Leveraging E-business strategy in Luxury Fashion Brands in Indian Context

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Abstract

In present retail scenario, Luxury brands are finding place in Indian retail stores especially in major cities in India though it is still in nascent stage and appreciated by very few companies unlike in foreign countries such as European Union, UK and USA. This study will address the luxury branding practices in India and at the same time using online business models adopted by luxury companies. This study first attempt to understand luxury branding by critically analyzing the existing literature on the same and extending the deployment of Internet technology in luxury brands emphasizing Fashion/Apparel brand

1.0 INTRODUCTION

1.1 Origin of Luxury and Retailing

Luxury retailing is common business activity practiced across European Union unlike in India as it is an emerging area which is seen in Tier I cities. Moreover, it is spreading across Tier II cities targeting Elite customers. It is a challenging task for luxury companies which is eyeing Indian market as there is great potential to invest in India .Besides this, people are welcoming Luxe product which is a positive sign for luxury retailers to continue their business. It is observed that Luxury brand phenomenon is becoming common business practices and these brands were afraid of Internet technology. Luxury brands saw the Internet as a mass and uncontrollable media as well as a counterfeit distribution channel that could completely destroy their brand image. It was believed that an e-commerce website could create cannibalization with traditional stores. Further, it compels them to reveal their product prices that permit quick comparison over internet with competitors. Going through these business issues over period of time , luxury retailers realized that using Internet it is a great tool for communication, reduction in distribution costs, advertisement costs and allows a high level of services to online customers such as customization of products catering to different customers, online payments and delivery

1.2 RATIONALE OF THE STUDY
· Limited study in the area of Luxury Branding in Indian context

1.3 REVIEW OF LITERATURE

This Literature review comprises of three parts. The first part aims to give the reader brief idea about the definition and characteristics of the luxury industry. The second part is the theoretical based aspects of Luxury brands and branding concepts. The third part consists of luxury brands which uses Internet as a rich medium to use the e-commerce business tools to build a luxury online experience.

- **Luxury**

"**Luxury is a necessity that begins where necessity ends.**" **Coco Chanel**
The term Luxury means different things to different people. In business sense, the luxury is about the expensive product which has pleasure associated with it. At the same time, an emotional element is imbibed within the product. For instance, Luxury Brand Fendi (female accessory brand) which is expensive in nature represents the personality of a person.

In luxury literatures it is found that scholars have presented various definitions about luxury. In economic sense, luxury is characterized by a high price and it talks about social status and emotional quotient which is associated with product. Luxury is the term which is intrinsic in nature basically designed for elite customers. Luxury sector provides a consistent quality in luxury products and high craftsmanship with good visual appeal (Nueno *et al.*, 1998). In nutshell, luxury is about affluence, opulence etc.,

1.3.1 Luxury brands and Branding

In India, luxury products has grown over the past decade with spectacular growth especially in Tier-I cities and it is observed that there is rapid rise in standard of living and increasing number of customers about the product. In fact, India is the new kid on the luxury block (Vickers and Renand (2003)). Luxury branding typically creates many intangible associations with the perception of the brand. Researcher feels that Luxury brand has an appeal and many meaning attached to it. This study quotes that many luxury brands inculcates brand history and rich heritage. Besides, the important aspect is that it carries symbolic value in their status and achievement (Keller (2009). The study made by Oknokwo(2007) discusses about all luxury fashion brands with year of establishments and mentions that it is not viable to discuss all the luxury brands in apparel category as the literature related to Luxury is limited. In the same line, Glyn Atwal and Soumya Jain (2012) discusses that the strategies to direct the brands which enters luxury market to have market share. Moreover, the article entitled 'cult of the luxury brand: Inside Asia's love affair with luxury' explores the emergence of luxury in Asia region, people use to wear accessories which are highly expensive such as Rolex watches, Burberry bags and many more. This literature also mentions that Hong Kong posses more GUCCI and HERMES stores as compared to New York / Paris. In Asia, the cult of the luxury brand is so powerful that consumers account for as much as half of $80 billion global luxe industry. In Tokyo, 95-percent of women owns Louis Vuitton bag in their 20's

By constantly reviewing the literature it is found broadly that there is a clear distinction among social classes and the consumption of luxury was limited to the elite classes. In fact, Luxury Product sector came into being during 1800's followed by introduction of many of the highly valuable luxury brands

that we know and see today. Few examples include Hermes, Cartier and Louis Vuitton in France, Burberry in England and Bvlgare in Italy

1.4 METHODOLOGY

This study of Luxury Branding is exploratory and descriptive in nature. Besides, this is an emerging phenomenon in Indian context. This study adopts meta-analysis of literatures and business reports pertaining to luxury retailing related to European luxury retailers without any contradiction to existing managerial concepts.

1.5 OBJECTIVES OF THE STUDY

- To understand the rudimentary aspects of foreign luxury brands

- Based on the study made; to elicit the factors required for luxury branding using e-business website

1.6 Luxury Market in India- A Brief

Indian Luxury market is valued at 18.5 Billion USD (Source: ASSOCHAM) has right potential to reach 100 Billion USD in next 5 years. It is also found that ultra high net worth individuals has also been very impressive. The report indicates that India will account for five percent of the total Ultra High net worth individual population and six percent of billionaire population across globe by the year 2025.

Luxury brands have tapped the Indian market especially in Tier-I and Tier-II cities of India and accounts for 45-percent of total luxury market. The rich segments comes from Diamond merchants of Surat, Flower Exporters of Tamil Nadu, Hosiery manufacturers of Ludhiana, Coffee planters of Coorg and Spice traders of Cochin can be a key growth driver of luxury market. Further, there is an increase in middle class segment with increased internet penetration and buying the products especially in Car category for instance, BMW, Audi etc.,

Luxury retailers are facing difficulties in Indian market due to the fact that there are hurdles in infrastructure and lack of clear guidelines, high import duties and counterfeit market which contributes 10-percent of overall luxury consumer market. However, Foreign Direct Investment in India and Goods and Sales Tax (GST) roll out will minimize all these restrictions to certain level to make way for luxury brands for smooth operations in Indian market.

Below are Eight Luxury retailers mentioned to understand the brief product portfolios which are showcased in physical and online stores as well.

- **LVMH Group**

This is French Group LVMH holding which owns brand Louis Vuitton and Dior which sells haute couture clothes and fashion accessories such as leather bags, shoes and shades and jewellery in physical stores. This luxury brand has a website which allows customers to discover many collections of merchandise displays merchandise in a particular category, find the stores, and interested customers can discover the brand history of Louis Vuitton.

The website works completely with Flash technology and music is played in the home page. At the same time, it helps user to look into the details of the brand. In the website, sounds, pictures and video clips are of high quality and background used is maroon. When visiting the Louis Vuitton webpage online customers can have an access to their account after subscribing to the website and personalization is done and newletters and updates are sent to the mail and they can contact the staff of the brand.

Dior is the most famous luxury brands in France in 1947 by Christian Dior. It is owned by LVMH group as well. It specializes in haute couture and ready to wear clothes. It is diversified into jewellery and cosmetics few years back. It adopts Flash technology presented in full screen format and reflects the luxury of the brand experience. Many pictures and movies are used to present luxury products however pictures are not always of good quality. In purchasing the products on website, Dior provides more or less all the products available in stores. An advantage in this website is that apart from displaying the product description, prices etc., it offers an amazing service at par with traditional stores.

Hermes-

Hermès is a French luxury brand created by Thierry Hermès in 1837. Its first activity was saddler. Presently, it offers array of products such as leather goods, haute couture, and ready to wear clothes, cosmetics, home products and fashion accessories. It has website split in two different parts. Indeed, the presentation of the universe of the brand and the online shopping possibilities are available through the same website (www.hermes.com). So, both the online available collection and the information about the company and collections are accessible.

Website in Hermes Brand has a quick and global appeal which adopts Flash technology presenting the universe of Hermes. The website has graphical user interface which is similar to games which user can click on picture. However more communication and information are available on the online shopping website. At times, users get lost in website. Hermes mentions that its website is highly secured. It has collections in fashion accessories and jewelry

- **RALPH LAUREN**

The Ralph Lauren brand was created in 1967 in the United States by American Fashion designer. It mainly offers ready to wear clothes and ties. Presently it is diversified its business process in selling perfumes and household linen. It is quite famous for the English style POLO.

When visiting Ralph Lauren website, It is found that there is difference as compared to French luxury websites. First and foremost is shopping online is quite predominant. The most important element is the website is considered more as a STORE than as a showcase for the brand. At the bottom of website are the brand collections in the form of presentation, Advertising campaign and location of the stores. Ralph Lauren insists the people to shop via internet and shopping cart is provided at the top of the website.

People can purchase from range of products from jackets to underwear collections, and personalization is done for services. This website looks like a common online shopping website that is to say a big difference with standard websites but big difference with French luxury brands websites. However, Ralph Lauren makes good presentation and detailed descriptions of Luxury products.

Ralph Lauren also tries to create a relationship with the customers with an option of registration for newsletter and direct contact to customers. Ralph Lauren tries to be present everywhere. Ralph Lauren encourages Internet users to stay and spend some time on this website through Ralph Lauren's TV with the presentation of various short films about fashion shows and celebrities. Moreover, it is present on Face book which is one important group created by the brand itself

CALVIN KLEIN
Calvin Klein was created in the USA in 1968 by Richer Klein. Its jeans are famous all over the world. It is diversified in ready to wear, perfumes like the unisex "Ck One" and watches.
The website of Calvin Klein doesn't present many products unline French luxury brands. It presents the collection by brand and its universe through a menu which is expressed as Experience altogether. Calvin Klein also has independent website for lingerie ie., http://www.cku.com

Calvin Klein website adopts Flash technology that gives to this brand a real image of luxury brand. Indeed everything is nice. The pictures are good quality and relevant to brand spirit. The visit of this website would have encouraged us to visit the e-shopping website; however, this one is only available in the USA. The only inconvenient in this website is related to the videos that appear on Calvin Klein's TV and that are more or less of bad quality. Calvin

Klein, through its website, wants (as many Luxury brands use to do) to establish a sustainable link with its visitors and customers. The website indicates the store location for each brand (Calvin Klein, CK Calvin Klein) and it also provide a web link to the group owned by Calvin Klein.

COACH
Coach was founded in 1941 by in the USA and more precisely in Manhattan. This brand is seen as a great designer, producer, and marketer of fine accessories and gifts for women and men like handbags, luggage and travel accessories, eyewear, gloves, scarves, fragrance and fine jewelry.

Coach's website is built with a main menu on the left side of website and its menu driven programs indicates seven main categories for Men's and Women's collection that allow customers to directly access 56 category of product they wish to select from without wasting their time. Moreover, a search engine is available for making the work easier. The website is built horizontally, that is completely original, due to the fact that usually websites are built vertically in Tiffany and co and Ralph Lauren website

Coach provides customers easily accessibility to products with pictures for each colors, additional elements and accessories and of course information when the user clicks on the product a descriptive sheet appears for the further instructions.

Tiffany and Co's

Tiffany & Co. was created in 1837 by Charles Lewis Tiffany and John B Young. It is an American brand which sells categories such as jewelry, diamonds and watches. This brand has given its name to a special blue, the Tiffany blue.

Tiffany & Cos website provides a certain level of service to the customers, in particular about the product and purchase information and visitor can consult the experts of the brand.

1.6.2 E-business strategies of Luxury Brands

After having mentioned the eight luxury brands, this section presents the strategies which is interpreted in broader sense. Though Luxury brands are spreading across metro cities of India still it is at nascent stage. Researcher has indicated that there is immense scope for luxury brands shelved in few high end stores across Tier-I city of India (**Hemanth Y (2016))**.Moreover, it is gaining increasing visibility and this sector is little strange in its operation in India due to heterogeneous customers unlike Foreign country. It is noteworthy to mention that most global luxury brands are eyeing Indian luxury market especially elite customers including the top Chief Executive Officer of MNC's in India. Further, it is noted that there is a visible growth rate of Indian luxury market as compared to developed economy.

The luxury brands are attracted young professionals as well as entrepreneurs as key customers of luxury and expectations are too high from them and these brands should be of design, style, interactive features and technical know-how, the customers have really important expectations. They would expect luxurious brand identity both online and traditional. Many technologies offered by the Internet allow luxury brands to set up a comprehensive e-commerce site and e-shopping sites to its visitors. Sophisticated illustrations and multimedia apps can be incorporated to build e-commerce website (Dall"Olmo Riley *et al.*, 2003). In short, interactive websites can be deployed to provide 3D pictures of luxury products from different perspective and create a visual appearance to keep brand to give the feeling to be in a real store of luxury brands (Varandat, 2001). Set of pictures pertaining to product videos help to compensate the absence of the touch possibility (Chernatony, 2001, p.193).

1.7 Discussions:

After reviewing the literatures and business reports and cases of 8 luxury brands in India, researcher has broadly categorized the various rudimentary aspects of Luxury Brands especially in Fashion and life style accessories segment the following are the few factors given below were derived which is more qualitative in nature and differs from each luxury brands mentioned in 8 brands in the study

a) Online Interaction with Vendors

The most important difference felt by customers between a traditional store and an online shop is the lack of physical interaction (Colgate *et al.*, 2005). This lack leads online consumers to an uncertainty. In order to fill in this need of trust, online customers can have access to one or several possibilities of interaction with online vendors in order to help them all along their e-visits (Chaffey, 2000). An online help-desk can be build for instantaneous response system directly from the website (Kimiloglu *et al.*, 2009) which helps customers to access the appropriate services provided in traditional shops (Drennan *et al.*, 2003). Hence, web users can also access information, advices, customer services and after sales service.

E-commerce websites can help online customers to get subscription to newsletter which helps web user to access websites and retrieve required information about the brands. By doing this, online customers get some privileges to access websites

b) Psychological element to build online trust

The Internet was seen and continues to be seen as mass media. Everybody can navigate, create a website, and sell online. Luxury web sites should be able to understand the customers buying behaviour and e-commerce features of privacy of data and coherency between luxury brands and the websites in order to develop the trust among customers. An important aspect for luxury brands is that due to high prices for luxury products there is potential risk is higher. Elite customers will be able to pay high premium for the product(s) so Luxury retailers should be cautious about dealing with this issue.

c) Interactivity

The Internet permits brands should transform to pull strategy as there is customer pull for the brands especially in Luxury brands. Indeed, on traditional front the brand that was talking to its targets. Presently it is online customers engage in a dialogue with a brand (Chaffey, 2000, p.40). It is a two-way communication between brands and customers. Indeed, the interactivity permits to improve the web experience by offering customized services, interaction with vendors and other online consumers.

d) Quality and Status

Luxury brands are highly classy and elegant due to their quality, status and appeal. At the base level, luxury brands are known to deliver superior experience at two primary levels first, at a product level and second, at an experiential level. At a product level it satisfies the functional and utilitarian characteristic such as quality, unique design, craftsmanship, human touch with few high-end products. At experiential level they appeal to the emotions of the consumers. For example: Tiffany is a symbol of love and beauty. In this context, customers purchasing GUCCI is known for its appeal and social status. Luxury products have influenced elite customers offering brand's year of mastery and rich lineage, heritage .

CONCLUSION

The study is an attempt to give broader insight into luxury branding which discusses about the current scenario in retailing across the nation by critically analysing the various Luxury brands and at the same time it throws light on aspects on e-business models adapted by luxury retailers and concepts pertaining to Luxury Brands in India. This study throws light on micro aspects of business reminders to luxury retailers to enhance their web presence across nation.

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