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Managing the tensions between digitalization and luxury attributes

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Abstract

Title: Managing the tensions between digitalization and luxury attributes

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The objective of this dissertation is to understand how luxury brands can manage the tension between the luxury concept and digitalization. To answer the research question, I have adopted a qualitative approach and conducted a multiple case study. Brand selection complies with the following criteria: luxury goods brand with an active digital space. The findings reveal that having well-defined brand values and investing in emotional and interpersonal experiences to engage with their clients is fundamental to managing exclusivity. In addition, luxury brands believe digitalization will not replace the exclusiveness and the multisensory experience that can only be delivered through traditional means. To overcome this challenge, focusing on communicating instead of using digital channels as a sales tool can lead to customer attraction and retention. An omnichannel approach stimulates brands to be the head of innovation and, simultaneously, maintain their essence integral. Managers and marketers benefit from this research since it contributes to the understanding of how to embrace digitalization while managing each key luxury attribute intact.

Keywords: traditional luxury, exclusiveness, emotional and interpersonal attributes, offline and online marketing, digital luxury

Resumo

Título: Gestão das tensões entre a digitalização e as características do luxo

Autor: Teresa Nogueira

O objetivo da presente dissertação é compreender como é que as marcas de luxos gerem as tensões existentes entre o conceito de luxo e a digitalização. De modo a responder à questão de investigação, foi implementado um método de pesquisa qualitativo e conduzido um caso de estudo múltiplo. Os resultados revelaram que a definição clara dos valores da marca e o investimento em experiências emocionais e interpessoais, de forma a interagir com os consumidores, é fundamental para gerir o conceito de exclusividade. Adicionalmente, as marcas de luxo defendem que a digitalização não irá substituir a exclusividade e as experiências multissensoriais que são transmitidas através dos meios tradicionais. A fim de ultrapassar este desafio, o uso de canais digitais como meio de comunicação ao invés de ferramenta de vendas pode conduzir à atração e retenção de consumidores. Uma estratégia *omnichannel* estimula as marcas de luxo a inovar e, simultaneamente, manterem íntegras as suas principais características. Os gestores e os *marketers* beneficiam da presente investigação, uma vez que esta contribui para a compreensão de como gerir o impacto da digitalização nas marcas de luxo.

Palavras-chave: luxo tradicional, exclusividade, características emocionais e interpessoais, marketing tradicional e virtual, luxo digital

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List of abbreviations

B2B – Business to business

B2C - Business to consumer

MMFG – Max Mara Fashion Group

Q&A – Questions and answers

QR – Quick response

RQ – Research question

SM – Social media

SMM – Social media marketing

1. Introduction

“We must be the drivers of change”

Miuccia Prada and Patrizio Bertelli¹

For decades, the luxury business model was thought to be invincible. The magnificence of the flagship stores and the personalized customer care was considered irreplaceable. Traditional marketing was the only way to maintain the brands’ image intact and deliver exceptional service during the whole purchase process. In the last years, confronted by a new paradigm, luxury companies had to reinvent themselves. Even though high-end designs, exclusivity and storytelling are intrinsic to luxury brands’ DNA, how they are delivered is impacted by the digital revolution.

Luxury is characterized by many as more than the high-end products, but for the social and emotional interactions that flourish around it (Chandon et al., 2016; Tynan et al., 2010). A more conventional view of the sector defends traditional retail as the only way to develop an intimate relationship with the customers and deliver a customized and exclusive service (Dion & Borraz, 2017). However, some emerging forces are disrupting the market and fueling the need to rethink the traditional business model. Digitalization is impacting everyone’s lifestyle and, consequently, transforming consumption habits, especially for millennials. This customer segment is a highly technological and frequent user of digital channels, such as social media, to make a social statement (Butcher et al., 2017). Indeed, young women’s customer journey concerning fashion items is highly affected by social media (Kinley, Josiam & Lockett cited by Phan et al., 2011). This new paradigm evoked two distinct positions from researchers. On the one hand, brands were sceptical considering the adoption of digital channels into the business model. Researchers believed that the multi-sensory layers inherent to the industry were not possible to be conveyed through the internet and, the concept of exclusivity would be lost (Kapferer & Valette-Florence, 2016). On the other hand, since the luxury customer journey is heavily influenced by online content (McKinsey, 2018), technological advances can be an opportunity to elevate brands’ image. For instance, social media marketing is one of the most effective tools for customer attraction and retention (Yang et al., 2020). The challenge is implementing the most efficient management and marketing strategies to allow luxury goods

¹ Cited in Prada Group (2021). *Drivers of Change*. Retrieved from: <https://www.pradagroup.com/en/group/manifesto.html>

brands to be masters in digital innovation without compromising their legacy as luxury companies (Deloitte, 2020).

Facing this fast-moving trend, luxury goods brands are rebuilding their marketing strategies and rediscovering how to engage with customers (Deloitte, 2020). Hence, from an academic point of view, there is generous room for further progress in studying how brands manage their key attributes while growing a digital image. It will be interesting to put into perspective the similarities and disparities of traditional and contemporary luxury (Reibstein, 2002).

I believe the answer to the gap identified is significant for managers and marketers. This paper prompts a reflection of the luxury business model from the beginning until the digital days. The findings can inspire luxury houses to reflect the importance of the equilibrium between tradition and innovation in their communication strategies.

It is central to bear in mind that the present dissertation aims to answer the following research question:

How can luxury brands manage the tensions between digitalization and luxury attributes?

The answer to this question will enrich the academic field regarding the relevance of the online universe in luxury goods houses. This will be possible by comprehending how new technologies have modernized the way luxurious companies interact and engage with their customers, namely, through social media marketing. From a marketing point of view, there is a great difference between using digitalization to communicate or sell. The strategies that flourish from this managerial decision define how luxury deliver exclusiveness.

The answer to the research question falls on a qualitative methodology. I conducted 6 interviews, employed direct observation and documentation to build a multiple case study. To better comprehend the brands' perspectives on how to manage digitalization in their business model, I have studied Max Mara, Josefinas and Majatu Studio. The three companies are luxury goods brands with a growing digital presence.

The structure of this dissertation is the following one. In the literature review, I have consolidated what has been researched so far, mainly in the academic field, about the overall concept of traditional luxury and the digital forces influencing the industry. The subsequent section presents the methodology approach, where I disclose the most appropriate research methodology and design, followed by how data was collected and analyzed. The results of data collection and analysis are reflected in the empirical setting. This section segregates into the detailed study of each case study, including the brands' history and values, the current market situation and marketing strategies. This information is applied in the findings chapter to answer the research question proposed. It follows the discussion chapter, where the findings are reviewed in the light of the literature review. Finally, I conclude over the main outputs of this dissertation, disclose the limitations and propose suggestions for future research.

2. Literature review

The literature review shows how luxury brands were challenged in the last decade by the revolutionary entry of digital platforms into clients' consumption lifestyles. It is enlightened how today's online era touches luxury and how consumers and brands respond to it. Overall, the literature review demonstrates that motivated by the evolution of the crowd's preferences towards digital, luxury's traditional business model is being reinvented. However, despite the promising results, there is still room to analyze how brands maintain truthful to their DNA.

Concerning the structure of the literature review, in the first section, the traditional view of luxury is introduced along with its main characteristics. Secondly, I will explore the in-store experience and its symbolic meaning as crucial differencing points of the industry (2.1). Subsequently, I will present the evolution of the luxury concept, deeply connected with the market expansion and the growth of the digital age. Lastly, the literature dives into online channels, their challenges and how luxury brands embrace them (2.2).

2.1. The evolution of the concept of luxury

The first section focuses on the perception of luxury as a synonym for exclusive. Owning a unique high-end product or living an extravagant private experience is only a realistic scenario for a lucky few. Luxury is built on exclusivity, which drives its uncontrollable desirability. The balance between desire and inaccessibility nurtures the dream of the business and is the biggest challenge from the marketing point of view. This implies that selling luxury needs to be interpreted as a close and human connection between the brand and the buyer, being this part of luxury's DNA (2.1.1). However, the sector's growth and the emergence of new market trends demanded to rethink the traditional concept of luxury into a modern version. Thus, living in a global and borderless world, luxury brands had to expand to new horizons and embrace millennial consumers who are digital enthusiasts (2.1.2). Hence, digitalization also has a tremendous influence on the luxury business model as its overall concept is firmly the opposite of exclusiveness: online channels are available for everyone, anytime and anywhere (2.1.3).

2.1.1. The key characteristics of the traditional luxury

Historically, luxury goods and services were undoubtedly recognized as exclusive, unique, unachievable and high-priced (Kapferer & Bastien, 2009; Phau & Prendergast, 2000). Superior quality, *savoir-faire* and heritage are also key elements that feed luxury brands' desirability (Gentry et al., 2001; Heine, 2012; Maman Larrauffie & Kourdoughli, 2014; Veblen, 1899 cited by Stathopoulou & Balabanis, 2019) and consumers' fantasy for uniqueness (Vigneron & Johnson, 2004). Previous research highlighted that these characteristics, especially the perceived exclusivity, determine customers' preferences for a brand or aspiration to own luxurious products (Goor et al., 2020; Lynn, 1991; Pantzalis, 1995).

Other authors defend that luxury hold hands tightly with elitism (Vigneron & Johnson, 2004). Those who are said to be privileged to possess luxury goods are believed to be highly positioned in the social hierarchy and admired by the social classes below them (D. Dubois & Ordabayeva, 2015). Indeed, the amazement created around the concept of luxury and its deep connection with rarity leverages consumers' confidence since it makes them believe they are powerful (Rucker & Galinsky, 2008) and part of an elite group (Nunes et al., 2011). These researchers emphasize the idea that luxury items are not desired for their functionality, but because individuals are fascinated by the prestigious social recognition and an exclusive image (Amaldoss & Jain, 2005; Kapferer & Valette-Florence, 2016).

In addition, luxury brands are not only desirable for the final product offered but for the engaging storytelling drawn around the brand's identity:

“Luxury brands offer high levels of symbolic and emotional/hedonic values through customer experiences.” (Tynan et al., 2010, p. 1158)

Previous research shows that brand experiences result in more consumer satisfaction and pleasant emotions (A. J. Kim & Ko, 2012; Schmitt et al., 2015) when confronted with material consumption such as *prêt-à-porter* or beauty (Gilovich et al., 2015). In fact, experiential luxury represented 65% of the total market value in 2018 (BCG-Altgamma, 2019). Thus, besides the heritage and craftsmanship of its products, there is a certain prospect for luxury companies to deliver a consumption experience of excellence and distinction (Chandon et al., 2016).

Moreover, Dion and Arnould (2011) argue that luxury represents more than the goods themselves but the social interactions flourishing around them. Aligned with this idea, Kapferer and Bastien (2009) asserted “*you sell to someone before you sell something*”, which can be interpreted as the importance of expressing appreciation for each unique client during the consumption process. In this respect, the notion of emotional labour was pioneered by Hochschild (1983) as the emotions communicated by employees who act as a personification of a company and are destined to influence consumers’ state of mind when shopping (Dion & Borraz, 2017). In the specific case of the luxury sector, workers adapt their demeanour to the upscale environment they are caught in by embracing the social status and lifestyle that the brand portrays (Otis, 2011; Pettinger, 2004; Wright, 2005). This reinforces the power that restricted social groups have on high-end brands (Sherman, 2011), as discussed beforehand.

The in-store experience provided by the service encounter plays a major role in nurturing the dream and the exclusivity of consuming luxury names (Dion & Borraz, 2017). However, research revealed some interesting results since the in-store experience, as a representation of an exclusive and luxurious lifestyle, can be confused with social intimidation. At first sight, this concept appears to be aligned with the ambition of luxury brands to manage desirability through exclusivity by targeting a specific group of luxury shoppers as it was debated before: “*exclusive clients who are buying an exclusive product*” (Joy et al. 2014 cited by Dion & Borraz, 2017, p. 5). However, the sense of belonging to a strict circle in the society is potentially influenced by the service encounter (Bélanger & Edwards, 2013). They have the power to position consumers in the social hierarchy:

“*(...) the physical and social cues of the servicescape form a socio-material assemblage that gives the brand significant power in the status game.*” (Dion & Borraz, 2017, p. 68)

Therefore, social intimidation is defended by some researchers as a fundamental part of the art of managing exclusivity (Dion & Borraz, 2017; Joy et al., 2020). Social intimidation can be interpreted as a sense of exclusion or non-legitimacy imposed by a third party, such as a brand, a person, an economic or social environment (Dion & Borraz, 2017). Indeed, a study conducted by Dion and Borraz (2017) disclosed that several testimonials feel intimidated or uncomfortable when entering luxury stores. By assuming a different posture and treatment to each customer during the purchasing process, employees filter which customers are welcome in-store and which ones are not (Hanser, 2007; Johnston & Sandberg, 2008). For instance, in heritage stores located in iconic streets, sales staff tend to appear colder and more detached from clients to

reflect the magnificence of those stores (Dion & Borraz, 2015). Another example where status plays a leading role in managing luxury desirability is the flagship stores that are millionaires-friendly only or those with exclusive floors for exclusive customers (Dion & Borraz, 2017). At last, salespersons can enrich consumers' experience by educating and sharing privileged knowledge about the company and its products (Dion & Borraz, 2017) – the so-called storytelling:

“A product to be called “luxury” is not enough for it to possess superior quality and distinctive design, it should also convey a particular symbolic meaning; a story behind the product that can be linked to the consumer’s perception of luxury.”

(Seo & Buchanan-Oliver, 2015, p. 84)

In sum, it is possible to remark a broad portfolio of forces that fuel luxury consumption and, a seamless and cutting edge purchase experience is unquestionably one of them (Chandon et al., 2017).

2.1.2. Challenges faced by the traditional luxury concept

As previously discussed, luxury companies convey a sense of superiority, status and privilege that reflect the industry's goal (Kapferer & Valette-Florence, 2016; Mazodier & Merunka, 2014): high demand aligned with a tight supply. However, recent events have been disturbing the traditional luxury definition, like brand penetration as a reflection of a more capitalist world with the opening to new geographical markets, such as China that holds second place in the global luxury goods (BCG-Altgamma, 2019). The growth in the luxury sector is noticeable, as it is expected to rise at a 5% rate per year until 2025 (Bain & Company, 2018). Consequently, it is possible to affirm that target consumers are expanding (Kapferer, 2015). To follow this expansion, in the last decade, brands have been heavily investing in offline retail by expanding geographically (Bain & Company, 2018; BCG-Altgamma, 2019) and creating unimaginable luxurious and private floors on the existing stores (Kapferer, 2012).

Apart from the geographical and cultural expansion of the luxury market, the digital era that dominates the globe nowadays also impacts the industry through the evolution of brands in online channels (Adegeest, 2019; Danziger, 2018). Likewise, this broader audience is revealed by the sales growth through virtual channels, which in 2018 accounted for 10% of the total luxury sales, growing by 22% in comparison to the homologous year (Bain & Company, 2019). Since customers' preferences are shifting, specialists forecasted that 25% of the market value

in 2025 will be online (Bain & Company, 2018; Bain & Company, 2019). In addition, new luxury generations known as the Millennials, emerge as a key driver for digital growth as their purchase behaviour is highly stimulated by the online content consumed (BCG-Altgamma, 2020). They are longed for becoming one of the most relevant customer segments of personal luxury by 2025, and not only they are technology-driven but value the symbolic meaning that luxury defends (Shin et al., 2017). In conclusion, the listed trends shape the concept of the new luxury: *“It is an actively growing sector, targeting an expanded clientele”* (Kapferer & Valette-Florence, 2016, p. 120).

2.1.3. The luxury paradox

The market growth and its enhanced visibility *versus* the desired restricted access imposed by luxury brands question the privileges of its buyers (Dion & Borraz, 2017). This paradox evokes multiple challenges to the luxury sector. Marketers need to find a balance between embracing a broader audience and, simultaneously, keep offering rarity to their ancient consumers who value financial power and status (D. Dubois & Ordabayeva, 2015). The main characteristics that define the luxury world make the industry so unique to deal with. In this sense, there is a necessity to manage the luxury business differently than others, including specific marketing strategies (Han et al., 2010; Le Monkhouse et al., 2012). As outlined in the first subsection, brands' heritage and roots, higher quality and prices, storytelling and uniqueness should be in the mind of marketers when communicating to the audience (Fionda & Moore, 2009). Currently, brands are battling on how to connect the traditional concept of luxury with the revolutionary digital market expansion (Amaldoss & Jain, 2005; Berger & Heath, 2007; Hagtvedt & Patrick, 2009). The challenge is to how to be loyal to the true-luxury consumers who are charmed by exclusivity and, at the same time, innovate as their new client segment consume luxury digitally:

“Access to luxury brands was once considered the privilege of a minority, this market expansion is challenging the status game.”

(Bellezza, Gino, and Keinan, 2014 cited by Dion & Borraz, 2017)

2.2. The battle between traditional luxury and digitalization

The resounding success of the power of digital into people's quotidian is irrefutable. Indeed, it is primordial to understand if digitalization is incompatible (2.2.1) or a key success factor for luxury (2.2.2) as the industry is challenged to maintain its exclusive feature while the market confronts a broader audience through alternative distribution channels. Therefore, it is extremely important to reflect on what brands should do to embrace the valuable facet of digitalization, and there is no way to escape it (2.2.3).

2.2.1. Digitalization and the disruption of luxury's essence

Initially, researchers did not believe in digital transformation as a success factor to luxury. On the contrary, luxury and online were seen as incompatible. Kapferer and Bastien (2012) raise several questions about the relevance of online channels as a sales tool in the luxury industry. Scholars believed that the close connection between the client and the brand that is so characteristic of the luxury dream faded way behind a screen: "*A luxury product can communicate via the internet but should not be sold there.*" (Kapferer & Bastien, 2012, p. 207).

As stressed in the last subsections, luxury has a broad portfolio of attributes that distinguish the business from any other, especially the multi-sensory and experiential layers (Kapferer & Bastien, 2009). This has been pointed out as a downside of buying virtually, as consumers lack the sensorial and interpersonal experience offered. Several *stimuli*, such as the smell, the touch and the historical background told by a specialist, disappear. While the physical consumption process is all about the time invested in-store getting to know the product and its essence, what consumers get from online distribution is immediate non-limited access (Kapferer & Bastien, 2009). To illustrate, for Asian buyers, the opportunity to purchase Gucci in Italy or Chanel in France elevates the shopping experience and underlines its exclusivity (Achille & Zipser, 2020). However, if the access to luxury stops demanding consumers to travel or even leave their homes, everyone is invited to join brands' online platforms without any filter. Naturally, exclusivity as part of luxury brands' identity becomes questionable (Kapferer & Valette-Florence, 2016). So, convenient, fast, constantly updated and non-personal interaction that closely describes the online world (Park et al., 2009) stand out as opposite characteristics to the traditional luxury model: goods or services are only desirable if rare and exclusive. In fact, elite

consumers are willing to pay higher prices to block brand penetration and keep the dream alive (Amaldoss & Jain, 2005).

Additionally, with the emergence of social media (SM), users are empowered with tools and an open-source to share their thoughts and preferences through content creation (Kohli, Suri & Kappor, 2015 cited by Wagner et al., 2017). These users are consumers with the power to influence a brands' reputation throughout the share of information (Godey et al., 2016; Khan et al., 2019; Seo & Park, 2018; Tuten & Solomon, 2017 cited by Yang et al., 2020). Marketers' added value to luxury brands became questionable and accelerated the need to update traditional marketing communications (Kohli, Suri & Kappor, 2015 cited by Wagner et al., 2017), which is time and money consuming (Alalwan, 2018 cited by Yang et al., 2020).

2.2.2. Digitalization and the creation of value for luxury

In contrast to what was expected, luxury heritage may not be harmed by digitalization (Phan et al., 2011), meaning that connecting digital and luxury can be valuable for brands. In the previous subsection, consumers acting as marketers was determined as a disadvantage, yet there is a bright side to it. Brands easily engage in conversations with consumers, rapidly understand their needs and cooperate with them to positively influence brands' image (Wagner et al., 2017). These findings are consistent with the definition of social media marketing (SMM): to communicate, interact and share content between people, companies or organizations (Yang et al., 2020). SMM was proven to be one of the most efficient strategies concerning customer attraction and retention (Yang et al., 2020). As stated before, millennials are high users of digital networks and use their accounts to create a social impact and establish a clear position in the social hierarchy (Butcher et al., 2017). Luxury brands can seize the benefits from this process (Soh et al., 2017). Firstly, these consumers are not attracted by conventional communication channels as they are by SM (Power & Hauge, 2008 cited by Phan et al., 2011). Through digitalization, consumers still manage to identify themselves with brands and convey a certain status already sustained as an important step of luxury consumption:

“I have a sense of belonging to Chanel, I always like to see to it on Instagram, it is a type of expressing who I am... and confirm my image and my dignity to my friends.”

(Bazi et al., 2020, p. 228)

On another note, digitalization positively contributes to overcoming intimidation. As highlighted in the previous section (2.1.1), consumers might feel overwhelmed when shopping in exclusive luxury stores (Dion & Borraz, 2017). Indeed, shoppers look for unrestrictive alternatives where they feel confident to buy luxury products such as department stores. Recalling the concept of social intimidation, online retail encourages consumers to break the barriers and buy luxury without feeling excluded or not welcomed (Dion & Borraz, 2017). The use of SM as a sales tool strength these customers' willingness to buy luxurious products without social pressure or intimidation (Dion & Borraz, 2017).

Burberry serves as an example of how digitalization can create value for luxury. The brand is a pioneer in SM and ventured on advanced technologies by using 3D and holograms in catwalks. The fashion shows are posted on SM to reach those who did not have the opportunity to assist first-hand, which raises brand awareness. Burberry's reinvention of its traditional strategies resulted in maintaining its brand identity as it created a unique and sensorial experience for the online viewers (Phan et al., 2011). In fact, brand image and brand awareness were demonstrated to be positively influenced by SMM (Godey et al., 2016), which further supports the brand's success. Furthermore, the use of technology stands out as another advantage of digitalization. Companies have access to features to improve customization (Jain & Schultz, 2019) that was already established as essential to manage luxury desirability.

2.2.3. Embracing digitalization as a key success factor

As mentioned before, globalization, millennials and digitalization shaped luxury's traditional business model into a contemporary version. Even though some researchers defend the importance of the equilibrium between the old and new luxury, others believe that if consumers' values are shifting so should brands (Deloitte, 2019). Artificial intelligence, big data and influencers, are examples of how luxury icons are taking advantage of technological and digital advances to revitalize the business (Deloitte, 2019). The luxury customer journey is massively guided by digital content (McKinsey, 2018) and, researchers anticipate that 25% of personal luxury purchases will occur online (Deloitte, 2020).

It is imperative to reflect on what brands should do to embrace the inevitable dominance of digitalization. Luxury focuses on SM as a powerful marketing strategy performing as a bridge between brands and consumers (Phan et al., 2011), especially millennials and generation Z (Deloitte, 2019). For instance, by 2019, Gucci was already active in almost all SM platforms such as Instagram and TikTok (Altagamma Studies, 2020), which discloses the brand's intention to engage with its online audience. Furthermore, online channels act as a gateway for these new customer segments who surprised the industry and questioned the traditional business model since 42% of their purchases occur digitally (Deloitte, 2017). To take advantage of social networks' success, luxury companies use their voice and create content to ensure consumers' brand loyalty (J. Kim & Lee, 2019). Besides, the luxury concept and its intrinsic attributes play a critical role when managing brands' online platforms. Some customers search for a similar feeling of entering a luxury store through searching for their beloved luxury icons online (Bazi et al., 2020). This consumers' quest for self-identity across SM is an opportunity for brands to portray their values and make them feel unique and exclusive (Bazi et al., 2020; Filieri et al., 2017).

So far, experts demonstrated luxury cannot fight digital penetration and can actually benefit from it. However, most studies focus on consumers' perspectives and, there are still many unanswered questions from luxury management's point of view (Geerts, 2013 cited by Heine & Berghaus, 2014). Researchers acknowledge the luxury industry's focus is to develop differentiated and carefully planned online content that perfectly fits each brand's DNA (Deloitte, 2019). Consequently, brands will ensure there is a clear-sighted difference between awareness and accessibility that keeps the dream equation of luxury alive (B. Dubois & Paternault, 1995). Implementing innovative marketing tools depends on the brand's goals, values and main attributes (Heine, 2010 cited by Heine & Berghaus, 2014). Indeed, how brands manage to innovate their marketing strategies while maintaining their brand essence consistent remains relatively unstudied. Thereby, the present work aims to deepen how luxury repositioned themselves and what brands pretend to achieve through digitalization without compromising the luxury characteristics defended in the previous subsections.

To fill the gap identified in the academic field, I propose to answer the following research question: *“How can luxury brands manage the tensions between digitalization and luxury attributes?”*

3. Methodology

The following subsections include the research methodology and design, data collection and finally, data analysis. Firstly, I provide an explanation for the methodology implemented (3.1) followed by the disclosure of how data was collected (3.2) and conclude with its analysis (3.3). I will also name the limitations faced during the data collection process.

3.1. The choice of a qualitative approach

To develop this dissertation, I preferred qualitative research due to its exploratory nature (Ollerenshaw & Creswell, 2002). This research method helps to understand a central phenomenon in a certain context through an interpretive approach (Eriksson & Kovalainen, 2015). Additionally, entities' characteristics and processes are easily observed through a qualitative approach (Denzin and Lincoln, 2000 cited by Gephart Jr, 2004), which perfectly suits the RQ outlined: "*How can luxury brands manage the tensions between digitalization and luxury attributes?*". To interpret the RQ, I have found a multiple case study the most suitable qualitative approach. Through multiple case studies, it is possible to obtain different real-life perspectives upon the same context under study through a wide range of data sources (Eriksson & Kovalainen, 2015), which is extremely useful to build a solid answer to an identified gap in the business field. Based on "why" or "how" questions, empirical evidence shared from people working in organizations is the main input researchers accomplish from case studies (Myers, 2019), which is ideal for the purpose of this research: understanding how brands manage the impact of digitalization.

I have selected the case studies based on two criteria: to be a luxury brand and have a digital strategy implemented. I have contacted seven luxury brands via face-to-face, phone number or e-mail and received a positive answer from three of them, as disclosed in the table below:

#	Brand name	Method	Response
1	Max Mara	Personally/Phone/E-mail	Positive
2	Josefinas	E-mail	Positive
3	Majatu. Studio	E-mail	Positive
4	Miu Miu	In person	Negative
5	Filipe Faísca Atelier	E-mail	No response
6	Luís Onofre	E-mail	No response
7	Marques Almeida	E-mail	No response

Table 1 - List of brands contacted to build a case study

Source: The author

When referring to the limitations of the research design, communicating with luxury brands was a challenge as most of them did not respond. Another restriction concerns international luxury brands. I have visited Miu Miu and Max Mara's stores in Portugal. However, since management is mainly allocated in Italy, it was not easy to reach them. Once Miu Miu declined to collaborate, I decided to invest my time consulting Max Mara's business. However, I have only collaborated with Max Mara's affiliates in Portugal since the motherhouse gently declined my proposal. On a positive note, this encouraged me to focus my search for Portuguese brands and smaller businesses. Finally, Max Mara, Josefinas and Majatu Studio were the companies selected to contribute to the development of this study.

3.2. Data collection

As sustained before, a qualitative approach has a broader portfolio of sources of information that create value for a study, such as interviews, direct observations, documents, pictures, among others (Denzin and Lincoln, 2005 cited by Aspers & Corte, 2019). During the unwinding of this research, I have privileged the triangulation method to collect data and achieve reliable findings (Denzin, 2017; Patton, 1999). Hence, I have collected primary and secondary data.

In terms of primary data, I found interviews to be the most valuable research design to develop the case studies with credible evidence (Yin, 2009). I conducted 6 semi-structured interviews in-person and virtually. The goal was to capture the brands' managers perception about their

concept of luxury and how they manage their online presence accordingly. I designed the interview guide using open-ended questions considering the following topics: luxury concept, exclusiveness, luxury traditional business model, digital luxury, digital challenges and solutions. Besides, interviews began with general questions about the business' history, current market situation and long-term objectives. To gather their insights, I scheduled face-to-face and phone calls interviews with Max Mara, a video call with Majatu and exchanged e-mails with Josefinas. When expressing my interest, I was redirected to the most suitable person to address the topic. In the case of Max Mara, since I visited their flagship in Porto, I have interviewed the store manager, which was very enriching to acknowledge the importance of the customer relationship. Then, I had the opportunity to discuss with the marketing department from Porto and the commercial director from Lisbon the brand's positioning in terms of digitalization and its long-term goals. The brand manager of Josefinas contacted me through e-mail and approached every topic raised, from the company's values to their digital strategy and the balance between them. At last, I have arranged a meeting with the founders of Majatu that are the only employees of the brand and responsible for every step of the process, from creative thinking to marketing communication and customer service.

Furthermore, I did direct observation as I visited both Porto and Lisbon's houses of Max Mara. I acted as a customer and redirected my attention to the store environment, the customer experience and the interaction between workers, which will be addressed in the next chapter. Overall, the primary data is detailed in the following table:

#	Brand name	Type of data	Respondent name/Store	Position	Method	Duration	Date
1	Max Mara	Interview	Laura C.	Store manager	Face-to-face	1 hour	30th July 2021
2	Max Mara	Interview	Elisabete N.	Marketing department	Phone call	30 minutes	16th September 2021
3	Max Mara	Interview	Anabela B.	Commercial director	Phone call	50 minutes	21st September 2021
4	Max Mara	Direct observation	Porto	n.a.	In-store	30 minutes	30th July 2021
5	Max Mara	Direct observation	Lisbon	n.a.	In-store	1 hour	2nd August 2021
6	Josefinas	Interview	Carolina N.	Brand manager	E-mail	n.a.	12nd October 2021
7	Majatu	Interview	Sara P.	Founder & CEO	Video call	1 hour	20th September 2021
8	Majatu	Interview	Jorge R.				

Table 2 - Primary data
Source: The author

To enhance the accuracy of the primary data, I used documentation as a secondary source of information. Firstly, I have carefully analyzed each brand's digital strategy, particularly their Instagram accounts, since it is commonly the most relevant SM platform. I also found YouTube a relevant communication channel for Max Mara and Josefina's. Complementary to the already mentioned, I consulted blogs, articles in newspapers or online magazines and interviews on TV shows to deeply know each brand and understand how luxury companies position themselves during this digital frenzy. Please refer to Table 4 to see the detailed sources of secondary data.

In terms of the limitations of data collection, there were time constraints as the process between contacting a brand and arranging the final interview was slow. Also, even though Josefina's opened to collaborate, there was a preference for sharing information by e-mail. The interviews conducted in-person or by call were more engaging and detailed since there was personal interaction. Moreover, apart from Max Mara, there was not much flexibility to interview more than one person per company especially because they believe I was already in contact with a *connoisseur* of the topic. Exceptionally, the founders of Majatu work independently most of their time, so the interviews were successfully represented by them. In addition to the already mentioned obstacles, the information publicly available of the companies' current situation is scarce, especially for Majatu for being a small recent brand. For Max Mara and Josefina's, most articles describe luxury as art and write about collections and designers, disregarding luxury as a business model. Finally, concrete data such as the company's results considering the impact of digitalization were not provided, which would be valuable for this research.

3.3. Data analysis

After the data collection, organizing and interpreting are essential to answer the RQ, which will be achieved through a coding process (Dey, 2003). Initially, the literature review enlightened me about the ancient concept of luxury. Then, the emergence of digitalization awakens the interest to understand if brands manage to be consistent with their attributes while penetrating the online universe. This led to the formulation of the following RQ: *“How can luxury brands manage the tensions between digitalization and luxury attributes?”*. To answer it, I have analyzed the data collected from the companies identified in the former section. In the first step, I created codes inspired by the theory. Subsequently, codes developed accordingly to the primary data, as demonstrated below:

Quotations	Codes
<p><i>“Our customer segment likes to feel, touch and try. The emotional side of our business is part of our essence. Romantically speaking, we are selling a dream. This is achievable through touch and interpersonal communication and this hardly achievable through a computer.”</i> (Commercial director, Max Mara)</p>	Multi-sensory experience
<p><i>“It would not be possible to have a physical space and preserve our production process as every pair of Josefinas is specially designed per order. We privilege customization and unique pieces.”</i> (Brand manager, Josefinas)</p>	Customization
<p><i>“Managing social media is one of our key strategies to grow internationally. We mainly invest in publicity.”</i> (Founder 1, Majatu)</p>	Brand visibility

Table 3 - Codes originated from interview's quotes
Source: The author

The remaining codes generated from the brands' interviews can be found in Appendix 3 (see Table 6).

In the second stage, I aggregated codes into categories and then associated them with two main themes of this dissertation: traditional and digital luxury. The associations generated from the data collected are detailed in Figure 1.

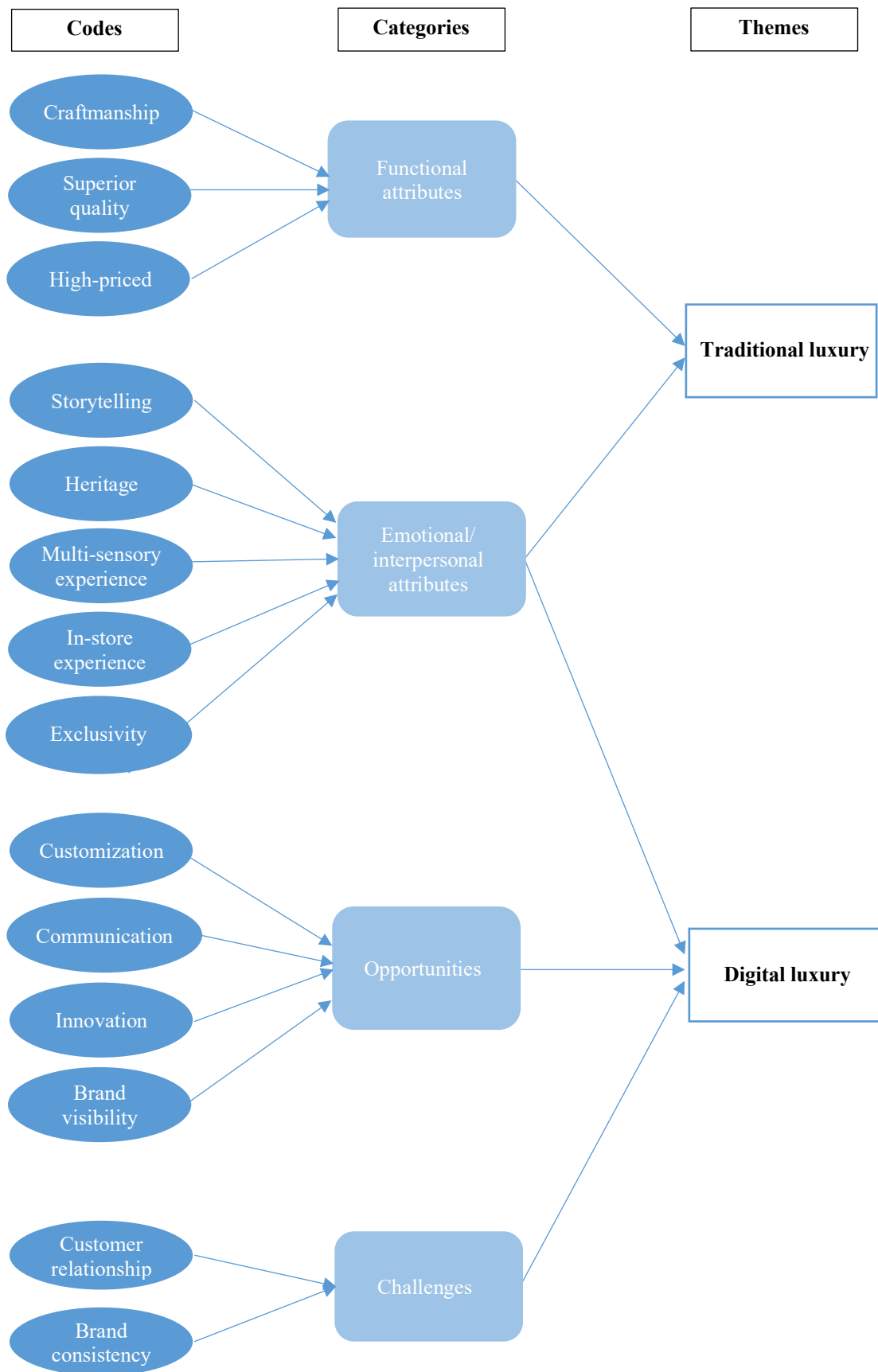


Figure 1 – Coding

Source: The author

4. Empirical setting

In the empirical chapter, I will cover each case study outlined before. The structure is as follows: each company will be carefully described, including some historical data and current market situation, values and long-term objectives.

4.1. Max Mara: heritage luxury

Max Mara was born in the fifties as the designer Achille Maramotti envisioned to revolutionize men's coats into a unique tailored women piece. To the present day, coats still mirror the heritage and craftsmanship that originally positioned the brand as an Italian luxury house. Another distinctive characteristic of Max Mara is the embellishment of each collection with a carefully thought narrative to transform a coat or a shirt into a dream (Website Max Mara, 2021). Hence, the brand focuses on two main principles: luxurious quality and storytelling. This formula resulted in the brand's international expansion, and as of today, there are over 2.500 stores in 105 countries. It is the first company of Max Mara Fashion Group (MMFG) which is composed of 9 brands with 1.6 billion euros of annual turnover according to the group's website.

4.2. Josefinas: contemporary luxury

Inspired by the art of ballet, a Portuguese luxury brand, was born in 2013. The co-founder, Filipa Júlio, through her ballet classes, envisioned her dream, which eventually originated Josefinas. She was not only inspired by the shape and lines of the shoes but by how powerful women are when dancing ballet. Handmade shoes are the brand's DNA and reflect the mastery of Portuguese craftsmanship when it comes to the shoe and textile industry: *"We believe that a handmade product has unparalleled magic."*²

Packaging is also handmade as the brand cares for the uniqueness and quality of every detail. When opening a box of Josefinas, they expect you to *"feel the poem of a lifetime of creation"* and *"live an unforgettable experience"*. On the brand's website, there is a short film of an artisan handling a ballerina shoe, the leather and the box. Also noteworthy, Josefinas stands by

² Cited in Josefinas (2021). *Story and values*. Retrieved from: <https://josefinas.com/pt/historia-valores?language=en>

strong values and empowering messages dedicated to women. In collaboration with the Portuguese Association of Victim Support, Josefinas launched a collection to love and support victims of domestic violence.

Josefinas' market growth is undeniable since its foundation. Originally, its expansion occurred organically in Portugal and Europe, with 100% of sales occurring online. However, the aspiration to reach New York led in 2016 to the first and only flagship store. The success was tremendous, but the company fully believes in e-commerce and redirected the investment from offline to online retail. Currently, with only 10 employees the brand exports to approximately 150 countries (Brand manager, Josefinas). Internationally wise USA, Mexico and Hong Kong are the most relevant markets. In 2019 the company was worth more than 2 million euros, said Maria Cunha, Filipa's business partner. In that same year, Maria added that sales duplicated in comparison to the previous year. This success allowed the brand to expand its product portfolio into shoes and handbags.

4.3. Majatu. Studio: growing digitally

With less than a year on the market, Majatu Studio is a new Portuguese luxury brand. Its foundation is based on the strong values and mindset of two friends, Sara and Jorge, who are passionate about fashion. They were truly inspired by the current sustainable spree and ambited to create timeless clothing with a long-life cycle:

*"(...) a Majatu. Studio's piece purchased now, is in good condition and can be used in 5, 10, or more years (...) it seeks to create pieces that even gain intrinsic value over time - this new synonym for wealth and luxury."*³

The expertise of the Portuguese textile industry made the duo invest in local artisans to guarantee a high-end quality of fabrics, craftsmanship and endorse Portugal's economy. Aligned with quality, as with every luxury brand, there is exclusivity. Collections are small, limited and only produced on a larger scale if demand justifies it. Indeed, when you make an order, the brand warns you that it might take up to 3 weeks as the cloth will be made for you exclusively. Building the brand's identity, Majatu's colour palette is predominantly neutral and black. Pieces are simple and designed to fit everybody and adapt to every season since the main

³ Cited in Majatu Studio (2021). *Sustainability*. Retrieved from: <https://www.majatustudio.com/pages/sustainability>

goal is to put in the market everlasting designs that never go out of fashion such as shirts, trousers, and blazers. Packaging is also a reflection of the green-conscious of the brand as they are made of reusable and recycled materials. The boxes delivered at customers' houses are unique themselves and meant to have a second purpose such as home décor. Is also part of the brand's DNA to be inspired by strong messages that shine through the collections.

Indeed, exclusiveness, conscious consumption and inspiring people to be, express and dress limitless are part of the brand's purpose. As a slow fashion small business, Majatu's team is continuously working on their brand image to have a solid position in the luxury market. They prefer to invest in brand building first and brand expansion next as they are aware they are *"fighting against the lions of the business that have financial power"*. The long-term goal is to conquer the international market having already reached some European countries such as Italy, Sweden, and Switzerland.

"At the moment, our ambition is to expand into foreign markets and be positioned as a true luxury brand. Our designs are expensive when considering Portugal's economic paradigm."
(Founder 1, Majatu)

5. Findings

In this next chapter, I will analyze all the data collected to answer the research question proposed. I will present luxury companies' perspectives on the definition of luxury and how it is delivered to customers across both online and offline means. The luxury concept can be segmented between emotional and interpersonal attributes that nurture its unique business model. I will disclose how brands incorporated the forces transforming the luxury industry, the associated benefits and challenges. This section divides into three segments: the emotional side of luxury (5.1.), the interpersonal side (5.2) and the challenges and opportunities offered by digitalization (5.3).

5.1. Managing the emotional side of luxury to deliver exclusiveness

The case studies unanimously agree there is a symbolic meaning attached to the whole customer journey. Thus, brands are finding a balance between the traditional and the digital model to deliver the emotional side of luxury through multi-sensory experiences (5.1.1.) and storytelling (5.1.2).

5.1.1. Multi-sensory experience

Customer care highlighted in the previous subsections expresses luxury brands' uniqueness. The interviewees from Max Mara confessed that being a luxury company is not about simply the process of designing, producing, and selling to the final customer. The secret is revealed through physical retail, where service encounters have the opportunity to share the storytelling, engage with the consumer and elevate the shopping experience as a result.

“Our customer segment likes to feel, touch and try. The emotional side of our business is part of our essence. Romantically speaking, we are selling a dream. This is achievable through touch and interpersonal communication and this hardly achievable through a computer.”
(Commercial director, Max Mara)

For Majatu, the experiential layers can only be offered online, which is a challenge. Nevertheless, digitalization does not provide the duo everything they believe is essential to rise as a true luxury brand. It is Majatu's goal to invest in offline retail for people to witness with their own eyes and hands the quality and uniqueness of their designs.

“Our biggest challenge is to attract consumers. Being an online brand, consumers only confirm the quality claimed of our products when it arrives at their place. This is one of the leading motivations for us to find a physical retail partner to consumers can touch and feel our design and increase the trust in our name.” (Founder 2, Majatu)

5.1.2. Selling a dream through storytelling

The investment in creative, interactive and high technological film productions stands out as an innovative digital strategy to deliver storytelling. Last year, Max Mara's YouTube strategy shifted from 30 seconds to more than 5-minute videos. The fashion house launched on YouTube a miniseries called “Max Mara style challenge”. The digital directors were invited to style 24 different looks from the spring collection of 2021. As the brand's DNA dictates, each episode has an inspirational theme to build a story around the outfits, like empowerment and consciousness. When disclosing their choices, the guests narrate the story pictured when putting together a look, such as a trip to Venice or a wine tasting. At the end of each episode, it is revealed that the looks assembled can only be seen in the stores of Max Mara, which reminds the audience of the feeling of exclusivity. Another example of the growing interest in digital channels is a fashion show played live on YouTube, Instagram and Facebook which is still available on YouTube. Indeed, videos are believed to be the best way to tell the story of a collection, said Ginevra Elkann, the Italian director of the brands' next marketing campaign: Max Mara Resort'22. This event occurred on an Italian island, and only 90 guests had the privileged to attend, including macro digital influencers (Website Fashion Network, 2021). Footage and records were then posted on Instagram.

As disclosed in the previous chapter, Josefinas' foundation was inspired by storytelling. Consistent with the brand's concept, through Instagram, it is common to find supporting messages such as tributes paid to entrepreneur women. Indeed, some pairs of shoes were drawn inspired by remarkable women like Grace Kelly and Josefinas Grace. In fact, the brand uses SM to inspire their viewers with strong messages and values and give meaning to their products:

"We want to have an active voice in society and spread messages about gender equality, women empowerment and the importance of education." (Brand manager, Josefinas)

Being a small brand, Majatu shares its storytelling through simple clues. On the e-commerce website, alongside each photoshoot, there is storytelling. The aim is to give meaning to the collections and be transparent with consumers about the brand's purpose and origins. Each piece of clothing is thoroughly outlined in the lookbook section. The fabrics, the cut, the details, and even different ways to wear the piece are shared for the consumer to dream about it as it could hold it and sense it beforehand. Additionally, as a symbol to celebrate freedom of expression and thought, the brand made a collaboration with a Portuguese illustrator, Tomás Castro Neves, who created an exclusive print for Majatu's t-shirts. They managed to produce an exclusive design with a story behind the products, which discloses what a luxury brand is, as defended in the literature review.

"We want to have an artistic component. We deeply believe that everything is art, and we want to incorporate that into our designs and identity. We want to inspire. To be purely commercial is the opposite of what we ambition." (Founder 2, Majatu)

5.2. Challenging the interpersonal side of luxury to deliver exclusiveness

The insights collected from the interviews with the brand managers were transversal regarding the customer experience as intrinsic to luxury brands' DNA. This is offered through interpersonal interaction between the brand and the client, which can be achieved through investing in customer relationship and communication (5.2.1), in-store experience (5.2.2) and customization (5.2.3). The listed characteristics imply human interaction, which is hardly accomplished digitally. I will disclose the challenges and opportunities from the brands' perspectives in the next subsections.

5.2.1. Customer relationship and communication

While ensuring Max Mara maintains true to its values and provides exclusive service, the growing investment in online as a source of communication and a sales tool is crystal clear. In 2013, Max Mara's distribution strategy was revamped with the establishment of the digital department and its first e-commerce channel (Website MMFG, 2021). With 3.3 million followers on Instagram, the brand posts daily and produces specially designed content for SM. Each post comes with a brief description that gives the illusion that the brand is talking to you personally by suggesting styling combos, occasions to wear a certain item or sharing fabric details. Also, always invites you to visit the website. Posts are also used as a tease to attract viewers to the brands' newest runway show or launch of a collection. Furthermore, the brand has its own "hashtags" and "stickers", and it is possible to notice the subtle use of fashion influencers such as Chiara Ferragni and Camila Coelho, who attract millions of followers. These are some well-known tools to have an engaging Instagram page.

The brand recently adopted a new feature that screams the necessity to answer consumers' tendency to become technological-driven. Through a QR code, customers can access the "Home Shopping Experience" that displays each store worldwide. For instance, if the client clicks on Lisbon's store the link redirects to a chat on WhatsApp. This innovation aims to ensure that the interpersonal connection is nurtured even through a screen.

Josefinas' contemporary strategy is notorious in their digital channels. The brand has an active presence on Instagram with 113 thousand followers and a minimum of 2 posts per day. It is possible to identify two communication strategies: product and customer-oriented. Firstly, feed posts are dedicated to sharing photos of the shoes or being styled by models or celebrities. Secondly, Josefinas takes advantage of several marketing strategies provided by Instagram tools such as the "hashtag" and "instastories". The last one is used to connect and communicate closely with the audience. The brand engages in conversations with its followers by asking questions like "Who are the women that inspire you?" or "Today, I'm grateful for...". Another marketing strategy adopted by the brand is to create content that is not sales-oriented but is destined to engage with its audience. For this purpose, the brand created #Josefinasbookclub and, from time to time, a book is recommended. There are also interactive Q&As about the brand and specific collections or informative posts that describe the inspiration behind a shoe.

To show appreciation for their customers' support their feedback is shared. Partnerships with viral influencers as Chiara Ferragni or celebrities as Meghan Markle are also made.

Regarding the digital marketing strategy, I have confirmed with the interviewee that Josefinas takes advantage of social media as the most recent and powerful communication tool: *"As a 100% online brand since day one, the digital evolution and technological advance has been extremely positive for our brand"*. The purpose of these channels is to be open-source communication between the brand and the consumer, to entertain and educate the audience about topics that are part of the companies' convictions and values.

"Digitalization is an opportunity for us as we do not use our platforms as a sales tool only. We want to have an active voice in society and spread messages about gender equality, women empowerment and the importance of education." (Brand manager, Josefinas)

The brand's most recent initiative is the #ThePinkBond, which is meant for Josefinas to communicate exclusivity. Exclusive discounts, campaigns, free shipping worldwide and tickets to shows and museums are some examples of the benefit of becoming a member of #ThePinkBond. Moreover, the brand designed a unique pair of Josefinas exclusively for members. This approach is a vivid reflection of managing exclusivity and providing an upscale customer journey through an online channel.

"As an online store, we are always sensitive to new ways of communications or new online trends to engage with our audience. For instance, social media serves the purpose to be closer to our community." (Brand manager, Josefinas)

Considering Majatu's perspective, the brand challenged the traditional business model by being a luxury brand founded at the end of 2020 with no heritage and no physical store. Majatu's presence on social media is crucial to engage with customers as there is not the opportunity to do it face-to-face. Described as "smart casual luxury wear" on Instagram the brand is supported by 13 thousand followers.

"Our Instagram page was originally created before announcing what was behind it. We would only share inspirational photos to start building a strong and distinct image and attract an audience that would match our concept and aesthetic. Our strategy was to grow digitally and reach an international audience before introducing the brand. And it worked. We were contacted by people who just admired our aesthetics and, we managed to engage with people even before they become customers." (Founder 1, Majatu)

The content posted is simple, polished and is essentially composed of professional photographs of the collection. The founders also create dynamic content, where they style their pieces and challenge their subscribers to follow their tips. The communication through SM is straight, inspirational and product-focused. To complement the main Instagram page, there is Majatu Vision which is “*the place where our vision takes action*”. The feed is an aesthetic display of inspirational photos that match the brands’ designs such as landscapes, architecture, nature, people, animals, movie captures, among others.

“Managing social media is one of our key strategies to grow internationally. We mainly invest in publicity.” (Founder 1, Majatu)

5.2.2. In-store experience

With 70 years of history, Max Mara cherishes its heritage and continuously invests in caring and providing its customers with an experience of excellence. Impacted by the technological rise with greater traffic of online sales, the brand established strategies to incentive their loyal consumers to prefer to go in-store rather than shopping online. On one hand, Max Mara’s employees are part of several online courses throughout the year. The company uses a digital platform named Edu where service encounters’ employees take up to 60 mandatory online tests ranging from several distinct topics concerning the in-store service and customer care (Store manager, Max Mara). The goal is to guarantee that each worker is involved in every step of the process to fully transmit the brand’s essence to the consumers. The course covers details such as the fabrics used in each unique piece and the story behind the collection as Max Mara’s designs are always inspired by a theme.

I had the opportunity to observe the dynamics inside a Max Mara’s store, both in Porto and Lisbon. Firstly, it was possible to confirm that the guidelines given in the online training are implemented on-site. In Lisbon, a store assistant led a new employee through all floors while fully describing the name and story behind each collection. Besides, advice on how to present the collection to the client was given including pointing out curiosities about an item or giving subtle recommendations regarding its styling. Apart from the responsibility of communicating the art that brought a design to life, shop assistants guide customers through the purchase decision by trying to know them and providing suggestions accordingly. Therefore, the employee follows the client throughout the process and offers a drink at the end of the journey

to fully enjoy the experience. Furthermore, when visiting the flagship store in Porto, I was offered the “MM Magazine”. With almost 150 pages, it is a physical display of their creations, full of pictures and articles to tell in detail the story of the collection. This magazine was originally created in 1989 and is distributed ever since in every offline store as a gift for clients (Website MMFG, 2021). Presently, to create a more interactive and up-to-date experience there is a QR code included in some pages that give access to readers to see short videos like runway shows.

So far, Josefinas checks all the boxes that position it as a luxury brand: craftsmanship, uniqueness and storytelling. However, unlike the typical luxury company, there was only one physical store in New York and a profound interest in investing in the online business exclusively. The brand believes that for consumers is more convenient to buy online so their resources are focused on providing the best possible online experience. From time to time there is a pop-up store open in iconic Portuguese cities like Porto and Lisbon, giving customers the rare opportunity to see and feel the product. If you are interested you must schedule your visit to ensure you will have customized service, making this experience exclusive.

“Usually, the easiness of our change and returns policy with no associated costs conveys a sense of security to our customers. On the other hand, our events, and the opening of pop-up stores in different cities, so that customers can know and try our products, is a way of being closer to people who do not buy online.” (Brand manager, Josefinas)

Contrarily, investing in offline retail is a long-term investment for Majatu. Being in the process of building its brand’s identity, every strategic move is important, the reason why digitalization remains a top priority: *“We would like to be represented in physical stores and e-commerce platforms other than our own, but we didn’t find the ideal partners yet”*. This idea is coherent with the importance of brand consistency to find a balance between luxury and digital management, which will be covered in the following section (5.3.1). Nevertheless, due to financial constraints, the current marketing disruption made it possible for the brand to gain life. In fact, in an early stage investing in an online brand is less demanding than expanding physically.

“The digital world is a big door for our brand’s visibility. People discover us quicker than if we had one offline store since social media is open to everyone, anytime, anyplace.”
(Founder 2, Majatu)

5.2.3. Customization

In line with the previous subsection, another example where the physical environment plays a leading role for Max Mara is the restricted events where the customer portfolio is invited to meet a new collection firsthand. Likewise, reaching clients and scheduling a day to meet in person is another approach used to attract customers to go in-store. Since the customer is expected to visit Max Mara, workers prepare a personalized selection of pieces that ideally suit the customer's personality and taste.

“Our store assistants deeply know their customers and when an item arrives at the store, they know exactly who will be amazed by it. Regular consumers receive personalized care and are invited to meet the collection. When the client arrives is immediately oriented according to her preferences. This customized and special service is still not possible to be done online. I believe that digital means will hardly replace what Max Mara is able to offer through the offline experience” (Marketing department, Max Mara)

To transform this challenge into an opportunity, recently, this strategy was adopted to the current online wave. Even though conventional sales are preferred by the team, Max Mara is embracing the digital forces that are transforming the luxury industry by finding similar memorable experiences through online means. Therefore, through WhatsApp, workers personally send customers pictures of the collection having in mind two purposes: to capture consumers' interest to go in-store and see the whole collection and to store aside key pieces to guarantee that customers' needs are satisfied. The ultimate goal is to offer customized services for consumers to feel special and unique.

“There is an incentive to use WhatsApp as a means of communication. Firstly, the customer selects the pieces from the website and sends them to the employee to ask for details, sizes, or colors. The employee is responsible to provide orientation and sending the selection to the consumer's house. It works because the client is not autonomous during the purchase process and there is communication involved.” (Marketing department, Max Mara)

Apart from the already mentioned motivations, there is another important factor that suppresses the need for Josefina's to have a permanent physical space: customized production. Exclusiveness means personalized handmade designs and storytelling which is possible to shine through online networks. Hence, the brand's uniqueness was built since the beginning through virtual platforms resulting in a successful business. Customization is a key feature of the brand's luxurious DNA as consumers buy custom-made shoes:

“It would not be possible to have a physical space and preserve our production process as every pair of Josefinas is specially designed per order. We privilege customization and unique pieces. We also privilege the personalized and careful service adjusted to each client. Every shoe is created especially for every single woman, and we do everything at our reach to correspond (and overcome) our clients’ expectations.” (Brand manager, Josefinas)

5.3. Embracing the challenges and opportunities offered by digitalization

In addition to the attributes, opportunities and challenges identified, brand consistency (5.3.1) and brand visibility (5.3.2.) are essential drivers to manage the emergence of digital forces into the luxury market.

5.3.1. Brand consistency

As far as it is possible to understand having an immaculate image that respects the heritage and identity of the family business is a top priority for Max Mara. This is managed through both B2B and B2C relationships. On one hand, when represented by other parties, every detail is scrupulously dictated by the heart of the company to ensure that it echoes the brand’s ideals and communication goals.

“Max Mara has rigid guidelines in terms of brand management and quality control, both offline and online, to mirror a consistent brand image all over the world. For instance, brands representatives in Portugal, such as franchisees, can only use official photos approved by the head office in Italy and do not have the authorization to have their website, newsletter or SM channels.” (Commercial director, Max Mara)

Moreover, when concerning partnering with an external business, known for being a high fashion e-commerce retailer, Mytheresa sells MaxMara. Even though this opens the door to a wider audience, the e-tailer *“focus on high-end luxury customers, sophisticated technologies and a first-class in-house managed service experience.”*, which coincides with Max Mara’s identity as a luxury fashion house (Fashion Network, 2021).

An obstacle that brand faces within the tension between digitalization and storytelling is content management. Contemporary luxury marketing requires a fast-moving flow of information. In the case of Majatu, as a small business and slow fashion brand, the product assortment is limited, and it is the opposite of what the internet demands: to be constantly updated. So, the question is: how to maintain the audience engaged if there is not a new collection to launch?

Sara and Jorge reinforced that maintaining an unbreakable brand image is fundamental to achieving their long-term target. It is not their goal to publish just because Instagram's algorithm requires them to since their audience already expect a certain level of quality and type of communication.

“To be a fashion brand is not our single goal as we do not want to be product-oriented only. First, we want to deeply invest in having a strong brand identity and sales will occur consequently.” (Founder 2, Majatu)

In sum, while heavily investing in online retail to build an unparalleled identity, such as people recognize them through their unique aesthetic and message, Majatu's secret is to slowly implement some traditional marketing strategies as they believe it is every luxury brand keystone.

“We want to be noticed not only through our online platforms. Next week, we are going to Paris Fashion Week where the industry's expertise and celebrities meet. If we want to be seen it is important to blend in, present ourselves and our project, network. It is a slow process, but we expect that through word-of-mouth people get to know us.” (Founder 1, Majatu)

5.3.2. Brand visibility

Digital forces did not drive Max Mara to fully rethink its business model as its target audience appreciates traditional luxury. The company naturally followed the market flow and is investing in online communication. However, the biggest question for the brand is how to find a balance between offline and online channels. For now, Max Mara's answer is to reflect its individuality through creative productions and exclusive online content, but always redirecting the customer to the store.

“Max Mara is a brand who lives from physical retail. Even if a consumer buys from a distance it is crucial for the brand to ensure its assistance and consulting from one of the brand's workers. It does not work as mass-market brands do, to simply put the product online and communicate to sell.” (Marketing department, Max Mara)

The challenge for Max Mara was not how to remain exclusive due to digital channels but how to reflect the same brand essence offline and online. From the company's perspective, SM is an opportunity to communicate and share its vision with the audience and, the website is just an alternative to materialize the purchase.

“For Max Mara, online channels are an advantage from an exposure point of view but does not substitute the time spent between the brand and the consumer. Online is always a supplement to offline, our main focus.” (Commercial director, Max Mara)

In conclusion, the analysis of the brand’s digital strategy further supports the idea that brand experience and selling a dream is continuously a top priority for the company. Max Mara tries to bring the online experience closer to the offline one for their essence as an exclusive brand to prevail, but it is not believed that one will replace the other.

“Managing online platforms do not serve to increment sales but are indispensable to guarantee the quality of the brand image. It serves to sell the storytelling of the brand and leave users thinking: “What does the brand have to offer me besides clothing and accessories? How will I position myself in society if I wear Max Mara?”
(Marketing department, Max Mara)

On the contrary, since Josefinas has international visibility rather than choosing where to open a store, they engage with consumers worldwide. The brand manager, Carolina, explained they are actively finding solutions to overcome the digital barrier: *“There are no borders in the digital universe which motive us to keep investing in this growing business model.”* Indeed, the previously referred digital strategies were vital to the exponential growth of the brand.

“Social media is part of our communication strategy and is a vehicle for our messages and products to reach new audiences and markets.” (Brand manager, Josefinas)

As it was deeply discussed in the first chapter, personal interaction, customer care and personalization are essential drivers to manage exclusivity and draw the distinction between luxury houses from any other. The intrinsic values that characterize Majatu clearly position them as an aspirational luxury brand. However, Majatu challenged the traditional business model by being a luxury brand founded at the end of 2020 with no heritage and no physical store. As there is no human interaction during the purchase process of an online brand, the duo needed to invest in their digital marketing strategy to build Majatu Studio’s experience unique and memorable.

“We believe that the present is online and, in this early-stage of our business, it wouldn’t make sense to grow any other way. As a small business, we acknowledged that growing online would easily attract consumers.” (Founder 1, Majatu)

6. Discussion

In the discussion chapter, the findings regarding each case study will be critically discussed in light of the literature review. Firstly, I will make a statement of how brands deliver luxury (6.1). In line with the second section of the literature review, I will cover each brand perspective on online luxury, and they manage to embrace it (6.2).

6.1. The (not so) unbreakable traditional luxury

Recalling the literature review chapter, luxury houses are intensively associated with the concept of exclusivity, multi-sensory experiences and customized customer service. By consolidating three case studies, I confirmed how essential it is to frame a consistent brand image to guarantee a strong market position in the luxury industry. Besides the incontestable high quality of the product offered, investing in storytelling and an experience of excellence is the bridge between selling a high-priced item or the “dream” defended before. This becomes crystal clear as the companies under consideration have distinct business models but fall on the same values: uniqueness, storytelling and customer satisfaction. However, what was interesting to see is that each house runs across different paths to reach the finish line.

Indeed, the houses mentioned deliver exclusiveness through different expressions. I will start by positioning each brand following the theories unveiled in the first chapter. Firstly, Max Mara’s communication strategy agrees with the concept of emotional labour defended by Hochschild (1983). For the brand, personal interaction is as fundamental as the quality of the fabrics to develop a long-lasting relationship with customers. These results support the association between an in-store service of excellence and nurturing the feeling of exclusiveness presented by the research done by Dion & Borraz (2017).

For Josefina, unique hand-made designs are one way of expressing a service of excellence as “*every pair of Josefina is specially designed per order*”. Shoes are thought according to customers’ preferences through personalized offers. This allows the brand to guarantee exclusiveness both in product and service, leading to satisfied customers. Also, Majatu combines slow and timeless fashion with extremely professional marketing campaigns to build a strong brand identity and make a statement in the industry.

Finally, all case studies are considered an example of how storytelling is the foundation of a luxury brand. The studies developed by Seo & Buchanan-Oliver (2015) and Tynan et al. (2010) discovered a significant correlation between symbolic/emotional values and the perception of luxury from the customers' point of view. The three fashion houses design collections around meaningful stories and purposes and communicate them to their audience. So far, it is possible to interpret that managing brand image is part of the success of luxury brands independently of the customer segment and how the service is conveyed. I have confirmed that craftsmanship, heritage, storytelling and customer service are vital to nurturing consumers' fantasy for luxury.

6.2. Managing contemporary luxury

Luxury houses dictate trends and revolutionize the fashion industry. If fashion cycles are never static and evolve over time, so should the business model behind them. As groundbreakers in the fashion industry, it is expected that they have the capacity to follow the market evolution and be the head of innovation. In this subsection, I will reflect on how each brand manages the adoption of digitalization. Interestingly, the three brands under analysis converge regarding the definition of a luxury brand but diverge when confronted with the digital forces.

With the emergence of online channels, its impact in the luxury industry aroused some conflicting arguments from researchers. The in-store service is so deep-rooted MaxMara's identity that the brand does not believe in the replacement for the personal interaction between the two parts involved in the purchasing process. This idea is in line with the *"prospect for luxury companies to deliver a consumption experience of excellence and distinction"* represented by Chandon (2016) since MaxMara's clients like to *"feel touch and try"*, which is *"achievable through touch and interpersonal communication and this hardly achievable through a computer"*. Nevertheless, the brand considers communication an essential part of the customer relationship. This supports the theory sustained by Kapferer and Bastien (2012): *"A luxury product can communicate via the internet but should not be sold there"*.

Josefinas stands with an opposite approach. Unlike most luxury brands, Josefinas was founded online and, there is a range of benefits and opportunities emerging from the digital revolution. It served as a lever for the company's growth, and they trust they can deliver a seamless and personalized service through the internet. The power of social media is not a threat for the

company as they believe the product screams exclusiveness *per se*. The brand is an active part of driving change and a successful example of digital luxury. Their secret is to engage with consumers about substantial causes or share curiosities about the emblematic women who inspired collections, not just communicate shoes as something material. Selling is just the final step of the whole process of communicating with the audience. Indeed, there is a range of consumers, millennials, that use SM to have an active voice in society and are driven by social causes (Butcher et al., 2017), as Josefinas is.

Majatu positions itself in the middle of the two perspectives exposed before. Creating a brand from scratch was a challenging journey for the founders and SM is a key factor of their growing success, as all their consumers arise from SM. As stated before, SMM is one of the most effective strategies concerning customer attraction and retention (Yang et al., 2020) and similarly to Josefinas, Majatu takes advantage of this tool. On the other hand, the brand image is managed exclusively through online communication as potential clients do not have the opportunity to touch the designs. Even though they heavily invest in meaningful marketing campaigns, they also believe in the power of stimulating emotions through personal connections.

Additionally, research has already disclosed that digitalization is a driving change for consumers' preferences and attitudes towards consumerism. Indeed, this force also impacts the luxury industry as business experts predict that 25% of personal luxury purchases will occur online (Deloitte, 2020). In this respect, it seems possible that the two online brands studied sustain the viability of their business under this conviction. If the online universe is gaining strength, the investment in SM is rewarding. In the respect of managing exclusiveness, for Josefinas and Majatu, the challenge does not lay on the principle that the internet attracts a broad audience. When defining their marketing strategies, both brands focus on communicating rarity and storytelling to attract and engage with the customers who are the perfect fit for the brand.

Overall, the three luxury entities recognize the power of digital disruption in the industry and outline innovative marketing strategies to keep their business alive since purchase behaviour is highly encouraged by the online content consumed (BCG-Altgamma, 2020). All brands defend that “*brand experiences result in more consumer satisfaction and pleasant emotions*” (A. J. Kim & Ko, 2012; Schmitt et al., 2015). Brands can keep true to their attributes, strategically grow their business into sophisticated and up-to-date models and still deliver exclusiveness.

7. Conclusion

This study emerged from the existing gap in the academic field concerning how brands manage the power of digitalization and its inevitable impact on luxury. Luxury business models are incomparable to any other business due to their distinct characteristics and, in theory, the opposite of the hallucinating rhythm of the flow of information that runs through the internet. Simultaneously, the social and financial power of the industry is what allows them to take advantage of the technology breakthrough first-hand. As consumers are increasingly technology-driven and detached from the concerns of being exposed online, it was inevitable for luxury houses to start growing online. Hence, this dissertation aimed to answer the research question “*How can luxury brands manage the tensions between digitalization and luxury attributes?*”.

I have conducted qualitative research and built three case studies to better comprehend how entities position themselves under the subject area. This endorsed the conclusion that brands are transforming their traditional business model into a contemporary version by integrating new marketing strategies like using SM as a communication tool. The three houses studied portray unique business models with different interpretations of their online presence. Nevertheless, communicating digitally without compromising their brand image remains the biggest challenge. Brands should recognize SM as an opportunity to engage with their audience and inspire with their art and storytelling to feed desirability. It is possible to assert that there are several ways to express the secret behind the business, exclusivity, through both online and offline means. An omnichannel approach seems to be the most suitable solution for brands to sell both the dream and the goods. In conclusion, luxury entities should embrace digitalization to communicate and not to sell.

Throughout this project, I was inevitable confronted with some limitations. Firstly, the academic studies covering the main topics addressed in the unwinding of this dissertation are mainly from the consumers’ viewpoint. In fact, it was a challenge to study the brands’ perspective since the information accessible regarding luxury companies is restricted. Additionally, finding brands willing to collaborate was extremely difficult. The ones who were successfully contacted models allowed a fruitful conclusion to this study. However, the case studies may not be representative of the whole luxury market population due to their different business models.

Despite the promising findings, there is room to improve the research question originally proposed. I start the present project by introducing the luxury universe, and gradually specialize in the fashion segment. Although *haute couture* represents a significant part of the industry, there are several luxury categories such as beauty, jewellery, cars and experiential. Customers have distinct profiles and attitudes towards different luxury categories. For instance, consumers can be more or less averse to risk or attached to a luxury item accordingly to the product category. Being confident in buying luxurious skincare online does not necessarily mean consumers will behave likewise when buying a luxurious watch. Following this logic, brands also adapt their digital strategies to their core business. I believe this could be an interesting additional variable to consider in future research. Another valuable direction to this research would be to include other factors that arise from technology besides digitalization and the power of social media. Technology advancement inspired luxury brands to incorporate 3D technology, holograms, artificial intelligence, among others, in both offline and online stores and fashion shows. Integrating these variables into the study could lead to more accurate results regarding the contemporary luxury business model and its influence on delivering luxury nowadays without compromising brands' DNA.

8. Bibliography

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9. Appendices

9.1. Secondary data

#	Brand name	Type of data	Title of document	Author	Date of publication	Source	Date of access
1	MaxMara	Company's website	MaxMara	N/A	N/A	https://pt.maxmara.com/mm-world	3rd August 2021
2	MaxMara	Group's website	MaxMara Fashion Group	N/A	N/A	https://www.maxmarafashiongroup.com/?lang=en	3rd August 2021
3	MaxMara	Instagram	MaxMara	N/A	N/A	https://www.instagram.com/maxmara/	4th August 2021
4	MaxMara	Youtube	MaxMara Style Challenge	N/A	N/A	https://www.youtube.com/watch?v=EObdRTsDbjk&list=PL75PVEXDHzEZicmDC_DDSq37LMirIlgOR	5th August 2021
5	MaxMara	Article	In Milan, the end of fashion for Instagram?	Angelo Flaccavento	20th February 2020	https://www.businessoffashion.com/reviews/fashion-week/in-milan-the-end-of-fashion-for-instagram	6th August 2021
6	MaxMara	Article	At Max Mara, A Sleepy Spy Story	Angelo Flaccavento	19th September 2019	https://www.businessoffashion.com/reviews/fashion-week/at-max-mara-a-sleepy-spy-story	6th August 2021
7	MaxMara	Article	Max Mara's Ian Griffiths on Swans, strategy, sustainability and style	Godfrey Deeny	30th June 2021	https://us.fashionnetwork.com/news/Max-mara-s-ian-griffiths-on-swans-strategy-sustainability-and-style,1315585.html	6th August 2021
8	MaxMara	Article	Max Mara cruise: 'Local Color', refined sophistication	Godfrey Deeny	30th June 2021	https://www.fashionnetwork.com/news/Max-mara-cruise-local-color-refined-sophistication,1315177.html	6th August 2021
9	MaxMara	Article	Mytheresa rides growth wave in Q2, profits continue to climb	Sandra Halliday	26th February 2021	https://www.fashionnetwork.com/news/Mytheresa-hails-enduring-change-in-shopper-habits-as-q4-and-full-year-boom,1333189.html	6th August 2021
10	Josefinas	Company's website	Josefinas	N/A	N/A	https://josefinas.com/pt	12nd August 2021
11	Josefinas	Instagram	Josefinas	N/A	N/A	https://www.instagram.com/josefinasportugal/	12nd August 2021
12	Josefinas	Newspaper article	Josefinas: Sabrinhas de Braga atravessam o Pacífico	António Larguesa	7th November 2018	https://www.jornaldenegocios.pt/negocios-iniciativas/premio-flad-cy-buzz-usa/detalhe/josefinas-sabrinhas-de-braga-atravessam-o-pacifico	13rd August 2021

13	Josefinas	Newspaper article	Josefinas: as sabrinhas de luxo portuguesas que as celebridades adoram	Carla Macedo	30th December 2018	https://ocio.dn.pt/sucesso/josefinas-as-sabrinhas-de-luxo-portuguesas-que-as-celebridades-adoram/15727/	14nd August 2021
14	Josefinas	Newspaper article	Josefinas. Dos "sapatos bonitos" a "um mundo melhor para as mulheres"	Beatriz Vasconcelos	4th April 2019	https://www.noticiasaoiminuto.com/economia/1227762/josefinas-dos-sapatos-bonitos-a-um-mundo-melhor-para-as-mulheres	13rd August 2021
15	Josefinas	Article	Maria Cunha: "Já estive com uma pessoa que me dizia que sem ela não ia ser ninguém"	Mariana Pinheiro	22nd August 2019	https://www.timeout.pt/porto/pt/compras/maria-cunha-ja-estive-com-uma-pessoa-que-me-dizia-que-sem-ela-nao-ia-ser-ninguem	13rd August 2021
16	Josefinas	Article	Josefinas é a primeira marca portuguesa de moda a proteger a sua propriedade intelectual em Blockchain	Dina Chaves	29th January 2021	https://www.clarkemodet.com/pt-pt/news-posts/josefinas-e-a-primeira-marca-portuguesa-de-moda-a-proteger-a-sua-propriedade-intelectual-em-blockchain/	14nd August 2021
17	Josefinas	Article	Josefinas portuguesas aumentam vendas em 50% e escoam para 60 países	Lusa	10th November 2019	https://www.timeout.pt/porto/pt/compras/maria-cunha-ja-estive-com-uma-pessoa-que-me-dizia-que-sem-ela-nao-ia-ser-ninguem	14nd August 2021
18	Majatu	Company's website	Majatu. Studio	N/A	N/A	https://majatustudio.com/en/	9th August 2021
19	Majatu	Instagram	Majatu. Studio	N/A	N/A	https://www.instagram.com/majatu.studio/	11th August 2021
20	Majatu	Article	Majatu: the first portuguese luxury brand focused on creating comfortable pieces	Maria Salgueiro	5th January 2021	https://www.nit.pt/compras/lojas-e-marcas/majatu-primeira-marca-de-luxo-portuguesa-que-se-foca-em-criar-pecas-confortaveis	9th August 2021
21	Majatu	Article	Majatu. Studio: where there are comfortable intemporal and 100% portuguese designs	Ana Bernardino	9th January 2021	https://magg.sapo.pt/moda/artigos/sabado-majatu-studio-aqui-ha-confortaveis-intemporais-e-100-fabricadas-em-portugal	9th August 2021
22	Majatu	Article	Majatu. Studio: the new luxury brand 100% portuguese	Margarida Ribeiro	12th January 2021	https://www.timeout.pt/lisboa/pt/noticias/majatu-studio-a-nova-marca-de-luxo-100-portuguesa-011221	9th August 2021
23	Majatu	Article	Sustainable and minimalist fashion means Majatu. Studio	N/A	23rd April 2021	https://terramotto.com/moda-minimalista-e-sustentavel-traduz-se-por-majatu-studio/	9th August 2021
24	Majatu	Interview (TV show)	Casa Feliz - Majatu.Studio	SIC channel	19th July 2021	https://sic.pt/Programas/casa-feliz/episodios-completos/2021-07-19-Casa-Feliz---19-de-julho--parte-1-65d474ec	10th August 2021
25	Majatu	Interview (TV show)	Glitter show - Majatu.Studio	Porto Canal	26th June 2021	https://portocanal.sapo.pt/um_video/lvfVhGZlifgl a6JtwbBe	10th August 2021

Table 4 - Secondary data
Source: The author

9.2. Overview of the three case studies

Max Mara	Josefinas
<p>Luxury business model: traditional family business</p> <p>Main values: heritage and personalized customer service</p> <p>Mix of channels: intense physical retail and highly controlled online channels</p> <p>Digital strategy: invest in digital communication to inspire not to sell</p> <p>Digital challenges: hard to deliver a similar personalized customer service to “sell the dream”</p> <p>Digital luxury: to communicate</p>	<p>Luxury business model: online luxury</p> <p>Main values: customized designs and storytelling</p> <p>Mix of channels: high online investment complemented with pop-up stores</p> <p>Digital strategy: daily social media interaction; communicate to sell, to engage and to educate</p> <p>Digital challenges: convert customer that are averse to virtual sales</p> <p>Digital luxury: a key success factor</p>
Majatu. Studio	
<p>Luxury business model: online aspirational luxury</p> <p>Main values: intemporal and high-quality pieces</p> <p>Mix of channels: social media and future aspiration to invest in offline retail</p> <p>Digital strategy: slowly engage with the audience to build a strong and distinctive brand identity</p> <p>Digital challenges: as a small business is it hard to keep up with extremely accelerated flow on information the internet demands; build customer trust</p> <p>Digital luxury: build brand building</p>	

Table 5 - Overview of the case studies
Source: The author

9.3. Coding table originated from interviews

Codes	Categories	Max Mara	Josefinas	Majatu
Storytelling	Emotional attributes	"Our store assistants learn the story of each collection through online courses to embellish the purchase process when presenting the designs to the customer. (...) The emotional side of our business is part of our essence. Romantically speaking, we are selling a dream."	"Social media is part of our communication strategy and is a vehicle for our messages and products to reach new audiences and markets."	"To be a fashion brand is not our single goal as we do not want to be product-oriented only. We want to have an artistic component. We deeply believe that everything is art, and we want to incorporate that into our designs and identity. We want to inspire. To be purely commercial is the opposite of what we ambition. First, we want to deeply invest in having a strong brand identity and sales will occur consequently."
Heritage	Emotional attributes	"Max Mara is a brand who lives from physical retail. Even if a consumer buys from a distance it is crucial for the brand to ensure its assistance and consulting from one of the brand's workers. It does not work as mass-market brands do, to simply put the product online and communicate to sell."	n.a.	n.a.
Multi-sensory experience	Emotional attributes	"Our customer segment likes to feel, touch and try. The emotional side of our business is part of our essence. Romantically speaking, we are selling a dream. This is achievable through touch and interpersonal communication and this hardly achievable through a computer."	n.a.	"(...) This is one of the leading motivations for us to find a physical retail partner to consumers can touch and feel our design and increase the trust in our name."

In-store experience	Interpersonal attributes	<p>“Our store assistants deeply know their customers and when an item arrives to the store, they know exactly who will be amazed by it. Regular consumers receive personalized care and are invited to meet the collection. When the client arrives is immediately oriented according to her preferences. This customized and special service it is still not possible to be done online. I believe that digital means will hardly replace what Max Mara is able to offer through the offline experience”</p>	<p>“(…) our events, and the opening of pop-up stores in different cities, so that customers can know and try our products, is a way of being closer to people who do not buy online.”</p>	<p>“(…) Being an online brand, consumers only confirm the quality claimed of our products when it arrives at their place. This is one of the leading motivations for us to find a physical retail partner to consumers can touch and feel our design and increase the trust in our name. (…) We would like to be represented in physical stores and e-commerce platforms other than our own, but we didn’t find the ideal partners yet.”</p>
Exclusivity	Emotional attributes	<p>“The art is an intrinsic part of the brand. Each collection has a link between fashion and art or culture. This how we deliver uniqueness.”</p>	<p>“We privilege the personalized and careful service, adjusted to each client. Every shoe is created especially for every single woman, and we do everything at our reach to correspond (and overcome) our clients’ expectations.”</p>	<p>“We are building our own unparallel identity such as people recognize us through our aesthetic and message. We want to inspire.”</p>
Customization	Opportunities	<p>“Our store assistants deeply know their customers and when an item arrives to the store, they know exactly who will be amazed by it. Regular consumers receive personalized care and are invited to meet the collection. When the client arrives is immediately oriented according to her preferences. (…)”</p>	<p>“It would not be possible to have a physical space and preserve our production process as every pair of Josefina is specially designed per order. We privilege customization and unique pieces.”</p>	<p>n.a.</p>

Communication	Opportunities	<p>“Managing online platforms do not serve to increment sales but are indispensable to guarantee the quality of the brand image. It serves to sell the storytelling of the brand and leave users thinking: “What does the brand have to offer me besides clothing and accessories? How will I position myself in society if I wear Max Mara?””</p>	<p>“Social media is part of our communication strategy and is a vehicle for our messages and products to reach new audiences and markets.”</p>	<p>“Our Instagram page was originally created before announcing what was behind it. We would only share inspirational photos to start building a strong and distinct image and attract an audience that would match our concept and aesthetic. Our strategy was to grow digitally and reach an international audience before introducing the brand. And it worked. We were contacted by people who just admired our aesthetics and we managed to engage with people even before they became customers.”</p>
Innovation	Opportunities	<p>“There is an incentive to use WhatsApp as a means of communication. Firstly, the customer selects the pieces from the website and sends them to the employee to ask for details, sizes, or colors. The employee is responsible to provide orientation and sending the selection to the consumer’s house. It works because the client is not autonomous during the purchase process and there is communication involved.”</p>	<p>“As an online store we are always sensitive to new ways of communications or new online trends to engage with our audience. For instance, social media serves the purpose to be closer to our community. (...) As a 100% online brand since day one, the digital evolution and technological advance has been extremely positive for our brand”</p>	<p>“We believe that the present is online and in this early stage of our business, it wouldn’t make sense to grow any other way. As a small business, we acknowledged that growing online would easily attract consumers.”</p>
Brand visibility	Opportunities	<p>“For Max Mara, online channels are an advantage from an exposure point of view but does not substitute the time spent between the brand and the consumer. Online is always a supplement to offline, our main focus.”</p>	<p>“Social media is part of our communication strategy and is a vehicle for our messages and products to reach new audiences and markets. (...) There are no borders in the digital universe which motive us to keep investing in this growing business model.”</p>	<p>§</p>

Customer relationship	Challenges	<p>“Managing online platforms do not serve to increment sales but are indispensable to guarantee the quality of the brand image. It serves to sell the storytelling of the brand and leave users thinking: “What does the brand have to offer me besides clothing and accessories? How will I position myself in society if I wear Max Mara?”</p>	<p>“Usually, the easiness of our change and returns policy with no associated costs conveys a sense of security to our customers. On the other hand, our events, and the opening of pop-up stores in different cities, so that customers can know and try our products, is a way of being closer to people who do not buy online. (...) Social media serves the purpose to be closer to our community.”</p>	<p>“Our biggest challenge is to attract consumers.”</p>
Brand consistency	Challenges	<p>“Max Mara has rigid guidelines in terms of brand management and quality control, both offline and online, to mirror a consistent brand image all over the world. For instance, brands representatives in Portugal, such as franchisees, can only use official photos approved by the head office in Italy and do not have the authorization to have their website, newsletter or SM channels.”</p>	<p>“There are no borders in the digital universe which motive us to keep investing in this growing business model.”</p>	<p>“As a small business and slow fashion brand, the product assortment is limited, and it is the opposite of what the internet demands: to be constantly updated. So, the question is: how to maintain the audience interested if there is not a new collection to launch? Content management is definitely as challenge as we want to have a consistent brand image. Our customers are already expecting a certain level of quality. (...) We are building our own unparallel identity such as people recognize us through our aesthetic and message. We want to inspire.”</p>

Table 6 - Coding table
Source: The author