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Luxury brand strategies and customer experiences: Contributions to theory and practice

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ABSTRACT

This special issue on luxury brand strategies and customer experiences includes eleven research papers which are valuable for marketers and researchers. Articles are grouped by topic- social media and digital marketing, ingredient branding and value creation, luxury retailing, and luxury consumer experience. The introductory article in this special issue places each article in one of four categories even though some of articles include information relevant to at least one other topic and briefly introduces unique and interesting about each article. This selection of papers written by 34 authors representing ten countries serves to extend the luxury brand research area in need of new developments, theories, and practices in light of the trends toward global luxury industries.

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1. Introduction

This JBR special issue on Luxury Brand Strategies and Customer Experiences selected papers from research papers presented at 2015 Global Fashion Marketing Conference (GFMC) in University of Florence, Italy. GFMC is an international conference organized by the Global Alliance of Marketing and Management Associations. The objective of this special issue is to bring together international scholars from different disciplines and different countries to advance knowledge on luxury branding strategies and customer experiences. The authors of this special issue are from Australia, Finland, France, Germany, India, Italy, Republic of Korea, United Kingdom, and the United States.

The luxury branding industry is a vast, complex and highly competitive space that has flourished in the last decade. However, advances in technology and digital communications, coupled with a changing global economy – there is a notable shift in luxury consumption habits (Kim & Ko, 2010, 2012a, 2012b), and the rise of the BRIC economies have shifted the emphasis for luxury brands from West to East, has significant impact on consumer perceptions and experiences with luxury brands (Dhaoui, 2014; Ng, 2014; Park,

Ko, & Kim, 2010). New trends in social media make brand lifecycles much shorter; and the growth of young luxury consumers means that luxury brands steeped in tradition now face the daunting task of developing innovative and forward-looking strategies to stay relevant to this increasingly volatile industry (Chu, Kamal, & Kim, 2013; Kim & Ko, 2010; Ko & Woodside, 2013).

Recently the research interest on luxury brand strategies has been dramatically increased with the growth of the global luxury market. The first special issue on luxury brand marketing has been published in Journal of Business Research (Ko & Megehee, 2012). This special issue with 16 papers has fueled an increased level of interest in the topic from practitioners and academic researchers. Four main topics of luxury brand were introduced as luxury value, luxury consumer behavior, luxury brand management, and luxury brand counterfeiting (e.g., Kim & Ko, 2012a, 2012b). The role of this special issue was to provide the new issues and trends in fashion marketing of luxury brands. Also another special issue on social media marketing and luxury brand was published in Journal of Global Fashion Marketing (Phan & Park, 2014) including interesting topics such as digital luxury brand (Heine & Berghaus, 2014), e-semiotics of luxury (Larraufie & Kourdoughlihe, 2014), and strategic value of social media (Kontu & Vecchi, 2014). To that end, this selection of papers in this special issue serves to extend the luxury brand research area in need of new developments, theories, and practices in light of the trends toward global luxury industries. Eleven papers are categorized into four topics areas: social media

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and digital marketing, value co-creation and ingredient branding, luxury retailing, and luxury customer experience.

2. Social media and digital marketing

2.1. Influence of YouTube vloggers on luxury brand management

Moving onto the digital space, Lee and Walkins (in this issue) present a paper on YouTube, examining how social media, specifically video blogs (vlogs) and vlogging influence consumer perceptions of luxury brands. Social media is an increasingly relevant communications channel for brands, and luxury brands are beginning to step into this space as well. Unlike common brands, luxury brands are known for establishing special and long-term relationships with the consumer, and so require tact in employing social media communications. Applying parasocial interaction (PSI) and social comparison theory, they evaluate consumer responses to luxury fashion apparel reviews conducted by eight YouTube vloggers. Conducting three studies, they find support for PSI as a brand management tool, and YouTube as an effective social media tool for enhancing luxury brand perceptions.

2.2. Social media marketing efforts of luxury brands: influence on brand equity and consumer behavior

Continuing with social media, is a paper by Godey et al. (in this issue). They address a gap in understanding of how social media marketing efforts influence brand equity creation and consumer behavior toward luxury brands. Surveying luxury brand consumers across China, France, India and Italy, they develop a research model to examine the impact of social media branding on consumer perceptions of five luxury brands prominent in using social media marketing tools. Their study suggests that luxury brand investments in social media marketing efforts would have significant positive effects on consumer brand loyalty, preferences and resistance to price premiums. Therefore, this highlights the use of social media marketing as an important and cost-effective marketing tool for luxury brands.

2.3. The effects of e-mass customization of luxury brands: perceived value, satisfaction, and loyalty

Yoo and Park (in this issue) then examine the prevalence of online mass customization programs by luxury brands, and the value it brings to consumers. It addresses a gap in knowledge on the effectiveness of e-mass customization in the luxury context. Conducted through an online survey of female consumers in Korea, they provide theoretical insight on the types of value that e-mass customization of luxury brands brings to consumers. Further, it confirms the validity of customization, despite the potential disadvantages espoused by some researchers. Through this research, Yoo and Park also develop managerial implications for luxury brands that offer these e-mass customization programs. Specifically, variety of customization options are key to successful implementation of this program, something that is currently lacking in the brands used in this research.

3. Value co-creation and ingredient branding

3.1. An empirical study of luxury fashion brand value co-creation encounters

Choi, Ko, and Kim (in this issue), investigate value co-creation in luxury branding. From the foundational understanding that luxury fashion brands often leverage value co-creation business to consumer interactions to enhance the consumption experience, they employ a mixed-method approach to evaluate the effects of digital and art marketing activities in creating value for consumers and enhancing purchase intentions of luxury brands. Surveying respondents in Seoul

through online and offline means, they find support for the notion that digital and art marketing activities help improve the value co-creation process. Further they ascertain that luxury fashion brands in Seoul should develop clear strategies to develop the consumer value creation experience by emphasizing the emotional elements of the encounter.

3.2. Ingredient branding for a luxury brand: the role of brand and product fit

Moon and Sprott (in this issue), next examine ingredient branding as a strategic tool for successful brand partnerships between non-luxury and luxury brands. Applying real-world brand partnerships (Tag Heuer, Google and Intel), and surveying an online sample of respondents, this research examines consumer responses towards brand and product fit between the partner brands. They determine that both brand and product fit are integral to positively influencing consumer purchase intentions of these products. When consumers perceive a good fit between the host (luxury) brand and the ingredient (Google and Intel) brand, the apparent disparity between the image of the two brands can be overlooked by consumers. The findings help identify potential benefits of ingredient branding in the luxury space; and suggests that luxury brand managers need to carefully examine their brand image, and product offerings, to ensure that there is congruency in consumers' perceived fit of the ingredient brand with the host brand.

3.3. Conceptualizing 'country-of-ingredient-authenticity' of luxury brands

Taking a different perspective on ingredient branding, Cheah, Phau, and Zainol (in this issue) conceptualize 'country-of-ingredient-authenticity' in the context of luxury branding. Adding to the literature on country-of-origin (COO) effects, this paper amalgamates authenticity with (COO) ingredient branding, and examines its effects on consumers' attitudes and willingness to purchase the luxury brand product. Conducted in Perth, Western Australia, the study conceptualizes country-of-ingredient-authenticity into three authenticity dimensions - raw materials, artisan skills and sustainable/ethical considerations. Examining luxury fashion apparel, their research first highlights the importance of country-of-ingredient-authenticity as a primer for positive product judgements and purchase intentions. Luxury brands should not be too concerned with the COO image, but rather, should emphasize the authenticity of the ingredients employed in their products.

4. Luxury retailing

4.1. Linking pop up brand stores to brand experience and word of mouth: the case of luxury retail

Luxury brand retail research is a well-researched arena. However, in the ever-changing global economy, there is still much to learn. Klein, Falk, Esch, and Goluknovtsev (in this issue) lead into this topic with a paper on pop up stores used by luxury brands to add novelty to consumer experiences with the brand. Conducted in the United States (US) and United Kingdom (UK), they use two identical pop up stores of a luxury car brand, as the research context. Their findings ascertain pop up stores as an effective experiential marketing tool for luxury brands. Additionally, they determine that luxury brand pop up stores are effective with both existing and new target market groups; which alleviates the potential issue of marketing programs alienating existing customers. Finally, they ascertain that luxury brand pop up stores need not conform to the traditional design strategies of retail stores.

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