Is Electronic Customer Relationship Management for Luxury Brands?

Case study of the fashion luxury industry
Bachelor Thesis Project in Business Administration

Title: Is Electronic Customer Relationship Management for Luxury Brands?
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Abstract

Luxury brands are motivated by their long-term vision, where the establishment of relationships with high-net worth customers is essential. Further supported by the fact that it may cost them as much as five times more to acquire new customers than retaining existing new ones. Luxury brands major focus is on providing an exceptional experience, which can arguably be hard to achieve online. Electronic Customer Relationship Management (e-CRM) further puts the focus on the customer interaction with little or no human contact at all. The purpose of this thesis is to examine the practice of Electronic Customer Relationship Management in luxury brands. In particular, how fashion luxury brands communicate the luxury value through e-CRM.

The research method of this paper is qualitative, further a multiple case study of six luxury fashion brands. The cases has been observed from annual reports and websites. In order to fulfil the purpose several e-CRM characteristics were investigated, which were connected with the different value dimensions of luxury brands. The main challenge facing luxury brands is the dilemma between accessibility and exclusivity. The brands uses different strategies in order to handle this dilemma. The study shows that it is possible to deliver all four value dimensions online through the use of e-CRM initiatives. Therefore, it could be argued that online interactions would not weakening, but rather strengthening the brand image. This thesis focus the problem from the brands perspective.
Acknowledgements

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1. Introduction

The purpose of this part is to introduce the reader to what will be covered in the chapter. This is presented at the start of each chapter and is adapted to reflect the content of the chapter.

1.1 Background

The first step, in order to market luxury, is to acquire an understanding of the concept (Kapferer & Bastien, 2009). In already published literature there are many definitions of luxury, in addition the definitions have changed throughout time (Kapferer & Valette-Florence, 2016; Kapferer & Bastien, 2009; Choo, Moon, Kim & Yoon, 2012; Albretch, Backhaus, Gurziki & Woisetschläger, 2012). Hence, all luxury brands are far from similar and the perception of luxury may vary between time and people. It can further be described as a procedure instead of a thing (Berthon et al, 2009). Luxury has been described as an identity, a culture and a philosophy, rather than a product, service, object or lifestyle (Okonkwo, 2009). The price of the good is not enough to define whether it is a luxury product or not (Kapferer & Bastien, 2009). In order to get an understanding of the values a luxury brand has to deliver, Wiedmann, Hennigs & Siebels (2009) have established a theory. The theory conceptualized customers’ luxury value perceptions into four dimensions: Financial value, Functional value, Individual value, and Social value.

The society is constantly changing. Today there are more customers that choose to do their shopping online, including purchasing luxury products (Kapferer & Valette-Florence, 2016; Okonkwo, 2009). Furthermore, statistics show luxury brands’ online sales have increased with 29 percent in the past five years. Additionally, e-commerce is the second most important feature for luxury brands in contrast to being the least important feature ten years ago. However, in-store sales still represent 95 percent of the worldwide luxury good market (Kluge & Fassnacht, 2015). It could be argued that
luxury brands find it more difficult to establish a relationship with consumers online compared to offline, due to limited personal contact (Verma, Sharma & Sheth, 2016).

A luxury brand is born from the idea of its creator and motivated by a long-term vision (Kapferer & Bastien, 2009). It may costs five times more to actually acquire new customers in contrast to retaining the existing customers (Bhattacherjee, 2001). The long-term vision is essential in order to establish long-term customer relationships. The base of building a relationship between consumers and brands could be established through the concept of Customer Relationship Management (CRM). Customer Relationship Management has evolved from the concept of Relationship Marketing. The aim of Relationship Marketing is to identify the customers worth retaining a long-term relationship with, and focusing on having a two-way conversation with customers rather than the traditional approach of simply delivering a message (Kennedy, 2006).

By adding technology to the concept of Customer Relationship Management, a new strategy termed Electronic Customer Relationship Management (e-CRM) has evolved. In contrast to CRM, e-CRM concentrates on how companies interact with consumers with little or no human contact at all (Kennedy, 2006). The personal contact plays a crucial role in luxury brands' attempt to deliver the luxury value for customers. However, the remaining question is if e-CRM implications assist luxury brands in delivering the luxury value online. Prior empirical studies have focused on how companies use e-CRM but few studies have focused on the combination of e-CRM and luxury brands.

1.2 Definitions

Electronic Customer Relationship Management (e-CRM): can be defined as facilitating long-term customer relationship with the use of Internet technologies and originates from customer relationship management (Harrigan, Ramsey & Ibbotson, 2008).

Luxury brands: the perception of luxury may vary between time and people, and can further be described as a procedure instead of a thing (Berthon et al, 2009). luxury has
been described as a identity, culture and a philosophy rather than a product, service, object, lifestyle, or an object (Okonkwo, 2009).

**Brand identity:** refers to the how companies want the brand to be perceived by its customers. Furthermore, the vision and associations on how the brand wants to be viewed by its customers (Aaker, 2012).

**Brand image:** In contrast to Brand Identity (how companies want the brand to be perceived), brand image refers to how the brand actually is perceived by the customers. Customers’ perception of the brand is determined by the customers experiences with the brand (Nam, Ekinci & Whyatt, 2011).

### 1.3 Problem

The increased accessibility of the Internet has influenced consumers’ behaviour and companies’ way of reaching them (Lamberton & Stephen, 2016). The customers’ behaviour has changed together with the technological evolution. Moreover, it has contributed to customer's choice of purchasing online, including the purchase of luxury products. (Kapferer & Valette-Florence, 2016). As brands should operate based on customer preferences, it can be argued that luxury brands have been forced to adapt to the online environment (Okonkwo, 2009).

The universal accessibility and availability of Internet has simplified the process of reaching masses. A strategic dilemma, faced by luxury brands when adapting to the online environment, is the challenge of balancing exclusivity and accessibility (Okonkwo, 2009). It could also be argued that brands find it to be more difficult establishing customer relationship online due to limited personal contact (Verma, Sharma & Sheth, 2016). Some of the core attributes may not be perceived in the same manner online. This could affect the brand value in a negative way, as luxury brands are vulnerable to inconsistent brand cues (Albrecht, Backhaus, Gurzki & Woisetschläger, 2013). Moreover, causing confusion amongst luxury brands regarding the adoption of online appearance (Okonkwo, 2009). On the other hand, some argue that a well-managed online presence could strengthen the brand rather than weaken it. Therefore
participation of the digital environment should be considered (Hennings, Wiedmann & Klarmann, 2012). Simultaneously luxury is a growing sector identified with high competition. A successful adoption of online environment and the providing of rare services can without question give competitive advantage (Kapferer & Valette-Florence, 2016).

For brands to retain and maintain customer relationships online, e-CRM implementation could be used as a strategy (Chen and Chen, 2004). Furthermore, e-CRM can result in increased reliability of a brand in an online environment. It can also increase the perception of the brand image through the use of advanced technology in a brand’s online communication channels (Kimioglu & Zarali, 2009). However is this applicable to luxury brands and could luxury brands retain the luxury value through e-CRM? More specifically, the problem formulation for this thesis is how luxury brands use e-CRM implications to retain its luxury brand value online. This is a field where little research has been conducted.

1.4 Purpose

The purpose of this thesis is to examine the practice of Electronic Customer Relationship Management in luxury brands. In particular, how fashion luxury brands communicate the luxury value through e-CRM.

1.5 Research Questions

To fulfill the purpose following research questions will be answered:

RQ1: How are e-CRM initiatives used within fashion luxury brands, what are the differences and similarities between the brands?

RQ2: How are e-CRM initiatives connected to value dimensions of fashion luxury brands online?
1.6 Delimitations

This thesis is delimited to various boundaries determined at an early stage. The study will focus on e-CRM in online the luxury sector. More specifically delimit the research to fashion brand with high brand awareness. Furthermore, this thesis will focus on the usefulness of e-CRM from a brand’s perspective rather than the customer’s. This is due to the limited scope of this thesis as well as the time frame. However, the delimitations did not prevent this thesis to result as a beneficial study that will contribute to existing research with new and useful insights.

2. Literature Review

The purpose of this chapter is to present the frame of reference for the thesis. The chapter includes existing research within the fields of e-CRM, luxury brands and online luxury brands. This section will be finalized with a summary of the literature illustrated in a model.

2.1 Fashion Luxury Brands

According to Kapferer and Laurent (2016) luxury is both a concept and a macroeconomic sector. In already published literature there are many definitions of luxury, in addition the definitions have changed throughout time (Kapferer & Valette-Florence, 2016; Kapferer & Bastien, 2009; Choo, Moon, Kim & Yoon, 2012; Albretch, Backhaus, Gurziki & Woietschläger, 2012). In multiple languages the concept “luxury” has a Latin origin and is related to “excess”. The perception of luxury may vary between time and people, and can be further described as a procedure instead of a thing (Berthon et al, 2009). Furthermore, studies have shown that customers have different personal definitions of luxury, which has diffused the concept (Kapferer and Laurent, 2016). Luxury has also been described as an identity, culture and a philosophy. (Okonkwo, 2009)
Luxury is not either an outcome from a survey showing where there might be a niche or a business opportunity. The most important factor is uniqueness and not a comparison with competitors (Kapferer & Bastien, 2009).

### 2.1.1 Luxury online

Today the society is different, more consumers are choosing to do their shopping online, including purchasing luxury products. The technology evolution has almost forced luxury brands online, as the companies have to operate where the customers are. Studies have shown that Internet has changed the luxury consumers’ attitudes, behavior and value systems (Okonkwo, 2009). Online and in-store consumers are driven by different motivational factors. The primary attributes of online luxury purchasing are convenience, price, product availability, online shopping attitude, and trust (Liu, Burns & Hou, 2013).

Internet may be the best environment for spreading brand awareness and simultaneously increase desirability. One of the main challenges for luxury brands online is to retain the value of the brand, maintaining the ‘desire’ and ‘exclusivity’ features of luxury brands when using mass marketing strategies (Okonkwo, 2009; Hennigs, Wiedmann & Klarmann, 2012). The important task is to know how to deliver a multisensory experience of luxury online (Hennigs, Wiedmann & Klarmann, 2012).

### 2.2 Value of Luxury Brands

Wiedmann, Hennigs & Siebels (2009) have conceptualized customers’ luxury value perceptions into four dimensions: Financial, Functional, Individual, and Social, which are combined into one single model. The Financial Dimension of Luxury Value Perception focuses on the fiscal aspects such as pricing, discounts, investments, and resale. The Functional Dimension of Luxury Value Perception refers to the basic benefits and utilities driving the consumer to the luxurious value such as uniqueness, quality, trust, and usability. Individual Dimension of Luxury Value Perception
addresses the consumer's personal matters and values to the brand such as hedonistic, self-identity value and materialism. The Social Dimension of Luxury Value Perception refers to the perceived values acquired by the consumers’ social group(s) such as prestige value and consciousness. The different dimensions are not mutually exclusive meaning that they are correlated with each other.

To further make it applicable for this thesis, each dimension will be discussed from the brands’ point of view to clearly comprehend the relevance of the dimensions in luxury brands including their online implications.

2.1.1 Financial Value Dimension of Luxury Brand Perception

The price of a product might affect the brand image and influence the perception of quality. Prestige pricing indicates determining a high sales price in order to represent the high quality, and thus increase the desirability of the product (Wiedmann, Hennings...
& Siebls, 2007). The Internet may be associated as a public place of immediate buying and selling, however luxury products should reflect quality and not quantity (Hennings, Wiedmann & Klarmann, 2012). According to Liu, Burns & Hou (2013) consumers are comparing prices and are searching for better deals online as luxury products in general are very expensive. Discounted prices would attract customer but with the risk to potentially damage the upscale brand image. Furthermore the companies have to be conscious of the potential damage that the lower price could have on how customers perceive the brand (Liu et. al, 2013).

The high amount of money involved in the luxury purchase transactions increases the need for trust between customers and the brand (Liu, Burns & Hou, 2013). Objective price refers to the actual price of the product in contrast to the perceived price, which is the price interpreted by the customer. The perceived price lead us to the second dimension, functional value (Wiedmann, Hennings & Siebls, 2007).

2.1.2 Functional Value Dimension of Luxury Brand Perception

Functional value refers to the value of the usability, quality and uniqueness. Usability value reflects the function of the product. The expectations regarding a luxury product to do what it is supposed to do, be visually attractive and be long-lasting are high, could be referred to the quality value. A way of achieving excellent product quality might be through supplying products that are hand-made rather than mass-produced. This leads to the uniqueness value, which indicates the rareness and outstanding characteristics of a product (Wiedmann, Hennings & Siebls, 2007).

The primary distribution channel for luxury products is through offline stores, where uniqueness is delivered through controlled accessibility (Jin, 2012). True luxury is said to be when it is demanded by many but simply available and accessible to few (Hennigs, Wiedmann & Klarmann, 2012). Previously, luxury companies have been negative towards adapting online as the luxury’s core attributes may not be perceived in the same manner online (Okonkwo, 2009) and luxury brands are vulnerable to inconsistent brand cues (Albrecht, Backhaus, Gurzki & Woisetschläger, 2013).
Higher revenues are usually earned by increasing the sales volume, however higher sales volume threatens the exclusivity. A dilemma luxury brands face is keeping the balance between exclusivity of the brand and the demand of generating higher revenue (Berthon et al., 2009). This dilemma is substantial in the context of brand extension when launching new products under the existing brand name, and growth strategies aiming at winning larger market share (Albrecht et al., 2013). If the luxury companies increase the sales online there could be a risk of overexposure and loss of exclusivity (Okonkwo, 2009).

A main strategic challenge for luxury brands is managing the balance between accessibility and exclusivity (Okonkwo, 2009). Immediate consumption should not be simple since luxury products are something that should be earned. The fact is that the desirability will increase if the accessibility is limited (Kapferer & Bastien, 2009; Albrecht et al., 2013). Companies should establish challenges for the consumer to purchase the luxury brand in order to induce the desire. Some of the challenges indicate financial, cultural, logistic and time obstacles. The consumer has to pass the serie of obstacle for later get to enjoy the luxury product (Kapferer & Bastien, 2009).

In addition to product related functions, the functional value of luxury online concerns the usability, exclusiveness and quality of the experience of websites and other applications. The sense of touch and smell could not be perceived online, however the Internet can communicate the brand with other features such as music, space, videos or texture (Hennings, Wiedmann & Klarmann, 2012).

2.1.3 Individual Value Dimension of Luxury Brand Perception

Self-identity value, hedonic value and materialistic value are all indicators of the individual value dimension. Self-identity refers to the manner individuals perceives themselves, and have a relationship with the brand image in terms of the customers' wants. Hedonic value is the emotional value acquired both by the purchase and consumption of a product. Materialism refers to the level of importance possessions has in the individual’s life. An individual who prioritizes materialistic value tends to spend
more time to product related activities and is being influenced by external cues. He or she favours those possessions that are consumed in public (Wiedmann, Hennings & Siebls, 2007).

Previously, manager’s main focus has been on creating symbolic value. However, the customer's valuation of symbolic importance has been replaced with the importance of individual meaning, like excellent quality and a unique experience (Choo et al., 2012). The symbolic value is no longer enough and luxury should further obtain strong personal and hedonistic indicators. If a customer is only interested in what the product symbolises, it is easy to switch from one brand to another and no long-term relationship will be established (Kapferer & Bastien, 2009; Choo et al., 2012). In luxury, hedonism is more important than functionality, which is the main difference between a regular brand and a luxury brand (Kapferer & Bastien, 2009; Kapferer & Valette-Florence, 2016; Choo et al., 2012; Albrecht et al., 2013).

Regarding the individual value of luxury, the brands' offline appearance has to be transferred to the online environment. Furthermore, to encourage customers to a deeper involvement, questions should be asked and customers should be allowed to share opinions. Based on the feedback, adjustments can be made and improvements can be implemented (Kapferer & Valette-Florence, 2016).

2.1.4 Social Value Dimension of Luxury Brand Perception

The final dimension can be identified by the conspicuousness value and the prestige value. Luxury products have a higher conspicuous value when purchased or consumed in public in comparison to products consumed in private. Prestige value is found in social networks, their social group influences individuals when form attributes. Luxury is a social market, therefore there is a need for highly valued and recognized brands (Wiedmann, Hennings & Siebls, 2007). Luxury often represents a symbolic value, where people want to wear a certain brand to show that they belong to a superior class (Choo et al., 2012; Kapferer & Bastien, 2009). A product does not transmit social recognition unless non-buyers recognize the brand. Significantly more individuals
should be familiar with the brand than those who actually could afford to purchase it (Kapferer & Valette-Florence, 2016; Kapferer & Bastien, 2009). So in order to establish the high brand value it is imperative to spread the brand and worth awareness to more people than the targeted customers. If a luxury product loses its social signifier, which is the people or society’s interpretation, it loses its luxury status (Kapferer & Bastien, 2009). Many wealthy consumers are daily using various social media sites. Even though these users may not be potential customers of that specific brand, they may be good brand advocates. With the right strategy brands can be the consumer’s online identity. Through this they can build brand value and simultaneously promote the brand. Luxury is often associated with the symbolic value, every time the brand is shown and associates with a certain social circle, another individual’s value of the brand will increase (Hennings, Wiedmann & Klarmann, 2012).

2.3 Long-term relationship with customers

Customers only interested in the symbol will easily switch to another brand. In order for luxury brands to get perceived as more than a symbol, brands have to establish long-term relationship with their customers (Kapferer & Bastien, 2009; Choo et al., 2012). A closer relationship with the customer will lead to increased satisfaction, trust, and loyalty among other things. A strong relationship with the customer is a key success factor for luxury brands (Choo et al, 2012). Furthermore, high net-worth customers can increase luxury sales online (Liu, Burns & Hou, 2013).

As companies increase their customer focus, the need to meet customers’ expectations and retain customer loyalty has become critical (Alhaiou, Irani & Ali, 2012). Establishing a successful long-term customer relationship can be made through trust (Liu, Burns & Hou, 2013), further connected to brand loyalty. Brand loyalty has been abstracted in two ways, in a behavioural and an attitudinal conceptualisation. The behavioural way focuses on repeated purchases of the brand by customers over time, while the attitudinal way concentrates on the customers’ attitudes and perception of the brand (Van den Brink, Odekerken-Schröder & Pauwels, 2006). Furthermore, customers’ perception of the brand, the brand image, has to be confirmed with positive customer
experiences. Luxury brands should therefore consider offering various quality customer services online (Liu, Burns & Hou, 2013).

### 2.4 Electronic Customer Relationship Management

Electronic customer relationship management (e-CRM) was in its early stage of expansion in 2009, making it a relatively new concept. The concept has evolved through traditional customer relationship management (CRM) (Sophonthummapharn, 2009). E-CRM has no universally recognized definition, previous literature describe different definitions and contexts which is further shown in Table 2.1

<table>
<thead>
<tr>
<th>Table 2.1 Literature of e-CRM</th>
</tr>
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<tbody>
<tr>
<td><strong>Researcher</strong></td>
</tr>
<tr>
<td>Alhaiou, Irani &amp; Ali, 2012; Kumra, 2005</td>
</tr>
<tr>
<td>The focus of acquiring, retaining and enhancing relationship with high net worth through Internet</td>
</tr>
<tr>
<td>Kennedy, 2006</td>
</tr>
<tr>
<td>E-CRM concentrates on how companies interact with consumers with little or no human contact at all</td>
</tr>
<tr>
<td>Chen and Chen, 2004</td>
</tr>
<tr>
<td>E-CRM implementation varies significantly depending on the outcome wished to be achieved. Some systems are purely informational, non-interactive web-based customer services while others are operational systems where the consumers make product purchases and financial transactions</td>
</tr>
<tr>
<td>Sophonthummapharn, 2009; Dohery &amp; Lockett, 2007</td>
</tr>
<tr>
<td>E-CRM systems consist mainly of two parts: Operational e-CRM &quot;front office&quot; and Analytical e-CRM &quot;back-office&quot;. Thus, these systems are supposed to support the aligning of business processes with customer strategies to build customer loyalty and increase profits overtime.</td>
</tr>
</tbody>
</table>
Pan & Lee, 2003

E-CRM application has been identified in five steps: Information integration application, customer analysis application, campaign management application system, real-time decision application, and personalized messaging application.

Kadam & Feinberg, 2002

E-CRM application principally consists of two types: site customization or alternative channels. Site customization features are the ones that offer the user to filter the content they will see. This is usually done through the first visit of the brand’s website. The alternative channels features include the different ways to contact the company.

Feinberg, Kadam, Hokarna & Kim, 2002

E-CRM mainly concerns three general areas: presales information (mostly product and corporate information), e-commerce services, and post-sales support.

2.4.1 E-CRM as a strategy

Previously, e-CRM has been implemented as a software tool consisting of a database with the handling of online purchase information and web traffic. The development of e-CRM has led to e-CRM being seen as more than a software, it has been acknowledged as a strategy. E-CRM should be incorporated in all aspects of the business processes, in order maintain a synchronized interaction with customers throughout each channel. In other words e-CRM used as a software is not enough for achieving successful outcomes. E-CRM is a strategy that has to be implemented and managed well (Chen and Chen, 2004).

E-CRM application consists of mainly two parts: Operational e-CRM and Analytical e-CRM (Sophonthummapharn, 2009; Dohery & Lockett, 2007). The operational e-CRM, known as “front office” is generally involved with the customer contact using telecommunications technology (Dohery & Lockett, 2007). Such technologies include loyalty programs, automatic email response systems, cross-sell/up-sell capabilities, site customisation, and automatic service systems (Sophonthummapharn, 2009). Analytical on the other hand, known as “back office” system, uses data management technologies and software to process large amounts of customer data (Sophonthummapharn, 2009;
Dohery & Lockett, 2007). Some systems included in analytical e-CRM are sales recording systems, sales trends and forecast report systems, analytical report systems, and customer profile systems (Sophonthummapharn, 2009). Thus, operational and analytical systems are not all that e-CRM is about and depending on how it is applied, different benefits can be anticipated (Sophonthummapharn, 2009).

2.4.2 Successfully applied e-CRM

E-CRM may be a good strategy for organisations to take better care of their customers. Sophonthummapharn (2009) further identified three different types of potential benefit from e-CRM implementation: strategic, customer service, and productivity benefits. The potential strategic benefits include gaining and maintaining competitive advantage, and efficiently analysing and understanding customer requirements. Customer service benefits include increased customer satisfaction, customer retention rate and customer loyalty. Moreover, productivity benefits include increased revenue and profitability, and overall cost reduction is further possible benefits from a successfully applied e-CRM application (Sophonthummapharn, 2009). The benefits of a successfully implemented e-CRM system could also be specified as intangible and tangible benefits. Tangible benefits include increased revenues and profitability and the reduction of costs. Intangible benefits include increased customer satisfaction, positive word-of-mouth, improved customer service, effectiveness of customer segmentation and closer contact management (Kumra, 2005). There are various approaches to measure e-CRM implementation where one of them is focusing on brand building and improving brand equity.

2.4.3 E-CRM Application

Pan & Lee (2003) have identified an application of five different steps in e-CRM. Information integration application merges information and customer data of different kinds including contact history, customer profile, transaction history, account history, and external data. Customer analysis application measures and interprets customer behaviours and usually the three types included are: online analytical processing, data
mining, and statistics. The campaign management application includes campaign operation, analytical integration, and reporting, which uses data warehouse to enable communication with individual customers. The real-time decision application includes business intelligence, data mining, and ad hoc analysis reporting, which organizes and coordinates communications across dissimilar customer touch-point systems. Personalized messaging application includes direct mail, email, Internet, phone/fax, and contact management (outbound, inbound, sales force, services).

Kadam & Feinberg (2002) mentions two types of e-CRM applications, site customization or alternative channels. Site customization features make it possible to customize the following visits of the websites based on the person’s preferences. The alternative channel features include the different ways to contact the company, for instance e-mail, call-back button, voice over IP, fax, bulletin board, and postal address.

E-CRM application can offer brands a stronger relationship with their customer, through its collection of data and its use. To conduct a wide-ranging software platform that enables the answers to “who, what, when, where, and how” of marketing and sales can create significant customer value (Pan & Lee, 2003).

Feinberg, Kadam, Hokarna & Kim (2002) mentioned e-CRM mainly concerning three general areas. The first area includes e-CRM features connected to pre-sales information such as membership, mailing list, chat, local search engine and site customization. Features linked to the second area, e-commerce information, include online purchase, product information online, customization possibilities, purchase conditions, preview product and links. The third area of post-sales support features includes FAQs, complaining ability, and problem solving. Further generally identified e-CRM features includes product highlights, request for catalogue, ease of check out, gift certificate purchase, store locator, member benefits, customer service page, and company history (Feinberg, et al 2002).
2.4.4 E-CRM Summary

The review of relevant literature shows different aspects of e-CRM, where e-CRM characteristics has been summarised and shown in Table 2.2

Table 2.2
The summarised characteristics of e-CRM

<table>
<thead>
<tr>
<th>Summarised characteristics of e-CRM.</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-CRM characteristics</td>
</tr>
<tr>
<td>· Technology-facilitated</td>
</tr>
<tr>
<td>· E-commerce</td>
</tr>
<tr>
<td>· Using digital channels</td>
</tr>
<tr>
<td>· Customer loyalty programs</td>
</tr>
<tr>
<td>· Site customization</td>
</tr>
<tr>
<td>· Internet</td>
</tr>
<tr>
<td>· Problem solving</td>
</tr>
<tr>
<td>· Preview products</td>
</tr>
<tr>
<td>· Purchase conditions</td>
</tr>
<tr>
<td>· Gift certificate purchase</td>
</tr>
<tr>
<td>· Pre-sales information</td>
</tr>
<tr>
<td>· Post-sales support</td>
</tr>
<tr>
<td>· Web-based customer service</td>
</tr>
<tr>
<td>· Local search engine</td>
</tr>
<tr>
<td>· Contact information</td>
</tr>
<tr>
<td>· Online purchasing</td>
</tr>
<tr>
<td>· Customer interaction</td>
</tr>
<tr>
<td>· Customer data</td>
</tr>
<tr>
<td>· Product information</td>
</tr>
<tr>
<td>· Customization</td>
</tr>
<tr>
<td>· Store locator</td>
</tr>
<tr>
<td>· E-commerce services</td>
</tr>
<tr>
<td>· Interaction services</td>
</tr>
</tbody>
</table>

2.5 Summary of Frame of References

The theoretical framework begins with explaining the concept of luxury. The value of luxury is illustrated in the *The conceptual model by Wiedmann at al (2007)*. The model is built on four dimensions Financial Value, The Functional Value, Individual Value, and the Social Dimension. The Frame of References continues with covering e-CRM, its strategy and implications. It then concludes with a summarised section of identified characteristics of the concept based on the literature.
3. Methodology

This chapter includes the choice of research philosophy, research approach, and research strategy. Moreover, the data collection method, how the empirical findings will be analysed, and validity of this study are presented.

3.1 Research Philosophy

Assumptions and beliefs about the way in which data about a phenomenon should be collected, analysed and used is referred to the research philosophy. Regardless if the researcher is aware of the philosophy or not, a number of types of assumption will be made during the entire research process. The different assumptions in terms of research philosophy are referred to ontology, epistemology, and axiology (Saunders, 2015).

The assumptions about knowledge, its legitimacy and validity is concerned in the philosophical study of epistemology. This thesis aims to observe and understand the nature of reality concerning e-CRM in fashion luxury brands, further leading us to ontology. Ontology as one type of assumption focuses on the realities encountered in the research process (Saunders, 2015).

Epistemology is not applicable in as it often includes several methods and with the base of human knowledge. Perhaps this assumption would have been applicable if the purpose was to examine both the brands and the customers’ perspective. Axiology refers to the extent and ways your own values and beliefs influence the research process (Saunders, 2015). This thesis will not base assumptions on the researchers’ own ethics and values and therefore axiology is neither applicable. Furthermore, this thesis will take a pragmatism position.

Pragmatists characterise several different ways of interpreting the world and undertaking research. Furthermore, no single point of view can give the entire picture and that there might be multiple realities (Saunders, 2015). Pragmatist stance was
chosen, as it is a field with little research and desire to be flexible. The importance of not having one single point of view of the entire use of e-CRM is crucial since previous literature have not put the focus specifically on fashion luxury brands. Thesis will use multiple theories regarding e-CRM, In addition a multiple case study of 6 brands will be conducted.

Furthermore pragmatism is often a research process, which starts with a problem and ends with implications for future practices (Saunders, 2015). Our research starts with the problem of luxury brands to communicate online, we are examining e-CRM features and how it might affect luxury value. The findings could be used for future practices.

### 3.2 Research Purpose

A research could take an exploratory, evaluative, descriptive, or explanatory approach. Explanatory research is to investigate the relationship between two or more variables of a problem often in form of identifying correlation through statistical tests (Saunders, 2015). An explanatory is not applicable for this thesis as we do not yet understand the relationship between the value of luxury brands and e-CRM applications and no clear variables will be tested.

Exploratory studies aim to discover and gain insights about a topic through open questions. Further, ways of conducting it to gain insights is through interviews, in-depth individual interviews or focus groups (Saunders, 2015). We will not conduct interviews and therefore this thesis will not take an exploratory approach.

We will conduct a descriptive study. Descriptive studies focus on extending the research based on pre-existing data, as well as gaining an accurate profile of a situation, people, or events (Saunders, 2015). Based on the pre-existing data, we will observe 6 fashion luxury brands. The latest available annual reports and website of brands will be observed for gaining an accurate profile of the industry. Furthermore, we will observe which e-CRM features the brand have implemented, where the features are located and how it may affect the luxury value. We will compare the brands in order to find differences and similarities.
Therefore we will combine the descriptive study with an evaluative study. Evaluative study is applicable as it has an emphasis on understanding the effectiveness of an organization, business strategy or initiatives. It often involves comparison for instance between different organisations (Saunders, 2015).

The different methods when conducting a research are qualitative or quantitative, and it can also be a combination of both. It is important that the choice between quantitative and qualitative methods relates to the specific research problem and research object (Alvesson & Sköldberg, 2009). For this thesis a quantitative study would not be applicable as the research questions are of non-numeric distinctions. A qualitative method begins from the perspective and action of the subjects studied. It allows flexibility regarding interpretive possibilities and enables the researcher’s design of what is explored to become more apparent (Alvesson & Sköldberg, 2009). The aim is to collect qualitative data to further explore the connection between e-CRM and luxury brand identity and to identify themes of one affecting the other.

### 3.3 Research Approach

Based on how the research process is related to theory and knowledge, different research approaches are applicable. Inductive is one of the approaches, where creating knowledge and theory is the outcome of the research and generalisations are concluded from individual cases (Bryman & Bell, 2003; Arbnor & Bjerke, 2009). In the inductive approach theory follows data, and researchers are more likely to use qualitative data and to establish different views they usually use a variety of methods to collect the data (Saunders, 2015). The other research approach is the deductive approach, which is a way of creating knowledge about single cases based on general laws and what theory already is stating about the specific event (Arbnor & Bjerke, 2009). Deductive approach of moving from theory to data, and is in general more applicable to a quantitative study and therefore not applicable for this thesis. Since this thesis moves back and forth between theory and empirical findings the combination of deduction and induction will be made, and is referred to abduction (Saunders, 2015). Abduction approach allows flexibility, for instance it will enable us to identify e-CRM characteristics based on previous literature. However, the abductive approach enables us to observe new
characteristics of e-CRM and compare it with previous literature. The abductive approach is further suitable for this thesis as the aim is to combine previous findings with empirical data in order to contribute with new theory that could be tested in future research.

### 3.4 Research Strategy

The plan of how a researcher will go about to answer the study’s research question may be defined as research strategy (Saunders, 2015). The research strategy chosen for this thesis is a case study of the luxury fashion industry. This strategy is chosen to generate insights of luxury fashion brands’ use of e-CRM in a real-life context to further understand the implications in practice.

A single case study provides an opportunity to analyse a phenomenon that few have considered before and explores one case (Saunders, 2015). A single case study is not applicable due to the pragmatism philosophy, which aims to gather multiple views. This thesis will use a multiple-case study where several brands will be used as cases to be able to apply replication logic to the findings across cases. A multiple-case study design includes two or more cases. Further, it deliberately tries to test the conditions and might result in similar results, direct replications, or contrasting results, theoretical replications (Yin, 2012). Another benefit of multiple case study is that a multiple-case study may ensure that the data is of greater confidence and as multiple sources of evidence is provided (Yin, 2012).

A selection between holistic or embedded case study should also be determined. A holistic case would consider the whole organization in contrast to an embedded case analysis, which focus on different groups within the organization (Yin, 2012). This thesis will treat brands as a whole organization rather than observing different departments, the holistic case analysis will be implemented. When collecting data, key words will be used, in order to find relevant information. However, we will still look through the entire annual reports in order to not miss out on important information.
3.5 Data Collection Method

3.5.1 Sampling
A general definition of sampling and selection is the process of identifying, selecting, and gaining relevant data sources from which you will generate data using your chosen methods (Mason, 2002). The population for this study is the luxury sector, more precisely the fashion luxury industry. For this thesis it would be too time consuming to collect data from the whole Universe, therefore a sample has been selected that will represent the population. A selection of appropriate sample and sampling techniques is important as the sample has a significant effect on the result (Saunders, 2015).

A non-probability sampling technique will be used as the purpose is to conduct a generalisation regarding the targeted population rather than statistical inferences. There are multiple non-probability sampling techniques to choose between, for this study purposive sampling will be used. Purposive sampling indicates that that cases will be selected judge upon various criterias, this technique is appropriate for case studies when the sampling units need to be highly informative in order to answer the research question (Saunders, 2015).

This purposive sampling will be based on homogeneous sample, which consist of sample members who belong to the same subculture or group and have similar characteristics (Daymon & Holloway, 2011). A homogeneous sample has been selected when identifying the cases for this thesis. Following qualifications need to be fulfilled for all cases:

- Brands belonging to the fashion luxury industry
- Brands that have shown activities online
- Brands that are targeting both females and males
- Supply both clothing and accessories
- Founded as a brick-and-mortar retailer
- Internationally well-recognized brand with strong brand value
- Active in the online environment

L2’s Fashion Digital IQ Index contains a list with fashion luxury brands who show activity online (L2 Inc, 2017). The index will be used when selecting luxury brands in
order to ensure that the brands possess a strong brand value and are using a digital strategy.

The sample size should also be considered carefully. In a qualitative research a smaller sample size tends to result in more detailed information, however it needs to be big enough to answer the research question (Saunders, 2015). For this thesis the aim is to examine six brands. As the purpose is descriptive, further brands would make it challenging to keep separate clear profiles. Moreover, a smaller number of brands would challenge the ability of identifying similarities and differences in order to make generalisations regarding the industry. A smaller number of brands would also lower the validity of the study.

3.5.2 Primary and Secondary Data

Data is often categorized between primary versus secondary data or qualitative versus quantitative. For this research purpose qualitative data will be used consisting a combination of both secondary and primary data. Secondary data is information that already exist, primary data is both more cost and time efficient (Crowther & Lancaster, 2009). External secondary data was the first data collected through academic books and journal articles. The primary data is data generated through the research process and the technique used to collect this data should be chosen wisely (Crowther & Lancaster, 2009). For this thesis the primary data has primary been collected through observational methodology. Observational research is appropriate when collecting data regarding organizational and management research (Crowther & Lancaster, 2009). Companies’ e-CRM activities will passively be observed through both direct and indirect observations. During the observation process we will avoid being ethnocentric. Ethnocentric refers to the researchers’ own cultural viewpoints influencing the observation (Daymon & Holloway, 2011).

Data will be collected through internal organizational documents, which is a technique for indirect observations. However, this form of indirect observation could be colliding
with the approaches to secondary data collection (Crowther & Lancaster, 2009). Data from direct observations will be collected through analysing websites. The observations will to some extent be pre-structured based on the findings from the empirical findings, however in order to not miss important information we will allow flexibility during the observations.

The data will be collected based on three main categories of e-CRM, which will be used as a guide in order to have a clear structure of the collection of empirical findings. The structure will assist us to collect relevant data. Furthermore, it establishes the foundation for the analysis, as the same three categories will be used. The categories of e-CRM literature include general e-CRM, back-office and front office. The data will be organised into one of the three categories based on the criteria mentioned in Table 2.3, which is based on frame of reference. The categories were selected as applicable for this thesis due to the ability to cover all the e-CRM characteristics.

Table 2.3
Three main categories of e-CRM

<table>
<thead>
<tr>
<th>Category</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>General e-CRM</td>
<td>One general action has been selected in the criteria of acquiring, retaining</td>
</tr>
<tr>
<td></td>
<td>and enhancing customer relationships through the Internet (Alhaiou, Irani</td>
</tr>
<tr>
<td></td>
<td>&amp; Ali, 2012; Kumra, 2005; Kennedy, 2006; Chen and Chen, 2004; Pan &amp; Lee,</td>
</tr>
<tr>
<td></td>
<td>2003; Luck &amp; Lancaster, 2003) and refers to the general e-CRM mindset of the</td>
</tr>
<tr>
<td></td>
<td>brands</td>
</tr>
<tr>
<td>Back-office</td>
<td>Analytical, “back office” system, uses data management technologies and</td>
</tr>
<tr>
<td></td>
<td>software to process large amounts of customer data (Sophonthummapharn, 2009;</td>
</tr>
<tr>
<td></td>
<td>Dohery &amp; Lockett, 2007)</td>
</tr>
<tr>
<td>Front office</td>
<td>Operational e-CRM, “front office” system, is generally involved with the</td>
</tr>
<tr>
<td></td>
<td>customer contact using technology (Dohery &amp; Lockett, 2007), therefore this</td>
</tr>
<tr>
<td></td>
<td>category will involve all e-CRM actions related to customer contact</td>
</tr>
</tbody>
</table>

When beginning to observe the brands, additional e-CRM features (shown in Appendix 1) related to the initial e-CRM characteristics (viewed in Table 2.2) were identified. Therefore, the table used for the empirical findings has been modified. A more specific appendix of 30 e-CRM features will be used when observing websites.
More detailed e-crm initiatives enable us collect more detailed information in order to analyze more detailed similarities and differences between brands.

### 3.6 Analysis of Data

There are several methods to choose between when analysing data. In order to examine the research purpose for this thesis a multiple case study will be performed. The data will be analyzed through a cross-case analysis. Cross-case analysis enables us to identify similarities differences through the findings of the cases (Yin, 2012).

The analysis is based on the same three main categories used when collecting the data. We have created subcategories of each category. Furthermore, the e-CRM characteristics (Table 2) have been put into these subcategories based on similar impact. The subcategories were created in order to analyze various e-CRM initiatives concerning the same area. For instance, a brand may not provide a phone number, however an email address is provided. Both email and phone number affects the customers’ possibility to contact the brand and therefore grouped under the subcategory 'contact information'.

The majority of the e-CRM characteristics identified in the literature will be organized into the front office category, which involves the customer interaction through Internet. Further, the reason behind multiple subcategories under the front office category. All subcategories and further description included e-CRM characteristics are shown in
Table 2.4
Details and literature of the three main categories of e-CRM

<table>
<thead>
<tr>
<th>E-CRM subcategories</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General e-CRM</strong></td>
<td></td>
</tr>
</tbody>
</table>

| **Back-office**      |                                               |
| Customer Data Collection | Customer data as a part of e-CRM (Sophonthummapharn, 2009; Dohery & Lockett, 2007; Pan & Lee, 2003) will for this thesis include the processes of brands’ use of collecting customer data |

| **Front office**     |                                               |
| E-commerce           | E-commerce as a part of e-CRM (Feinberg, Kadam, Hokarna & Kim, 2002) will for this thesis include the brands’ focus on their e-commerce sites and purchase possibilities. |
| E-CRM features connected to e-commerce | In-store availability, local search engine, reserve goods online, store locator, purchasing gift cards, videos, gift list, wish list, reviews of products and site map will be included in this section. These are further connected to the e-CRM features identified by Feinberg, et al. (2002) |
| Brand’s history and Product Information | Company’s history and product information are e-CRM features (Feinberg, et al, 2002). For this thesis this section will look further into how the brands provides customer with this information |
Problem solving and Contact information

Problem solving (Feinberg, et al, 2002) and Contact management including e-mail, Internet, and phone as a part of e-CRM (Kadam & Feinberg, 2002; Pan & Lee, 2003). Additional web-based customer service offered for the customers in order to solve problems is FAQ and live chat.

Social Networks

As e-CRM focus on all customer interactions provided online (Alhaiou, Irani & Ali, 2012; Kumra, 2005) this section will include how the brands encourage further interactions online including the feature such as 'direct link’ and 'share item’.

Membership and Site Customization

Membership (Feinberg, et al., 2002) and Site Customization is a part of e-CRM (Dohery & Lockett, 2007; Pan & Lee, 2003; Feinberg, et al, 2002). Membership in this thesis will further on refer to the possibility of registration of accounts on the brands’ websites.

Purchase related services

Purchase related services are a part of e-CRM application (Feinberg, et al., 2002). This section will further include services such as product customization possibilities online, shipping and collection possibilities, gift-wrapping, and payment options.

3.7 Validity

The trustworthiness and validity of a study are main challenges researchers face when performing qualitative research. For a research study to have an effect on the field of study it has to be rigorous conducted, the presented insights and conclusions have to be reliable (Merriam, 2009). In order to avoid errors in the process, the internal validity should be considered. Internal validity deals with the question of how research findings match reality. However, data is said not speaking for itself, there is always an interpreter or translator. Further, one cannot observe a phenomenon without changing it. Validity has to be assessed in relationship to the circumstances of the research (Merriam, 2009). For this thesis we need to be observant whether information in the annuals reports are facts or someone else opinion. All opinions should be analyzed with a degree of
skepticism. By rearranging facts, collecting data from various part of the cases conclusions can be made. Internal validity will be reach in the analysis by conducting pattern matching and explanation building (Easton, 1992).

Triangulation of using multiple sources is a strategy to reach internal validity. More specifically, comparing and cross-checking data through different observations in several places (Merriam, 2009). Triangulation is used for this thesis since observations will be collected from two sources in each case, including annual reports and websites. Each observation will be made by two researchers in order to avoid bias and compare the findings. To have two researchers constructing observations to further compare and discuss different interpretations increases the validity of this thesis through minimization of ones own interpretations.

External validity on the other hand, is dealing with the extent the results of a research study can be applied to other situations. Instead of conducting a single case study we have chosen a multiple case study. The multiple cases are analyzed with the same replication logic, further increasing the external validity. To increase the trustworthiness a critical position has been taken toward the secondary data used. Only peer-reviewed articles have been used. Further focus has been on the articles written by experts within the area. The searching for articles will be made through Primo and Google Scholar. Articles will be selected with with regards to the year and number of citations to ensure the reliability of the sources.

4. Empirical Findings

In this chapter the empirical data collection during the research is presented. The empirical findings starts with presenting each individual case based on data collected through annual reports and websites. The section ends with a summary of e-CRM features identified thorugh the cases websites.
4.1 Case 1

Brand: Gucci
Established: 1921
Founder: Guccio Gucci
Country of origin: Italy

4.1.1 General e-CRM

Gucci was founded in 1921 and is today owned by Kering Group. Gucci is according to Kering’s annual report (2016) one of the world’s leading luxury fashion brands. The brand has one directly operated online store in 28 markets. The first launch of its e-commerce service was established in 2002, which was totally revamped in 2015. The brand put a lot of focus on the digital strategic challenges. The brand has realized its important customer touch-point being online through Gucci.com, with 100 million visitors per year. Therefore they re-designed and improve their website in October 2015 in the U.S. and Canada, making it an exclusive brand content. The brand’s website comprehensive transformation was undergoing in order to create a new brand image. Gucci’s aim was to adapt the brand to the world of today and making it more attractive for new and younger customers. One adaptation made for the customers was providing their collection online, making it possible to purchase online. Gucci further has a digital leadership due to the re-designed website, providing of excellent customer service, and best-in-class visibility on retailer sites and social platforms.

Gucci’s other network channels, excluding the brand’s website, are boutiques, franchises, department stores and specialised stores. Gucci has put focus on offering an omni-channel approach covering the online store as well as the physical stores, enhancing a customer centric approach.

4.1.2 Back-office

The focus has not simply been on the re-design of their website, the site offers mobile- and tablet-optimised browsing, and includes performance-measurement tools. A team of specialists has been devoted to help constant improvements of the site performance,
conversion rates and customer satisfaction. Gucci has developed CRM and clienteling tools to increase customer service, loyalty and experience. Furthermore, the tools also aim to generate cost reductions, improving profitability and optimizing capital employed. Gucci’s focus on reinvention and major transformation programme in early 2015 has shown their ability to rapidly return to the forefront of the Luxury industry (Kering Reference document, 2016).

4.1.3 Front office
Gucci is aware of the customers increasing the use of online boutiques. The brand is providing customers with online services such as reserving goods, check in-store availability, e-commerce, and collecting online purchases in stores. The combination, of e-commerce with Gucci’s brand narrative, is mentioned as unique. Further contributed to the exponential growth of their online sales. Gucci offers product customization possibilities through their website in form of adding initials on several products. The brand does offer their full collection online. In additional, Gucci also provides customers with online-collections, which are not offered in-store.

When observing Gucci’s website several e-CRM characteristics has been identified. The brand offers delivery on Saturdays, and free shipping and returns. Free gift-wrapping is offered in a signature Gucci gift box with Gucci satin ribbon.

Gucci provides visitors with a direct link to Facebook, Twitter, Instagram, Youtube, Google+, and Pinterest being easily found. Videos are not presented on the homepage, however, when exploring stories of the company there are several videos available.

The contact information is available for 34 countries, where either enquires about the website or online purchases, as well as general information can be selected. Further, an “e-mail us” button is accessible in order for customers to get assistance by Gucci’s online Client Assistants. The brand’s website is provided with FAQ and if further sufficient information is needed, the customer is connected through the contact information. Complaints abilities online are available in form of reference to different e-mail based on different issues.
Gucci’s membership provides returning customers the possibility to sign in and ease the shopping process. Site customization is offered in form of signing in or creating an account where possibilities such as save items in your wish list, personalised recommendations, order delivery updates, and return management. Further, the different payment methods are credit cards, PayPal, and wire transfer.

4.2 Case 2
Brand: Yves Saint Laurent
Established: 1961
Founder: Yves Saint Laurent
Country of origin: France

4.2.1 General e-CRM
Yves Saint Laurent, YSL, was founded in 1961 and belongs today to Kering Group. According to Kering Reference document (2016), YSL revolutionised modern fashion in 1966 and is one of the most prominent fashion houses of the 20th century. The brand’s retail network consists of 159 directly operated stores, an online store, selected multi-brand boutiques and department stores all over the world. Value of the brand is provided through innovation, quality, and a high consistent strategy in terms of communication, distribution and products.
Social media platforms were fully incorporated into the brand’s global communication strategies and resulted in extraordinary success with 2.6 million fans on Facebook, and 3.8 million followers on Twitter as of December 2016. Since June 2016 a new Instagram strategy was implemented, which quickly overextended its first 1 million followers mark.

4.2.2 Back-office
Customer data is collected on YSL’s website in form of cookies in order to personalize the experience and remembering customers preferences. When entering the website, the content automatically adapts to the language and market of the country where the
customer is located. The brand is using cookies on their website, which allows recognition of re-visits to the site. Furthermore, it provides customers to continue the shopping experience and pick up where the last session ended. Moreover, social network cookies makes it possible to share items with friends as customers social accounts can be connected with the website. Furthermore, Saint Laurent has a devoted team of specialists to help constant improvement of the site performance, conversion rates and customer satisfaction.

4.2.3 Front office
The online store is provided with two international sites and one site, which provides 51 countries with purchasing possibilities. YSL offers complimentary shipping on their e-commerce site, however, it costs if the order is wished to be delivered faster.

Through observations of their website, it was discovered that the contact information is available in all countries in form of a phone number or a contact form. The contact form provides a selection of specific enquires and the option of attaching files. The brand’s website does not have a specific FAQ link. However, when selecting different concerns there are answers provided to commonly ask questions. The company history provided on the website is in form of pictures and videos however there is no informative text about the brand’s heritage.

An automatically played video with sound is presented on the homepage. Furthermore, videos are found on several places on the website. Yves Saint Laurent provides visitors with a direct link on their homepage to follow the brand on Facebook, Twitter, Instagram, and Youtube.

The product information on the site provides visitors to explore the brand’s past and current collections, look behind the scenes, view different looks, campaigns and finding the item in-store. Further, it is possible to share the item through Facebook, Twitter, Fancy, Pinterest, and Google+, as well as sending it to a friend.
Saint Laurent’s membership provides returning customer the possibility to sign in and complete a fast check out. Site customization is offered in form of signing in or creating an account where possibilities such as saving items in a wish list and order delivery tracking are available. Furthermore, signing up for newsletter provides customers to receive exclusive offers and promotional codes. The different payment methods are credit cards, PayPal, cash on delivery and Sefort banking.

4.3 Case 3

Brand: Burberry
Established: 1856
Founder: Thomas Burberry
Country of origin: England

4.3.1 General e-CRM

Burberry is a global British luxury brand and represents an authentic British heritage. According to Burberry’s Annual Report (2016), the brand is aiming for competitive advantage by using technology. Furthermore, having a ‘digital mindset’ when facing fundamental changes in the industry and of the customers. The technology is used to gain efficiency throughout the organization.

Large investments has been implemented in training and development of an improved digital selling tool. Large investments has been put into Burberry website (burberry.com). Furthermore, a re-launch of the site is planned in order to improve the content and functionality. Burberry is focusing on how online and in-store innovations work together in order to deliver similar experiences for both channels.

After a fashion show, Burberry offers the full collection for purchase not only in physical stores but also online. Burberry’s e-commerce was one of the fastest growing retail channels 2015-2016. Moreover, the e-commerce activities are counted to represent one third of the revenue growth. Mobil accounts stands for 50 percent of the digital
traffic in the year, the mobile platform was released in late 2014. With 30 percent increase of the number of followers, it is one of the most followed luxury platforms.

The company is collaborating with third-party digital leaders, the aim is to reach a wider audience and still keep a consistent brand experience. Burberry have achieved a number of technical innovations, it was the first global luxury brand to establish a channel on Apple Music allowing customers to stream the fashion show on Apple TV. Furthermore being the first brand to shoot its campaigns live on snapchat. The company is using social medias such as Twitter, Sina Weibo, Facebook, Google+ Line, WeChat and Kakao Account.

4.3.2 Back-office
The company noticed an instant improvement in the decision making process after upgrading the IT systems. The company is also using a program called Customer Value Management, which is a tool that allows the company to collect relevant data and establish personalized contact with key customers. Throughout the year the database has increased by 10 percent connecting with the core customers.

4.3.3 Front office
The brand serves over 40 countries in 11 different languages online.
The first thing noticed when visiting Burberry’s website is a video of a fashion show, but with no sound. Further functions observed on their website were a media library with image and videos, wish lists for all users, FAQs, site map, local search engine exist and store locator. Burberry offers both an online chat and “call me back” function.

Certain products that currently are not available to purchase may still be displayed on Burberry.com. The customer can register interest in order to get a notification when the product is available.

Some products are “online exclusives”, which means that the products may only be purchased on Burberry.com or in the Burberry app. Burberry offers a membership,
which includes additional services such as tracking orders. Direct links to other social network were not identified. However, the function “share item” to friends was found. A gift list is available to give the customer inspiration. The gift may be personalized with initials.

4.4 Case 4

Brand: Coach
Established: 1941
Founder: Lillian and Miles Cahn
Country of origin: United States

4.4.1 General e-CRM

According to Coach Annual Report (2016) report the success of the company is dependent on the digital technologies. Furthermore the technologies are used for communication, manufacture and distribution, collection and processing customer data, e-commerce, interaction on social media. With approximately 57 million unique visits in 2016, Coach.com is one of the main communication channels for the brand. The website is used to establish brand awareness, promote retail stores and department stores but also used as a distribution channel.

The website has a showcase environment, where customers can browse through offered products. The consumer can choose style and colors and the traffic of the visits is saved and used for collection of customer data. Some e-commerce programs include only invitation outlet sales sites. The brand provides purchasing possibilities to 10 countries, however they do provide customers with informational sites in over 20 countries.

4.4.2 Back-office

Coach is focusing on the sentimental value that the consumers have established towards the brand when cultivating customer relationship and brand loyalty. Coach is constantly
working on consumer and market research, identifying customers’ changing needs and assesses attitudes and trends. Direct marketing activities are performed through email contacts and catalogs targeted. The databases consist of approximately 32 million households in North America, 13 million households in Asia and 776 000 households in Europe. For cost efficient communication Coach are using digital technologies such as; Blogs, social media websites Twitter, Facebook, Instagram, Pinterest, WeChat and Sina Weibo. Through all communication and visual merchandising, the global marketing strategy is to deliver a consistent and multi-layer message for every experience that the consumer have with the brand.

4.4.3 Front office
On Coach website (coach.com) online functions offered such as wish list, site map, local search engine, and email subscription were identified. Several FAQs exist, located under the link ”customer care”. History and contact information are provided in form of phone number, email and chat online. When selecting a specific product, detailed product information and the function “share item” are available. In addition, direct links to social media were identified on the homepage. No video on the homepage is shown, however it exists under brand story. Coach offers a sales category and a free gift when purchasing for a certain amount. Additionally, members are sometimes offered various promotional codes. “Gift now “ is a function which allows the customer to purchase a gift and the receiver can open the present online, choose colour and size before the product is shipped. Following payment methods are accepted: PayPal, credit card and gift card. It is possible to pick up the ordered product in physical store, hours after it was purchased.

4.5 Case 5
Brand: Mulberry
Established: 1971
Founder: Roger Saul
Country of origin: England
4.5.1 General e-CRM

According to Mulberry Annual Report (2016) digital technology has taken an important role in Mulberry’s business model, and is expecting to keep increase in importance. It is both an effective way to communicate with the customers and a revenue channel. One risk mention regarding digital experience is the risk of brand value inconsistency. One main focus is to improve CRM activities, in order to better understand key customers and strengthen customer experience across all touch points. Specifically high investment has been made in marketing and communication strategies, in order to involve new and loyal customer and strengthen the reputation of the brand.

The company focus to enhance the relationship with the customers through increased usage of digital and social media, hence the digital media expenditure is forecast to remain the majority of the total media spend. Circa 50 percent of the digital sales are proceed through mobile phones and tables. In total Digital sales were up to 19 percent of the brand’s total sales 2015.

4.5.2 Back-office

The digital business is proceed in-house, utilising industry-leading software. Furthermore the brand focus on investing in additional IT and Digital technologies, in order to establish deeper customer insight. The website contributes with large part of the data collection. The site is used to track customers visits and identify their preferences.

4.5.3 Front office

The brand’s transactional website (mulberry.com) exports to 190 countries and traded in three currencies. Observed through Mulberry’s website, the customers are offered globally collect orders in-store possibility. The brand does not provide free shipping for online customers, however, free return is offered. Products are not available for pre-order, however, it is possible to get an email when it arrives. The contact information on the brand’s website is provided with a phone number, address and email. FAQ is not provided as a feature, however, there are several informational sections under various inquires such as returns. Direct links to social network were found on the homepage.
Furthermore membership provides customers with additional services such as save items in wishlist.

Product customization possibilities were not found however when purchasing a gift the customer can add a personalized message. Videos have been identified on their website, however, simply as showing visitors previous fashion shows.

4.6 Case 6

**Brand:** Dior  
**Established:** 1946  
**Founder:** Christian Dior  
**Country of origin:** France

4.6.1 General e-CRM

Christian Dior has a true long-term vision. The reputation of the brand relies on the quality and uniqueness of its products, their distribution channels and the marketing strategies used. High observation to all inappropriate use by third parties of the brand, both in in-house stores and online. This year the digital channel is forecast to be the main channel when increasing the visibility and reputation of the brand. When handling the digital revolution the organisation is focusing on developing new skills including, new tools, knowledge regarding customer behavior and the regional differences.

4.6.2 Back-office

Dior show increasing use of information systems and integration of social media. New technology is used, in order to adjust after the customers changing needs. The group focus on improving new solutions to increase the engagement of customers online, at the same time preserving the value of the brand. Large focus is on the risk of information systems failure, which could involve loss or corruption of sensitive data. Multiple internet companies working together in order to protect the group’s intellectual property rights.
4.6.3 Front office

On Dior’s website following features were identified: Local search engine, store locator, history, FAQs, product information, site customization “share item” and sign up possibilities. Gifts may be individually packed, ties with a silk ribbon and personalized message. Direct links to social networks are available on the homepage. Additional functions are available for members such as newsletter and wish list. Dior was the the first luxury brand to launch videos on Apple TV, released 2015. A link to dior TV is available on the homepage, which is a channel with various videos of fashion shows. Contact possibilities in form of email and phone are available, however limited to certain hours.

Dior is offering 22 various sites all though only purchase possibilities on 9 of them. The sortment is limited online, some product are only available in boutiques. The shipping is free.

4.7 Differences of e-CRM features identified through websites

<table>
<thead>
<tr>
<th>Feature</th>
<th>Case 1: Gucci</th>
<th>Case 2: YSL</th>
<th>Case 3: Burberry</th>
<th>Case 4: Coach</th>
<th>Case 5: Mulberry</th>
<th>Case 6: Dior</th>
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5. Analysis

This chapter analyzes how the three different categories of e-CRM are connected to the luxury brand value dimensions. This analysis is based on the empirical finding of this study and is strengthen by frame of reference.

5.1 General e-CRM

5.1.1 E-CRM Mindset

The connection between customers’ experiences and brand image is further handled through the communication of the brand identity (Nam, Ekinci & Whyatt, 2011). It has been observed that luxury brands tend to use a global communication in order to manage and maintain same brand identity online as in stores. Furthermore, this supports the literature that luxury brands are vulnerable to inconsistent brand cues (Albrecht, Backhaus, Gurzki & Woisetschläger, 2013). This is something that the brands may avoid by focusing on deliver a global consistent image. Luxury brands implementing digital strategies might support Chen and Chen’s (2004) study that e-CRM is a strategy and not only software. The brands’ global communication strategy assists the brands with increasing the awareness and social recognition. Luxury brands have to provide more than simply excellent quality, therefore it can be argued that the global communication strategy is critically important. Further, it provides the brands to manage the same brand identity, including the luxury value, throughout the world.

Gucci is enhancing a customer centric approach, which according to Alhaiou, Irani & Ali (2012) increases the importance to meet customers expectations. Furthermore, it can be said that Gucci aims to meet their customers’ expectations by re-designing and improving their website in order to increase the customers’ satisfaction. Gucci’s customer centric approach and constant site improvements arguably indicates the focus of using e-CRM strategies. Gucci and YSL have a devoted team of specialists to help
constant improvement of the site performance, conversion rates and customer satisfaction. To employ specialist further supports the literature that e-CRM is not simple and has to be managed well (Chen and Chen, 2004).

Gucci has a digital leadership due to the re-designed website, providing of excellent customer service, and best-in-class visibility on retailer sites and social platforms. Due to the indication of superior customer service it can be connected to give an individual value according to Choo, et. al (2012). It can be argued that Gucci’s digital strategy has been successfully applied, which may lead to further benefits. Some potential benefits of successfully applied e-CRM applications can result in understanding customer requirements, customer satisfaction, and customer loyalty (Sophonthummapharn, 2009).

Burberry uses its ‘Digital mindset’ in order to create competitive advantage. This supports Sophonthummapharn (2009) research that some uses e-CRM application to retain strategic benefits involving the gaining and maintaining competitive advantage. The brand is using their digital engagement in order to developing richer and more personalized experiences for the customers. This supports the literature that managers focus more on individual meaning rather than only symbolic importance (Choo et al, 2012). This will increases the individual value, and strengthen the relationship as customer only interested in what the product symbolises might switch to another brand (Choo et al, 2012).

Coach has a global marketing strategy which aims to deliver a consistent and multi-layer message through all communication, visual merchandising and for every experience that the consumer have with the brand. Which supports the theory that an important task is to deliver a multisensory experience (Hennigs, Wiedmann & Klarmann, 2012). YSL also states using s a global communication strategy, where social media platform was fully incorporated in 2016, which has lead to a significantly raise of followers. This further shows that the an e-CRM mindset increase the effectiveness of the features.

Mulberry communication strategies involve increased usage of digital and social media in order to involve new and loyal customers, and strengthen the reputation of the brand.
In conclusion this clearly supports the brand focus the use of having a e-CRM mindset in order to deliver luxury value and correspondly spreading the awareness of the brand.

5.2 Back-office

5.2.1 Customer Data Collection

The empirical data shows that all brands are constantly working on improve the use of data collection tools. It has been observed that all companies use customer data collection tools in order to establish personalized contact with customers by remembering customers’ preferences from the websites. Further supported by Pan and Lee (2003), which indicate that the collected data is used to establish one-to-one relationship with the customers. More specifically several brands mentioned the use of data collection tools in order to increase customer service, loyalty and experience. According to Choo, et. al (2012) this creates individual meaning for the customer, and can therefore be further connected to the individual value dimension. The intangible assets will increase due to a better understanding of customers needs (Chen and Chen, 2004). Further, it could be connected to the functional value dimension due to the increased usability of the website based on Wiedmann, Hennings & Siebls (2007) study.

Besides the similarities between cases, Gucci and YSL specifically mentioned using CRM and clienteling tools for the purpose of generating cost reductions and improve profitability. Further, these are some of the main benefits of successfully applied e-CRM applications according to Sophonthummapharn (2009).

Burberry’s customer value management program is used for establishing personalized contact with key customers, the customer database of the program has increased 10 percent during 2016. In other words Burberry shows an increasing use and effectiveness of e-CRM. It also supports Chen and Chen (2004) argument that e-CRM is a good strategy for large organisations to take better care of their main customers.

It has been observed that Coach is focusing on identifying customers changing needs and assess attitudes and trends. This supports the literature that information should
provide customers with their potential future needs and future market trends and not simply with current preferences and needs (Luck & Lancaster, 2003).

5.3 Front office

5.3.1 E-commerce

Previously, luxury companies have been negative towards adapting online, as the luxury’s core attributes may not be perceived in the same manner (Okonkwo, 2009). However, it has been observed that e-commerce as an e-CRM feature has increased during recent years among luxury brands. One similarity amongst all brands is to use their e-commerce sites in order to expand the database for collecting customer data.

Gucci has realized that online interaction is one of its most important customer touch-point, with more than 100 million visitors per year. Further supported by the improvement and re-designing of the e-commerce site in 2015, and the results of increased online sales in 2016. Similarly, YSL states the e-commerce business in 2016 as especially dynamic, with an achievement of e-commerce in 51 countries in the end of the year. Mulberry implement digital technology as an important role in business model, and is expecting to keep increase in importance. Amongst the observed brands, Mulberry was the brand providing shipping to the highest amount of countries, 190, in contrast to Dior and Coach with the lowest amount of 9 and 10 respectively. Further, indicating that Gucci, YSL and Mulberry are especially optimistic regarding sales online. However, when a brand increases the sale online there is a risk of overexposure and loss of exclusivity (Okonkwo, 2009). Further, a loss of exclusivity could affect the functional value of the luxury value perception according to Hennings, Wiedmann & Klarmann (2012). Due to the dilemma between accessibility and exclusivity (Okonkwo, 2009) it makes it impossible to state which of the brands strategy that is most effective.

Burberry is focusing on their online store in order to deliver a similar experience as in-store. Further, it supports Hennings, Wiedmann & Klarmann (2012) research that the brands offline appearance has to be transferred to the online environment to meet customers’ expectations in order to maintain the individual value. Shortly after a fashion
show, Burberry offers the entire collection online which might increase functional value as it improves the usability and quality of the website (Hennigs, Wiedmann & Klarmann, 2012). Conversely, it might lower the functional value as immediate consumption should be difficult to reach, the desirability will increase if the accessibility is limited (Kapferer & Bastien, 2009; Albrecht et al., 2013). Furthermore according to the literature there is a dilemma between accessibility and exclusivity (Okonkwo, 2009). The high accessibility on Burberry’s website might negatively affect the perceived exclusivity. Conversely Dior product assortments are significantly limited online which indicates further control of the accessibility, which increases the exclusiveness.

In contrast to limited the product assortment online, Burberry and Gucci instead offers online exclusive products, hence products not offered in-store. Burberry specifically aims to use their online appearance as a competitive advantage. The “online exclusive products” might increase the exclusivity, quality, and usability of the website which will increase the functional value (Wiedmann, Hennings & Siebls, 2007). Furthermore, the ‘online exclusive products’ might increase the overall exclusivity as the accessibility is limited in-store due to the logistic challenge of only purchasing certain products online.

Gucci, YSL, Burberry, and Mulberry offers purchase possibilities on all sites except the international sites. Therefore, the websites are strongly used as a distribution channel rather than simply a showroom in contrast to Coach and Dior. Coach provides 24 sites and purchase possibilities on 10, and Dior has 22 sites with purchase possibility on 9 sites. It could be argued that Coach and Dior are primarily using the online appearance as a showroom and informative sites. Websites only used as a showroom may lower the functional value as the usability of the website is limited (Wiedmann, Hennings & Siebls, 2007). Controversy, it could increase the functional value as desirability will increase if the accessibility is limited (Kapferer & Bastien, 2009; Albrecht et al., 2013). Coach delivers additional uniqueness by providing the e-commerce programs, which include only invitation outlet sales sites. Unique experience increases the individual meaning (Choo et al, 2012).
In summary, it has been observed that luxury brands are maintaining the exclusivity differently by either only providing e-commerce in certain countries or limit the product assortment. Further, the findings strengthen the existence of the dilemma between accessibility and exclusiveness.

5.3.2 E-CRM Features Connected to E-commerce

‘Local search engine’, ‘store locator’, and ‘wish list’ are e-CRM features adopted by all luxury brands observed. ‘In-store availability’ is adopted by all brands except Dior. These features increase the functional value, as it increases the usability of the website (Hennings, Wiedmann & Klarmann 2012). Furthermore, it both increases the convenience of the purchase process, which according to Liu at all (2013) is one of the primary attributes of online luxury purchasing. It could be argued that the convenience and functionality is higher on Burberry’s and Coach website as they offer ‘site map’, ‘wish list’ for all users and ‘gift card’ purchase possibilities online, which the other the brands do not offer.

Gucci, YSL, and Burberry do all offer the e-CRM characteristic ‘pre-order product’. Moreover, this increases the functionality dimension as customers can browse through next season’s collection and pre-order products. According to Kapferer & Bastien (2009) immediate consumption should not be simple, as the desirability will increase if the accessibility is limited. By limiting the purchase possibilities by a time obstacle, will increase the customers’ desirability, which increases the individual value. Coach offers a unique function called “gift now”. This function increases the convenience, which is one of the primary attributes of online luxury purchasing (Liu, Burns & Hou, 2013). In addition, the uniqueness of this service will increase the functional value (Wiedmann, Hennings & Siebls, 2007).

Brands implement multiple online functions in order to provide excellent service. Furthermore, this could create an individual meaning and affect the individual value according to Choo, et. al (2012).
5.3.3 Brand’s History and Product Information

It has been observed that most brands provide customers with detailed information about their brand history online. Therefore it can be concluded that heritage has a significant role on the brands websites. By giving customers the opportunity to explore the brand’s heritage it can give the possibility to enhance emotional connection. In other words, customers can create a hedonic value to the brand, hence affect the individual value dimension (Kapferer & Bastien, 2009). In addition this e-CRM characteristic, can further be argued to help the brand get perceived accordingly to the aimed brand identity. By providing the customer with detailed information during the online experience it could affect the perceived brand image.

To what extend the history is presented differ between the brands. For instance Gucci and Burberry have an easily available link to detailed information about the company and present its history in videos, pictures and texture. To present information in form of videos increases the functional value (Hennings, Wiedmann & Klarmann, 2012). Coach has a link easily available, however the history could only be observed in form of pictures and textures. YSL does not have a direct link on their website with company information and barely present any brand history, only a few pictures are available. YSL does not provide any detailed brand history, which might lower the individual value for some customers.

Product information is a e-CRM feature adapted by all brands. All companies provide detailed product information however the convenience of the information differs. Burberry provide the customer with ‘product information’ such as price, wish list, 360 views, and select colour directly visibly when browsing through the e-commerce site. When selecting an item, further description is provided such as delivery information and contact information. Easily identified detailed product information enhances both the financial and functional values into account. At Coach’s website the customer have to select an item in order to see any product information. For YSL, Mulberry and Gucci the customer is only provided with viewing the price, moreover additional product information is available when selecting a specific item. To only show the price it could be argued that the brand prioritise monetary values which would affect the financial dimension.
YSL is providing detailed product information on the site such as letting the visitors explore the brand’s past and current collections, look behind the scenes, view different looks, campaigns, and fashion shows. Further, this provides the possibility to create individual value for customers since it could be regarded as a unique experience. Moreover, providing customers with a unique experience can give an individual meaning (Choo, et. al, 2012).

By providing detailed product information it might be a way to meet customers’ expectations and therefore linked to the functional value dimension. Due to quality value being a key factor of the functional value dimension. The quality value is determined by the expectations regarding a luxury product to do what it is supposed to do, be visually attractive and is long-lasting (Wiedmann, Hennings & Siebels, 2007).

5.3.4 Problem Solving and Contact Information

It has been observed that problem solving and contact information plays a significantly role on the brands websites. The way of providing problem solving services and contact information differ among the luxury brands and countries. Gucci’s contact information is available for 34 countries, which is 6 more countries than they provide shipping for. Therefore it can be concluded that problem solving and contact information as an e-CRM feature is highly adopted not only for e-commerce sites but also on the informative sites. Mulberry does not offer FAQ, whereas Burberry, Dior and Gucci is offering FAQs on their homepage. YSL and Coach provide the service however not on the homepage.

Encouraging customers to a deeper involvement can increase the individual value. This could be done by asking questions, allow to share opinions and based on that make adjustments (Hennings, Wiedmann & Klarmann, 2012). Arguably, this is not something FAQs provides, as it is already published question and answers, with no allowance for direct involvement by customers. Instead features such as ‘call me back’ and ‘online chat’ might increase the individual value due to the encouragement of involvement. YSL, Mulberry and Gucci neither provide ‘live chat’ nor ‘call me back’ functions. Coach, Burberry and Dior provides ‘live chat’. “Call me back” has been
observed as one of the least adopted e-CRM features. The only ones implementing ‘call me back’ are Burberry and Dior. Functionality value dimension is determined by the quality of the service (Wiedmann, Hennings & Siebls, 2007). By providing ‘problem solving’ and ‘contact information’ brands gets the possibility to interact with customers and meet customers’ expectations through providing excellent service.

5.3.5 Social Networks
All brands observed show an arguably high activity in various social networks. Therefore, it can be concluded that the brands are adapting to the customers changing needs and behaviour. All brands except Burberry provide direct links to multiple social networks on their homepage. This indicates that direct link is a highly implemented feature, providing customers with convenience, as it is easy to connect to the brands’ other communication channels. The direct links are located on the brands’ homepage, further indicating that the feature is of high priority. Adapting to customers’ behaviour and the way of reaching them, affects the brand awareness and the social signifier, which further affects the social value (Kapferer & Bastien, 2009). However, no direct links were identified on Burberry’s e-commerce site even though the brand is considered to be a digital leader. However, when selecting a specific product the brand provides the feature ‘share item’ through social networks. YSL, Coach and Gucci also implement this feature. By sharing a luxury product through social networks, customers get the possibility to show their belonging to a superior class. Furthermore, it makes it possible to affect the social value by customers’ sharing and to create a prestige value. Further, supported by Wiedmann, Hennings & Siebls (2007) research since prestige value is found in social groups. The e-CRM feature ‘share item’ were identified on the majority of brands websites, thus the number of social networks differed.

It has been observed that some brands significantly aim to use several channels as part of their competitive advantage. Dior was the first luxury brand to launch videos on Apple Tv. However, Burberry was the first global luxury brand to establish a channel on Apple Music and allow customers to stream their fashion show live through Apple TV. All of these functions could be categorized as product related functions. An individual who prioritize materialistic value tend spend more time to product related
activities and being influenced on external cues (Wiedmann, Hennings & Siebls, 2007). Therefore, this new feature increases the individual value for the users of these products. Burberry’s multiple online services indicated that Burberry increase the use of e-CRM initiatives and aim to have a first mover advantage. It can be argued that the brands’ implementations of new digital services, challenges competitors and increase the pressure of providing the same services. This could be strengthened by Dior being the first brand on Apple TV with Burberry following. Burberry however increased the functionality of the service adding live shows, arguably to deliver uniqueness. In addition, it helps them to fulfil their aim of establishing first-mover advantage and challenges the market.

Overall social network allows all brands to reach out to more individuals online than the targeted group. Further, attracting millions of followers makes it recognized by non-buyers. Kapferer & Valette-Florence (2016) support that social recognition is transmitted when more individuals than the targeted group recognize the brand. Further, establishing a high brand value through spreading the brand awareness, hence increasing the social value.

5.3.6 Membership and Site Customization

All luxury brands observed provides site customization, which increases the individual experience and therefore the individual value. One form of site customization is through registration of an account, and if offered by all the brands. Members may receive newsletter based on the area of interest such as menswear. In addition, personal recommendations of products is send out to members through email based on previous visits. This enables brands the possibility of enhancing the customer relationship due to the customer interaction and personalized messaging. Personalized messaging application is according to Pan & Lee (2003) an e-CRM application. Furthermore, it can provide customers with an individual meaning as an interaction is occurring between the brand and the customer. The individual value can be affected as the customers get customer service and a personal relationship with the brand, rather than just viewing the brand as a symbol (Choo, et. al, 2012). It has been observed that the functional value is in general higher for members as they are offered additional functions such as select which notifications to be received and order tracking. Gucci, Dior, Mulberry and YSL,
are further differentiating between members and non-members by providing members with additional features such as wish list and personalized recommendations. Burberry and YSL encourage customers to sign up by providing members with special promotional codes. Promotional codes affect the financial dimension in form of exclusive price.

Other services offered to members by all brands are for instance order tracking and faster check out which increases the convenience, which according the literature is one of the main reasons of purchasing online (Liu, Burns & Hou, 2013).

5.3.7 Purchase Related Services

‘Gift wrapping’ is offered by all brands, whereas Burberry, Gucci and Coach also offer ‘product customization’ through online purchases. Arguably it can give opportunities of providing excellent service and establishing emotional connection during the purchasing process. Leading to increase of individual meaning according to Choo, et. al (2012) and affect the individual value dimension. Furthermore, it will increase the functional value due to the unique product and the additional services on the website (Wiedmann, Hennings & Siebls, 2007)

Gucci, Mulberry and Coach are providing the e-CRM characteristic ‘collect purchase in store’. Collect item in store would increase the convenience, which is one of the primary attributes of online luxury purchasing (Liu, Burns & Hou, 2013).

Easily available discounted prices were only identified on Coach Website. Discounted prices will decrease the overall financial value as the actual price decreases (Wiedmann, Henings & Siebls, 2007). Dilemma, discounted prices would attract customers however potential damage their upscale brand image (Liu, Burns & Hou 2013). The functional value of the website might increase as price is one of the main motivational factors of purchasing online.

Conversely, the value might decrease due the negative effect on the upscale brand image, which decreases the exclusivity (Liu, Burns & Hou, 2013). It could be argued
that Coach is taking the risk of potentially decrease the brand image and aim to attract customer by providing a sales category with up to 50 per cent on the homepage. The majority of the brands observed are offering free shipping which could be a way of affecting the financial value without damage the upscale brand image.

6. Conclusion

This chapter provides answers to the research questions presented and conclude the findings from this thesis.

The purpose of this thesis was to examine the practice of Electronic Customer Relationship Management in luxury brands. In particular, how fashion luxury brands communicate the luxury value through e-CRM. This has successfully accomplished by observing six luxury brands in order to answer the determined research questions.

RQ1: How are e-CRM initiatives used within fashion luxury brands, what are the differences and similarities?

The findings revealed that the majority of e-CRM initiatives identified from previous literature also were adopted by fashion luxury brands. All brands have shown the desire of improving their online appearance for positive customers experiences, further confirmed by the large investments. The importance of maintaining customer relationship online has been discussed by all brands. Based on the results it can be concluded that luxury brands are increasingly using various e-CRM tools. Overall the interpretation is that luxury brands have a positive stance towards adapting to the customers increasing use of intern

Several brands use online interactions as one of the main communication channel. The most significant difference identified amongst cases was the number of countries the brands providings ship with. The lowest number of 9 countries compared to the highest of 190 countries. Moreover, some brands use the website as a showroom rather than an e-commerce. The most reasonable interpretation could be that the brands want to keep the accessibility limited in order to maintain the exclusiveness.
The e-CRM initiatives provide the brands with opportunities of improving customers’ experiences online and maintaining relationships with high-net worth customers. One of the main advantages of integrating online is the opportunity of using customer data collection tools more efficiently. More detailed customer data information could be gathered, which could be used in order to improve customers’ experience.

Overall the interpretation is that luxury brands have a positive stance towards adapting to the customers increasing use of Internet. However it has been observed that E-CRM initiatives are adopted differently amongst brands, which leads to the conclusion of inconsistent use of e-CRM application. Some of the least adopted e-crm features identified were ‘reviews of products’, ‘call me back’, and ‘live chat’. Another difference identified is the convenience and locations of the features. Further, it can be argued that brands value and prioritize various e-CRM features differently.

**RQ2: How are e-CRM initiatives connected to value dimensions of fashion luxury brands online?**

One main challenge for luxury brands is to deliver the luxury attributes online. From the evidence it could be argued that the brands manage to deliver all four value dimension by various e-CRM initiatives.

The e-CRM initiatives ‘share item’ and ‘direct link’ were identified amongst most brands, which further deliver social value. Additional services only offered online and not in-store such as browse through and pre-order future collection, create wish lists, search for product availability and store locator. These features affect the function of the website, which further affect the functional value.

A way for brands to deliver individual value can be established through customization of site and products. The customers might create an emotional connection through receiving personal recommendations by email, viewing fashions shows and getting detailed insights of the brands heritage. Personal interaction is encouraged by all brands,
however only one brand is providing both live chat and call me back function. These initiatives further increase the individual value.

An inconsistency was identified regarding how the financial value is delivered. It was observed that only few brands offered promotional codes and easily identified sales category. Overall it could be argued that the brand prioritizes different e-crm features, which will affect the perceived value differently. One main finding is that luxury brands are maintaining the exclusivity differently by either only providing e-commerce in certain countries or limit the product assortment of products. Further, it affects the functional value due to the increased exclusivity or social value due to the high awareness of many but only available to few. In conclusion, it is possible to deliver all value dimensions online through the use of e-CRM initiatives. Therefore, it could be argued that online interactions would not weakening, but rather strengthening the brand image.

7. Discussion

This chapter includes a general discussion about the outcomes of the study, including contributions limitations, and future research.

7.1 Contributions

The findings from our research provide several theoretical implications. Primarily, this thesis contributes to the academic body by filling a gap in the literature. By combining previous literature regarding e-CRM and luxury value, this thesis suggests how fashion luxury brands could use e-CRM to maintain the luxury value online. Differences and similarities are identified and various e-CRM initiatives are connected to the four value dimensions. It has been observed that it is possible to deliver all four luxury value dimensions online.
From the results we believe that if e-CMR is managed well, luxury brands’ online interactions would not weakening, but rather strengthening the value of the brand. The result could further encourage more luxury brands to invest in further e-CRM initiatives. Findings shows that the brands are in a continuously changing era with increasingly use of e-CRM. Technology is constantly changing together with customers’ expectations and behaviour. Some luxury brands adapt to these changes, which can result in first-mover advantage and further competitive advantage. If one brand is implementing new features on the website other brand might do the same in order to stay competitive.

Furthermore the empirical findings shows that the brands are in a continuously changing era with increasingly use of e-CRM. As mentioned, e-CRM has to be managed well, therefore we believe that the pressure of e-CRM managers within the sector will continuously increase.

The observed luxury brands were all within the fashion industry. However, we believe that the identified e-CRM initiatives connected to the value dimension would further be applicable in other industries within the luxury sector. Several of the luxury brands aimed to use a global communication strategy, therefore the use of e-CRM would not significantly differ depending on country.

7.2 Limitations

During the research process, we encountered limitations and shortcomings. This is a qualitative study with a small sample size, which makes it difficult to put the findings in a general conclusion regarding the industry. The limited sample size is further referred to the external validity. The empirical findings are further limited with selection bias. Clear criterias of the sample were determined at an early stage of the research process. However, all brands with these qualifications were not selected. Which brands that were observed could have been affected by the accessibility of the annual reports and potential individual connection to the brands.
No interviews were conducted and therefore the result does not include why certain e-CRM initiatives were not implemented. In addition, not collecting data from interviews made it challenging to observe all the brands’ back-office use of e-CRM. The annual reports also differed in the information provided.

Due to the limited resources this thesis only examined the brands’ perspective and not the customers. Additionally, as the fashion luxury industry was the main focus it would have been difficult to find a large enough group of regular online customers of these brands. Another reason of selecting brands’ perspective was the low amount of previous research, finding it necessary and interesting to conduct the research from this view.

The reliability may be affected as the findings are based on 2016 annual report and websites 2017, as the e-CRM features is in a rapidly changing process these results may not be valid for a longer period. However this thesis is a qualitative study and the finding would still be relevant however not the specific numbers linked to the brands.

7.3 Future Research

Due to the findings and the limitations of our research, we have suggested further research. The topic is highly relevant and the use of e-CRM is constantly changing, which make future research important. In order to make general findings regarding the industry we suggest an extension of this study. Observe a larger number of brands or conducting interviews with various managers would additionally give an insight of why and how certain e-CRM features were or were not implemented. Furthermore, it would be interesting to observe brands from different industries within the luxury sector. In order to strengthen the findings additional financial indicators could be implemented in order to measure the actual success after further implemented e-CRM initiatives. Additionally, examining the customers’ perspective regarding this topic for this specific industry. Customers point-of-view could be collected through focus groups or individual interviews. No previous research has been identified regarding this topic.
8. Reference list


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9. Appendix
9.1 Appendix 1

Detailed description of e-CRM characteristics

<table>
<thead>
<tr>
<th>Initial characteristic</th>
<th>Detailed features</th>
</tr>
</thead>
<tbody>
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<td>Using digital channels</td>
<td>Social media, Share item</td>
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<tr>
<td>Customer loyalty programs</td>
<td>Registration on website</td>
</tr>
<tr>
<td>Problem solving</td>
<td>FAQ</td>
</tr>
<tr>
<td>Purchase conditions</td>
<td>Return, Shipping,</td>
</tr>
<tr>
<td>Web-based customer service</td>
<td>Live chat, Call me back, Contact form</td>
</tr>
<tr>
<td>Company information</td>
<td>Address, Phone, E-mail</td>
</tr>
<tr>
<td>Product information</td>
<td>Reviews of Products</td>
</tr>
</tbody>
</table>

9.2 Appendix 2

E-CRM features identified for observation websites

E-CRM features for observation of websites

- E-commerce
- In-store availability
- Local search engine
- Store locator
- Gift card
- Gift list
- Video
- Wish list
- Site map
- Reviews of products
- Company history
- Product information
- E-mail
- Phone
- Address
- Live chat
- Call me back
- FAQ
- Direct link to other social networks
- Site customization
- Membership
- Newsletter subscription
- Product customization possibilities
- Shipping
- Collect purchase in-store
- Gift-wrapping
- Payment options
- Discount/Promotional code
- Share item
- Pre-order product