luxury industry is no longer about quality, but they are attaching other elements as well. Elements that are linked to experiences (physical or emotional).

The goals of luxury branded experiences are to differentiate beyond the concept of quality and

to avoid customers benchmarking competitors. Brands need to move the competition to other fields - fields of emotions and personal connections. For instance, Chanel is opening stores dedicated to Very Important Customers (VICs), where a more intimate ambience is happening just for these clients. The 1-to-1 relationship is crucial. For example, in Louis Vuitton flagship stores, there is a dedicated area for their best clients.

Negative branded experiences can happen, mainly due to purchase process disappointment rather than experience disappointment. The overall ceremony can be too long, items can be sold out or not available in particular stores, and sales assistants can overlook customers. Brands are working on this, as if you are not a high potential customer, it can happen (low ticket item). Everyone is looking after high potential clients.

In the past, all the luxury experiences were the same across all the stores. Customers entered the store, they were welcomed, asked what they were looking for, with no personal connection, only a transactional activity. Now that brands are differentiated, they are moving towards more empathetic relationships. Today, luxury is an environment that is not transactional. Customers need to feel like they are part of the brand and on a unique journey. After purchase, sales assistants text customers on WhatsApp. The relationship does not end with the purchase. Brands try to maintain this relationship over the long-term, not just for a single purchase. Real luxury advertising is all about experiences, not the products themselves. In fashion cities such as Paris or Milan, you have big billboards conveying the image of the brand. In luxury settings, 90% of advertising is related to brand experience. As an example, Loro Piana or Zegna have a high superior experience for VICs.

2.2. Emotional and symbolic values:

There has been an evolution of symbolic and emotional values, something that started with millennials but has since expanded even further. Brands are trying to differentiate themselves through emotions. Companies need to go beyond the product; social community impact is important for some brands (e.g. Pangaia) - affiliation and belonging to a community is a driver of purchasing. People believe there is value in a community behind the product and know they can make an impact by purchasing it; an affiliation experience.

2.3. Technology:

Technology works as an enabler that helps you deliver an omnichannel experience. Everything needs to be connected; for example, customers can order products from the store with next-day delivery. Moreover, technology helps in one-to-one marketing - you want to have communication as personalized as possible; you do not want to receive generic letters. In the stores, there are sales associates with iPads to support this. They collect customers' information, and, in a few seconds, they can see all the purchase history, preferences, tastes, and likes.

2.4.Future trends and innovations:

Digital has been a major innovation that accelerated during the Covid pandemic. The omnichannel field has been a major innovation in the industry in the past few years. These can include services such as reserving a product, scheduling an appointment, checking for product availability, and so on. The next big step is how to integrate open AI into everyday luxury processes. Technology overall is a huge trend. In the luxury setting, margins are much higher compared to other industries. Brands have the resources to invest, and they can see what is working and what is not. Companies must explore and find out why innovation is delivering high value.

2.5.Successful in-store customer experience:

A successful in-store customer experience consists of closing the transaction and, if customers go back to the store, brands can deliver a hyper-tailored, personalized experience effectively. There are happy customers at the end, and clients are likely to come back or promote the brand to their friends and relatives. Brands will gain knowledge of the specific customers, resulting in more data.

2.6.Challenges:

The real challenges for luxury companies are twofold. Firstly, they must be able to differentiate themselves from others - finding a way that is unique and true to the brand. The second challenge is to continuously innovate in order to retain all customers.

2.7.New customers:

The real difference between generations is the way they perceive luxury, with blurred boundaries between price positioning. Younger generations often change brands. Gen Z buy everything from LV bags to Nike sneakers. Gucci has good value in terms of inclusiveness

and genderless fashion that targets Generation Z, but this only applies to a very small segment of customers. It is about the real values behind the brand; for instance, the amount of logo has decreased. Europe is more subtle in terms of logo appearance.

Advice for companies: Brands should segment their communication and personalize the way they target their audience. Interaction should be based on the needs and preferences of each generation. For example, when it comes to bags, Gen Z wants a bag they can wear 24/7, and the functionality changes. To effectively target both audiences, companies need to have different products for different customers and figure out how to deliver these products.

8.3 Appendix C – Customer Online Survey

SECTION 1: LUXURY CONSUMPTION

1. Do you own a luxury product?

- Yes
- No

2. How frequently do you purchase luxury products?

- Weekly
- Monthly
- Once in 6 months
- Yearly
- Never
- Other (please specify)

3. What factors influence your decision to purchase a luxury product? (multiple answers possible)

- Brand reputation
- High quality
- Design
- Scarcity
- Personal values
- Prestige
- Status
- Symbolic value
- Emotional value

4. How long do you approximately spend in the luxury store per one visit?

- Less than 5 minutes
- 6-15 minutes
- 16-30 minutes
- 31 minutes to one hour
- More than one hour

5. Where do you usually buy the luxury products?

- In my home country
- On vacation
- Online
- Other (please specify)

SECTION 2: LUXURY BRANDED EXPERIENCE

6. How important do you think are the branded luxury experiences (e.g., in-store experiences, events, social media campaigns, emotional and symbolic benefits) to purchase a luxury product?

- Very Important
- Important
- Neutral
- Unimportant
- Very unimportant

7. How likely are you to make a purchase from a luxury brand that offers a memorable branded luxury experience compared to one that doesn't?

- Very Likely
- Likely
- Neutral
- Unlikely
- Very Unlikely

8. If you experienced positive branded luxury experience, how likely are you to recommend such a luxury brand?

- Very Likely
- Likely
- Neutral
- Unlikely
- Very Unlikely

9. How important is it to you that a branded luxury experience is personalized to your tastes and preferences?

- Very Important
- Important
- Neutral
- Unimportant
- Very unimportant

10. Choose option neutral if you are paying attention

- Very Important
- Important
- Neutral
- Unimportant
- Very unimportant

11. How important is the luxury retail atmosphere to you when making purchase?

- Very Important
- Important
- Neutral
- Unimportant
- Very unimportant

12. Please evaluate the importance of these factors regarding the luxury retail (1-5)

- Music
- Fragrance
- Lightnings
- Digital displays
- Food options
- Exhibits landscapes of heritage
- Welcome ceremony
- Personalized approach
- Virtual mirrors, try-ons

Rate your level of agreement with these statements:

13. “Luxury brand experiences associate with intellectual aspects such as learning new knowledge, or stimulating myself to enhance the aspiration to know more about the brand”.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

14. “Positive luxury brand experience is associated with repeated purchase”.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

15. “Positive luxury brand experience leads towards the brand loyalty”.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

16. By visiting a luxury store, you expect to get a memorable, personal and engaging experience.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

17. Making a luxury retail smart while integrating all the technologies is crucial to enhance customer’s brand’s experience.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

18. A positive branded luxury experience can create an emotional connection between the consumer and the brand.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

19. A branded luxury experience can make a luxury product more desirable.

- Strongly agree
- Agree
- Neither agree or disagree
- Disagree
- Strongly disagree

SECTION 3: ABOUT YOURSELF – personal information

20. What is your age?

- Under 10 (Gen A)
- 11-28 (Gen Z)
- 29-43 (Millennials)
- 44-58 (Gen X)
- Over 59

21. What is your gender?

- Male
- Female
- Prefer not to say

22. What is your highest completed education?

- No degree
- Elementary school
- High school
- Bachelor's degree
- Master's degree
- Other (please specify)

23. What is your marital status?

- Single
- In relationships
- Married
- Divorced
- Widowed
- Other (please specify)

24. What is your current profession?

- Student
- Employee
- Self-employed
- Entrepreneur
- Retiree
- Unemployed

25. What is your annual household income? Please select the range that best describes your income level.

- Less than 20 000 € per year
- 20 000 € - 49 999 € per year
- 50 000 € - 99 999 € per year
- 100 000 € - 199 999 € per year
- More than 200 000 € per year
- Prefer not to say

8.4 Appendix D – Logistic regression

	Dependent variable:	
	Purchase_dummy OLS (1)	logistic (2)
Expectation	-0.089* (0.049)	-0.673* (0.358)
Personalization	-0.139*** (0.039)	-0.963*** (0.278)
Importance	-0.165*** (0.042)	-0.999*** (0.283)
Constant	1.410*** (0.103)	5.933*** (1.052)
Observations	140	140
R2	0.335	
Adjusted R2	0.320	
Log Likelihood		-63.031
Akaike Inf. Crit.		134.063
Residual Std. Error	0.395 (df = 136)	
F Statistic	22.841*** (df = 3; 136)	

Note: *p<0.1; **p<0.05; ***p<0.01