The use of new technologies for corporate marketing communication in luxury retailing: Preliminary findings

Abstract

Purpose- The aim of this paper is to explore the extent to which luxury brand retailers employ new technologies as a tool for corporate marketing communication.

Design/methodology/approach- We employed a multiple-case study consisting of five information-rich cases, with the similar characteristics of large firms selling luxury brands which are aware of the importance of innovation. In each company, we interviewed the key person in charge of marketing innovation strategies, and we collected data from annual reports, press releases, and direct observation of all the new technology categories used.

Findings- Our findings reveal that this sector is considerably aware of the benefits of using new media as a marketing communication tool, while the effective use of these new media is still limited.

Research limitations/implications- The study provides an empirical contribution to the emerging topic of innovation and technology management in retailing, with the emphasis being placed on the luxury sector through an in-depth investigation of the usage of new technologies by the firms studied.

Originality/value- This study is the first one investigating thoroughly the luxury sector usage of new technologies to improve corporate marketing communication.

Keywords Technology management; corporate marketing communication; brand communication; luxury retail; innovation management; case studies.

Paper type Research paper
1. Introduction

Continuous progress in information and communication technologies is dramatically changing the retail industry. In fact, the continuous availability of innovative systems is largely modifying the retail landscape (Inman and Nikolova, 2017; Pantano et al., 2017; Willems et al., 2017), in terms of: (i) providing entertainment experiences for consumers, while integrating leisure factors (Arnold and Reynolds 2003; Backstrom 2011; Dacko, 2017; Demirkan and Spohrer 2014; Johnson et al., 2015; Jones 1999); (ii) consumer-retailer relationship building (Pantano, 2014); (iii) layout and atmosphere (Demirkan and Spohrer 2014; Pantano 2016; Poncin and Mimoun 2014); (iv) evolution of the physical point of sale (Pantano and Verteramo 2015); and (v) benefits for retailers (Alexander et al., 2005; Evanschitzky et al., 2015; Hagberg et al., 2016; Hristov and Reynolds, 2015; Papagiannidis et al., 2017; Tsai et al., 2010). Pantano and colleagues (Pantano et al., 2018; Pantano and Verteramo, 2015) referred to the three main technology categories which are dramatically changing retailing: social media, mobile technologies and in-stores systems (i.e. augmented reality).

More precisely, the luxury sector is largely recognized as one of the most profitable and rapidly growing sectors (Hennigs et al., 2015). Despite the high level of recognition of luxury brands, the sector faces a huge challenge in creating a brand experience for consumers which can ensure that customers perceive the products to be worth their high price (Hennigs et al., 2015; Tynan et al., 2010). In fact, luxury consumption is mostly oriented towards experience compared to a purely conscious consumption (de Lassus and Freire, 2014). Similarly, the continuous growth in the luxury sectors highlights the continuous consumer search for emotional benefits (de Lassus and Freire, 2014). Although luxury-goods manufacturers have strongly resisted adopting the internet as a distribution channel and a huge percentage of them still do not sell online (Kluge and Fassnacht, 2015), new technologies might prove to be new and efficient tools for luxury retailers and brands.
A past study by Liu et al. (2013) also compared online and offline (in-store) luxury buying behavior by unveiling the different consumer drivers: in the online context, consumer motivation relies on price, convenience, product availability and online shopping attitude, while in the offline context, consumers are more interested in/attracted by the aesthetic appeal, the shopping experience, as well as the consumer in-store service. While other scholars have argued that luxury brand managers should focus on experiential marketing strategies to better promote the essence of the luxury product and emphasize it as a set of tangibles, physical and interactive experiences that reinforce the perceived value (Wu et al., 2015). For instance, at the point of sale at a New York (US) store, Kate Spade introduced an interactive storefront to increase pedestrian flow towards the store, while Moschino employed interactive mannequins for LaRinascente department store in Milan, Italy (Pantano, 2016).

Furthermore, Boston Consulting Group highlighted the importance of adopting omnichannel approaches in order to meet luxury consumers’ demand, while social media constitute the first source of information used by luxury consumers (BCG, 2018). To this end, luxury retailers make some attempts to introduce new technologies so as to support the communication with consumers. For instance, in an attempt to better interact with customers certain retailers such as Ted Baker have adopted recent advances in artificial intelligence; one such example is the online chatbot, which allows consumers to ask questions or advice on specific topics (see Ted Baker page on Facebook). However, data on the success of this technology and on consumers’ willingness to interact with a clear robot are not available yet due to the novelty of the technology.

Albeit new technologies provide a new shopping experience (Demirkan and Spohrer, 2014; Johnson et al., 2015; Pantano, 2014), there is still a gap in the literature related to the possible usage of new technologies for promoting corporate communication of luxury brands (including online ones such as social media, and augmented reality ones like mobile tools and
new in-store technologies) (Pantano et al., 2018). Furthermore, academic research associated with the role of social media in luxury firms has received little attention and, thus, it remains largely unexplored (Arrigo, 2018), contrary to Kapferer’s (2014) claims that technology is still one of the main drivers of change and disruption for luxury brands. Along similar lines, Ko et al. (2017) call for more research on the luxury brand management domain and particularly to social media marketing. In contrast to this background, the aim of this paper is to explore the actual usage of new technologies as efficient tools for promoting luxury brands. More specifically, this research aims at exploring what actions luxury retailers actually take, whether what they actually do meets what they anticipated to do. Accordingly, the following research question arises: How do luxury brand retailers employ new technologies as a tool for corporate marketing communication? To answer this question, we made use of a multiple case study methodology based on five case studies.

The contribution of this research is threefold. Firstly, it extends our knowledge on luxury retailing, one of the most profitable marketing sectors (Joya et al., 2014), where the literature is still under-investigated. Secondly, it offers valuable insights on the impact of new technologies on luxury retailing, where a lack of research is attested, despite the increasing number of studies on innovation for retailing (Demirkan and Spohrer, 2014; Evanschitzky et al., 2015; Hagberg et al., 2016; Hristov and Reynolds, 2014; Inman and Nikolova, 2017; Pantano, 2016; Papagiannidis et al., 2017; Willems et al., 2017). Thirdly, it may guide luxury brand retailers towards a better understanding of the role and influence of new technologies to their corporate communication arsenal.

The remainder of this paper is organized as follows: the following section reviews the literature on the benefits of new technologies for corporate marketing communication, along with the usage of these systems within the luxury sector. Thereafter, the luxury companies involved in this study are analysed and the main insights of our research are provided. In the
concluding section, a case comparison is conducted and the implications for scholars and practitioners are further discussed.

2. Theoretical background

2.1 New technologies for corporate marketing communication

The emergence of new media for communicating urges marketers to review their traditional strategies and include in their practices new forms of personalization interaction and consumers’ data collection and management (Hearn et al., 2009; Leeflang et al., 2014; Troung et al., 2010). New technologies support corporate marketing communication by improving the diffusion of the marketing messages and their subsequent effectiveness (Floreddu et al., 2014; Reilly and Hynan, 2014). For instance, social media offers a two-way communication channel to firms for directly interacting with clients and stakeholders, by moving corporate communication from a unidirectional to an interactive scenario (Hearn et al., 2009; Floreddu et al., 2014; Kang et al., 2014). More precisely, social media provide a virtual space where consumers and firms co-create information and share opinion, establishing a kind of virtual community which can foster trust, awareness and commitment towards a brand (Hsu 2012; Kang et al., 2014; Liu et al., 2013; Tsimonis and Dimitriadis, 2014; Wu et al., 2015).

For instance, the increasing critical role of online communities is playing a critical role for corporate impression formation and corporate image (Hallier et al., 2014). In particular, the corporate impression depends severely on corporate communication activities within these online (virtual) communities, in terms of messages (exchanged), communication style, social context cues, affiliation, perceived similarity, source credibility, as well as interpersonal communication (Hallier et al., 2014).

Online brand communities might emerge from both the firm sponsored activity, and the user-generated initiative (e.g., Geurin and Burch, 2017; Wu et al., 2015). In context, knowledge
sharing—with an emphasis placed on social networks platform— influences the pre-purchase decision making developing a sense of community among members (Sloan et al., 2015). Therefore, consumers evaluate the brand’s ability to handle and manage these online platforms.

For the above reasons, current research considers social media as one of the most challenging and powerful force strengthening successful corporate marketing communication (Leeflang et al., 2014; Melewar and Nguyen, 2014). Social media also allow to the organizations or brands flexibility to make modifications based on the current trends (Lamberton and Stephen, 2016; Rana and Kumar, 2016). In addition, social media in the luxury retailing setting can also influence positively customer intention to purchase a luxury brand (Kim and Ko, 2012) or preference towards a luxurious brand (Godey et al., 2016).

Similarly, the mobile scenario provides a new way of attracting new consumers and increasing brand loyalty through apps/applications that provide instantaneous interaction (Jin, 2016). This allows consumers to perform several tasks such as searching, retrieving, comparing products and stores, sharing information, having fun through entertaining content, etc., with all these apps enhancing the brand experience (Kim et al., 2015). The success of the aforementioned apps relies on their portability and on how the information they provide can be personalised. To put it plainly, the information provided can be accessed anytime, anywhere according to consumers’ requests, therefore creating value for consumers (Kim et al., 2015). Mobile services based on location awareness such as advertising text messages geolocalized are particularly effective, especially when targeting the youngest population (Broeckelmann, 2010). However, despite the increasing use of brand apps, their usage as a persuasive communication channel or loyalty building platform is under-investigated (Kim et al., 2015).

Moreover, firms might introduce new technologies directly at the physical point of sale in order to improve service and enhance consumers’ in-store experience. The atmospherics are based on a combination of several factors able to support emotional effects in the purchasers,
rendering them able to communicate impressions of excitement, dynamism or relaxation (Hamrouni and Touzi, 2011). Emerging advanced technologies can be further integrated to enhance the consumer’s experience, and to generate a feeling of comfort and pleasure that can ultimately/finally affect the purchase decision (Dacko, 2017).

The new technologies are usually interactive, offering user-friendly interfaces which consumers might browse to access more information on products, services, etc. through touch-screen displays (Demirkan and Spohrer, 2014; Pantano and Véleramo, 2015; Pantano and Viassone, 2015; Poncin and Mimoun, 2014). Several retailers are currently adopting these technologies, with some prominent ones being the make-up brand Clinique, which introduced interactive displays to enable consumers to find the best product for a certain type of skin, while the Dutch groceries Albert-Heijn introduced a portable RFID system for self-check-out.

Table 1 summarizes the studies most relevant to the application of new technologies towards improving corporate marketing communication.

Table 1. Studies focused on the employment of new technologies in corporate marketing communication.

<table>
<thead>
<tr>
<th>Studies</th>
<th>Technology</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hearn et al., 2009; Leeflang et al., 2014; Troung et al., 2010</td>
<td>Interactive technologies</td>
<td>Personalized interaction and easier consumer data collection management</td>
</tr>
<tr>
<td>Floreddu et al., 2014; Hearn et al., 2009; Hsu 2012; Kang et al., 2014; Leeflang et al., 2014; Liu et al., 2013; Melewar and Nguyen, 2014; Reilly and Hynan, 2014; Tsimonis and Dimitriadis, 2014; Wu et al., 2015</td>
<td>Social Media</td>
<td>Improved diffusion of marketing messages, enabled two-way communication channel, fostered trust, awareness and commitment towards a brand</td>
</tr>
<tr>
<td>Author(s) &amp; Year</td>
<td>Technology</td>
<td>Benefits</td>
</tr>
<tr>
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</tr>
<tr>
<td>Geurin and Burch, 2017; Hallier et al., 2014; Sloan et al., 2015; Wu et al., 2015</td>
<td>Online brand communities</td>
<td>Improved corporate impression formation and corporate image, supported knowledge sharing and the sense of community among members</td>
</tr>
<tr>
<td>Kim et al., 2015; Jin, 2016</td>
<td>Mobile apps</td>
<td>Attracted more consumers, increased brand loyalty</td>
</tr>
<tr>
<td>Dacko, 2017</td>
<td>In-store mobile technologies</td>
<td>Enhanced consumer experience</td>
</tr>
</tbody>
</table>

2.2. **Luxury sector**

Luxury as a phenomenon is not new (Cristini *et al.*, 2017), and for centuries it has been playing a prominent role in the social and economic spheres of the society (Okonkwo, 2007). Although, luxury products and brands share some common major features that distinguish them from the other products and brands (Amatulli *et al.*, 2017), there is no universal acceptable definition of it (Amatulli *et al.*, 2017; Kastanakis and Balabanis, 2012; Wiedmann *et al.*, 2009). Relevant studies (Berthon, 2009; Cristini *et al.*, 2017; Fionda and Moore, 2009) show that the meaning of luxury is a complex and subjective depending on the context (individual, social and cultural). Moreover, the luxury market has changed dramatically the last two decades from a niche market to a booming market (Dion and Borraz, 2017) and it appears that it will continue to evolve due to targeting new markets and clientele (Kapferer and Valette-Florence, 2018).

The luxury market incorporates a number of diverse industries (automotive to apparel, jets, fashion accessories, and so on) entailing differences in the innovation orientation among the industries (Caniato *et al.*, 2011). Past studies demonstrate the extent to which people create an impression of others on the basis of the clothing brands they wear (e.g. Willems *et al.*, 2012). In this scenario, luxury usually evokes images of rich people with expensive cost of living, a sort of exclusive and inaccessible lifestyle (Kapferer, 2012). Literature (Han *et al.*, 2010; Thomas, 2007) highlights that luxury is more about what a brand represents, and not much
about what the product is. In fact, the consumption of luxury brands is driven by social attributes such as self-expression and self-presentation, and by the need to exhibit social standing (Bian and Forsythe, 2012; Willems et al., 2012). Kapferer and Valette-Florence (2018) assert that luxury value consists of two elements: luxury for the self (self-reward, self-pampering, self-elevation) and luxury for others, which stems from the emotional pleasure of flaunting prosperity. Therefore, luxury brands can be seen as a symbol of personal and social identity (Tynan et al., 2010), while it also exhibits characteristics such as premium quality, heritage of craftsmanship, recognizable style, premium price, uniqueness (represented by the intrinsic scarcity value), and global reputation (Bian and Forsythe, 2012).

The luxury value perception might change by assuming particular characteristics in emerging markets (Chen and Lamberti, 2015; Liang et al., 2017; Stiheler, 2016), while maintaining the meanings of a self-concept expressive function (through helping them to communicate who they are) and an adaptive social function (by rewarding them with social acceptance). Also, the consumption of counterfeit luxury brands contributes to build the own identity (Perez et al., 2010; Priporas et al., 2015). In particular, premium price, excellent quality, distinctiveness, exclusivity, craftsmanship, power, fame, and hedonism emerge as the most important factors characterizing the luxury brand (Barnier et al., 2012; Fionda and Morore, 2009; Keller, 2009). Furthermore, another crucial element in the luxury sector is the high level of experience “luxury experience” (Amatulli et al., 2017; Lee et al., 2015). Atwal and Williams (2009) point out that the marketing of luxury goods has become increasingly complex, and it is not only about image, quality, performance, and authenticity, but also selling an experience by relating it to the consumers’ lifestyle.

In summary, luxury brands offer a hedonic, multisensorial appeal and attract consumers at an emotional level, in terms of the superior material, experience and symbolic value they infuse into consumers (Dion and Arnould, 2011; Joya et al., 2014). Therefore, the challenge
for luxury brands is to maintain the idea of privilege and exclusivity even as they diffuse and grow in popularity (Kapferer and Valette-Florence, 2018). Consequently, luxury retail relates to products that have an intangible value that outweighs the price of the product (Dion and Arnould, 2011). Therefore, these superior qualities have to emphasize the orientation of the individual consumer and the needs of luxury customers (Hennigs et al., 2015). However, recent studies make some recommendations towards the improvement of online corporate marketing communication addressed to luxury retailers, aligned with the integration of more effective and interactive content (Athwal et al., 2018; Pentina et al., 2018; Yeoman and McMahon-Beattie, 2018). Table 2 summarizes those studies that relate most closely to the luxury sector.

Table 2. The studies most relevant to the luxury sector.

<table>
<thead>
<tr>
<th>Studies</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cristini et al., 2017; Okonkwo, 2007</td>
<td>Definition of luxury phenomenon and its impact on society</td>
</tr>
<tr>
<td>Amatulli et al., 2017; Berthon, 2009; Bian and Forsythe, 2012; Cristini et al., 2017; Fionda and Moore, 2009; Kapferer, 2012; Kastanakis and Balabanis, 2012; Wiedmann et al., 2009; Willems et al., 2012</td>
<td>Characteristics of luxury products and luxury meanings</td>
</tr>
<tr>
<td>Dion and Borraz, 2017; Kapferer and Valette-Florence, 2018</td>
<td>Luxury sector as a booming market in continuous evolution</td>
</tr>
<tr>
<td>Caniato et al., 2011</td>
<td>Innovation orientation of luxury sector</td>
</tr>
<tr>
<td>Han et al., 2010; Thomas, 2007; Tynan et al., 2010</td>
<td>The role of brand in perception of luxury</td>
</tr>
<tr>
<td>Bian and Forsythe, 2012; Willems et al., 2012</td>
<td>Luxury consumption</td>
</tr>
<tr>
<td>Chen and Lamberti, 2015; Liang et al., 2017; Stiheler, 2016</td>
<td>Luxury value perception in emerging markets</td>
</tr>
<tr>
<td>Perez et al., 2010; Priporas et al., 2015</td>
<td>Consumption of counterfeit luxury brands</td>
</tr>
</tbody>
</table>
3. Research Methodology

The current research study is exploratory in nature, as it aims to investigate a recent and emerging phenomenon which still requires more in-depth analysis. According to Saunders et al. (2015), exploratory studies look for new insights into yet unexplored charters. Hence, this research employed a multiple case study approach, so as to increase the robustness of the findings (Eisenhardt, 1989; Yin, 2014). Case studies are appropriate in order to provide responses in why and how questions for the phenomena being investigated (Yin, 2014), to bring rich data to light (Gerring, 2009) and are suited to capturing knowledge from practitioners (Bonoma, 1985; Kapoulas and Ratkovic, 2015; Pantano et al., 2018). A case study is defined as “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-world context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2014, p.16). Such a method enables researchers to investigate in depth practice-based phenomena and events in their natural settings (Benbasat et al., 1987), and allows to capture rich description of the context and enables holistic understanding (Saunders et al., 2015).

3.1 Case study selection

In accordance with the literature (Eisenhardt, 1989; Patton, 1990; Silverman, 2000; Yin, 2014), a purposeful sampling of five different companies engaged in the selling of luxury goods for
private purposes was used in this research. This purposive selection of cases was accounted for the grounds of our study’s objectives (Robinson, 2014). Specifically, we selected these companies based on the following specific sampling criteria: i) all these companies are large-sized (based on the sales volume), ii) their headquarters are in London, iii) they have at least one point of sale in Regent Street or Sloan Square in London (UK), and iv) they are aware of the importance of innovation in their retail activities (in other words with a digital or online marketing office/department, or an innovation office/department). Data was collected in December 2015. For each company, we evaluated the usage of new technologies as a tool to enhance corporate marketing communication. Table 3 lists case companies, considering the specific retail sector.

Table 3: Description of case data.

<table>
<thead>
<tr>
<th>Case</th>
<th>Sector</th>
<th>Innovation used</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Social media</td>
</tr>
<tr>
<td>Alfa</td>
<td>fashion</td>
<td>Twitter, Facebook, Pinterest, Instagram, Youtube, Google+</td>
</tr>
<tr>
<td>Beta</td>
<td>fashion</td>
<td>Twitter, Facebook, Pinterest, Instagram, Youtube</td>
</tr>
<tr>
<td>Gamma</td>
<td>fashion</td>
<td>Twitter, Facebook, Pinterest, Instagram, Youtube, Google+</td>
</tr>
<tr>
<td>Delta</td>
<td>accessories</td>
<td>Twitter, Facebook, Pinterest, Instagram, Youtube, Google+</td>
</tr>
<tr>
<td>Epsilon</td>
<td>private jets</td>
<td>Twitter, Instagram, Google+</td>
</tr>
</tbody>
</table>

3.2. Data collection

The data collection procedure included face-to-face semi-structured interviews with certain key people in charge of innovation or digital marketing strategies (Ellonen et al., 2009, Kapoulas et al., 2002). The interview data was triangulated with secondary data (consulting annual reports and observation of the effective integration of social media, mobile apps and pervasive technologies at the points of sale to get additional information) as the literature
suggests (Tellis, 1997; Yin, 2014). The interviews took place at the respondents’ workplace and lasted from 40 to 50 minutes. For confidentiality purposes, it had been agreed with the respondents not to reveal their company’s name, the respondents’ identity, or the interviews’ context (Pantano et al., 2018; Towers and Xu, 2016). Prior to the interviews, an email was sent to the participants with a brief explanation of the research topic, the interview guide, and other practical matters, so that they could be better prepared (Eriksson and Kovalainen, 2015).

The interview guide was prepared to ensure that important topics would be covered and investigated given the time limit and resources, as well as to ensure cross-case comparability of the data derived from different case luxury firms. The interviews aimed to achieve the deeper perception of key managers of advanced technologies as powerful tool for the company’s communication strategies.

All discussions were recorded digitally and afterwards transcribed. Following the interviews, in order to ensure validity, a copy of the data analyzed was disseminated to interviewees so as to confirm their authenticity, whereas for reliability standards, a common interview guide/set of interview questions was used (Moustakas, 1994). Also, all interviews were performed by a single interviewer, while two other colleagues ran the independent coding of the transcripts aiming to minimize the risk of potential bias (Lincoln and Guba, 1985; Strauss and Corbin, 1998). A separate data analysis was initially conducted for each case company, together with a cross-case analysis (search similarities, differences across the cases and in contrast to theory) by adopting a thematic approach (Eriksson and Kovalainen, 2015) and, in particular, the six phases recommended by Braun and Clarke (2006). More precisely, the analysis was carried out by using an interpretative method to allow the researchers to acquire a more complete and in depth-understanding of the data. The methodology employed by researchers was Eisenhardt’s (1989) within-case data analysis approach. The advantage of this approach lies in the development of “detailed case study write-ups for each site” (Eisenhardt,
1989, p. 540). This allows the researchers to reflect on their data but also allows the validation of the analysis by the interviewees. Finally, Eisenhardt (1989) mentions that the opportunity to develop a rich familiarity with each case is provided by the process of theoretical replications. As a result, a cross-case analysis of the data was conducted, aiming to compare and contrast data across the firms, and particular attention was paid to emerging patterns (Miles and Huberman, 1994).

In our attempt to analyze data, we have applied the qualitative and mixed methods data analysis software MAXQDA, as it permits a smooth coding and examination of large text segments or of other sources, for example videos or photos (Silver and Lewins, 2014).

4. Findings

4.1 Alfa

Alfa uses several social media sites, such as Twitter, Facebook, Pinterest, Instagram, and Youtube, that presenting the actual products, the new collections, and the launch of ad hoc events that present previews of new collections. We noted the extent of Alfa’s interest in these media as communication tools, with emphasis on Twitter and Facebook (which were the most used), due to the large presence of tweets (Twitter) and posts (Facebook) for advertising purposes (promoting products). Furthermore, Alfa tends to reply to users (followers) requests (usually within 24 hours) and uses these media as a tool for communicating directly with clients. The key informant stated:

“…customers constitute a valuable source of information for us, and we try to respect them in our communication channels by responding to their comments and considering their views towards improving our products, services as well as overall communication. In fact, we pay much attention to the online channel, and especially to the social media. We offer to our customers the opportunity to buy the newest, limited-edition products for a limited period through Twitter”.
In opposite, a mobile app is listed on play store and app store (for Android and Apple platform respectively), but it cannot be actually accessed by users (this situation might create confusion among potential users). In addition, for a limited period of time and only in a few selected stores, Alfa has introduced some interactive touch screen displays, which consumer may employ to access additional information on the available products (i.e. the best usage of the products). The key informant underlined that:

"It would be great to incorporate some new technologies in our stores, but at the moment we are exclusively focused on the e-commerce. We are planning to enhance the quality of our online platform in the near future aiming to further satisfy our clients’ needs, and this is why we have established an office specifically devoted to this aspect. We don't intent to invest in any other technology shortly."

Compared to the other three cases, Alfa makes considerable use of social media, does not use mobile tools, and makes little use of in-store technologies as additional tools for communicating about products and marketing strategies.

4.2 Beta

Compared with traditional media (such as magazines), Beta does not seem to prioritize the development of strong social media strategies. In fact, it actually uses social media, particularly Facebook and Twitter, only to present products. In fact, unlike other companies such as Alfa, Beta usually does not comment on users’ posts nor invite fans to share their experience with the brand. Similarly, to date Beta has not developed a mobile app, nor tested any interactive technologies within the points of sale. Therefore, Beta only makes moderate use of social media and makes no use of mobile tools and interactive in-store technologies to improve brand communication. The key informant accounted for this policy based on the change in the company’s focus:

“The company has a new business focus…apart from its products [luxury casual clothes and accessories]… What we offer to our customers through social media in terms of information is decent and we are planning to improve the communication with customers through social media … However, our brand carries a strong heritage that technology might not be able to
communicate at the best possible manner. We do not wish our brand to be associated with a futuristic or innovative brand, since we are closely attached to our tradition, which we try to communicate to our customers also through the “old-fashion” atmosphere in our stores”.

4.3 Gamma

Gamma makes considerable use of social media. It largely uses social media to communicate about products and marketing initiatives through posts and videos. In comparison with the other companies, Gamma uploads content more frequently, although it does not comment on users’ posts. Despite this interest, Gamma does not make use of its mobile channel, which does not provide an app for consumers yet. Lastly, Gamma seems to be very active in adopting technological solutions for enhancing point of sales. In fact, it offers several services through interactive technologies (touch screen displays) which provide additional information on products, etc. These new systems are aimed at presenting the brand in a technology-enriched sensorial context that would improve the effectiveness of communication. To date, these technologies have been successfully and have been permanently introduced in many stores around Europe. In sum, we argue that Gamma makes considerable use of social media, makes no use of mobile tools, and makes considerable use of in-store technologies for supporting marketing communication. The key informant pointed out the following:

“…We have invested a lot in social media as a communication tool and we take our customers’ comments into serious consideration… As for the in-store technologies, customers like them and, if I may, I can say that they enjoy using them.”

4.4. Delta

While Delta makes considerable use of social media, like the other companies under investigation, it also has a considerable interest in the mobile channel in terms of mobile apps. Unlike the others, Delta offers different (free) apps that provide several services which are able to enhance both the usage of the products and the communication of the brand. The interviewee has highlighted that:
"In the past, the company used to have five different apps... all of them being useless. Our customers downloaded them, but they did not actually use them... So, I was hired six months ago in order to solve this issue! Now we have only one [app], a great one, which does work!"

In fact, consumers might access additional information on the products (i.e. past and actual products and collections) as well as exploit additional functionalities such as the virtual ‘try on’ (to virtually try the product before buying through the online measurements of size, etc.). Despite this use of social and mobile media, Delta interest in adopting new technologies at the physical point of sale is still underdeveloped. In fact, Delta has not introduced or tested any new technologies within the stores. For these reasons, we can argue that Delta makes considerable use of mobile and social media but makes no use of in-store technologies.

4.5 Epsilon

To date, Epsilon has not made much effort to use online and offline technologies to improve brand communication. Although it is present on social media, particularly on Twitter, it is not very active. For instance, Instagram and Google+ are still little used, and have a limited number of posts (including images and videos) and no posts at all respectively. Similarly, Epsilon proposes a mobile app, which is available only for IOS, and which shows both additional services for optimizing the usage of the products, and information about the products characteristics (including the status of the order after the purchase). Epsilon did not show any interest in adopting technologies for enhancing marketing and brand communication, although it has started making its first steps towards this direction. As the key informant indicated:

"Moving a jet for exhibition is a huge cost, but we need to demonstrate to clients our services in the most efficient way. In other words, they want to have an idea of how our jets look like inside before affording the purchase. Aiming to reduce somehow our cost to some extent, we started collaborating with a university and a research group so as to incorporate virtual reality technologies to virtually show our jets. This would allow us to reduce the total cost, because our showroom could host much many more virtual jets; this practice could be extended to cover our need to exhibit as many jets as possible in commercial exhibitions and fairs outside our premises. As a result, we would be able to better showcase our products without actually moving a jet, while we could also invite people to touch them in our showroom"
We have analysed the firms’ use of technologies above. All the firms studied introduced some kinds of innovation (social media, mobile apps and in-stores technologies). Despite this adoption, they use the different technologies in different ways. From this perspective, Gamma and Delta could be considered more focused on using new tools for communicating about the brand than Alfa, Beta and Epsilon are. Only Delta makes considerable use of mobile apps, while Epsilon makes little use of them and the remaining three make no use of them at all. Gamma makes considerable use of in-store technologies, Alfa makes little use of them, and Beta, Delta and Epsilon do not use in-store technologies at all. Table 4 summarizes the actual usage of innovation by each case company.

Table 4: Actual usage of innovation by five luxury retailers

<table>
<thead>
<tr>
<th>Technology employed for corporate brand communication</th>
<th>Alfa</th>
<th>Beta</th>
<th>Gamma</th>
<th>Delta</th>
<th>Epsilon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media</td>
<td>strong</td>
<td>moderate</td>
<td>strong</td>
<td>strong</td>
<td>weak</td>
</tr>
<tr>
<td>Mobile</td>
<td>No usage</td>
<td>No usage</td>
<td>No usage</td>
<td>strong</td>
<td>weak</td>
</tr>
<tr>
<td>In-store technologies</td>
<td>weak</td>
<td>No usage</td>
<td>strong</td>
<td>No usage</td>
<td>No usage</td>
</tr>
</tbody>
</table>

5. Discussion and conclusion

The aim of this paper was to explore technology and innovation management in luxury retailing. We conducted a multiple-case study and built our analysis on qualitative data. In particular, this analysis revealed that the five companies are conscious of how social media, mobile apps, and in-store technologies can be powerful tools for marketing communication, particularly in terms of branding, even though they do not fully exploit these tools. In fact, none of them actually makes considerable use of the three types of new technologies (social media, mobile tools, and interactive in-store technologies). Correspondingly, while social media is the most used tool, mobile apps and in-store technologies receive limited attention from the luxury industry.
Since these companies are in the luxury sector, it is reasonable to assume that they have enough financial resources to use new online and offline technologies to develop new marketing strategies (Joya et al., 2014; Hennings et al., 2015). A reason for this lack of use might be the absence of the kind of routines and processes needed to successfully use these innovations as new marketing tools. Consequently, their marketing activities and outcomes are still more related to traditional media. Another possible explanation might relate to their internal understanding of the strengths and benefits of these technologies within a marketing communication perspective.

Although consumption of luxury goods is associated with exclusivity (Kapferer, 2012), there might emerge a contrast with the social networks that are perceived as an 'inclusive' place where anyone can participate and contribute. However, our study shows that when the luxury brand retailers exploit social media for marketing communications, consumers participate in the social life (i.e. case study Alpha).

Current advances in technologies further provided new technologies able to enhance consumers experience (Dacko, 2017), however these tools are not actually explored by the luxury sector, which tend to be focused on more traditional tools. Thus, the exploitation of the new technological tools for promoting marketing communication in luxury sector is still at an early stage of development. Indeed, many studies have demonstrated the importance of developing new forms of communication based on a successful explanation of how new media (Hearn et al., 2009; Troung et al., 2010; Leeflang et al., 2014) can improve corporate marketing communication (Floreddu et al., 2014; Reilly and Hynan, 2014), our study reveals that the luxury sector is conscious of the benefits of using new media as a marketing communication tool, even though the effective use of these new media is still limited. Moreover, our study shows that even if there is an innovation force affecting the retail industry (Pantano, 2014; Demirkan and Spohrer, 2014; Hristov and Reynolds, 2014; Evanschitzky et al., 2015; Pantano,
2016; Inman and Nikolova, 2017; Willems et al., 2017), this force only partially impacts luxury industry. This finding is in agreement with the literature which advocates that luxury firms have proved to be reluctant to adopt social media in their strategies (e.g. Kapferer and Bastien, 2012; Chevalier and Gutsatz, 2012), despite the fact that Godey et al. (2016) unveiled that social media marketing efforts can have a (real/great?) positive impact on brand awareness and brand image.

Furthermore, our study is in line with the findings of a recent study carried out by Pantano et al. (2018), as it reveals lack of innovation culture which largely affects the communication sector. For instance, some luxury companies such as Ted Baker are introducing online chatbot to increase the direct communication with client (see for instance “Ted Baker Seemore”), as the future application of Artificial Intelligence in marketing communication. However, the introduction of radical technologies like the chatbot requires additional capabilities to understand what type of communication clients what to have with the company and if the consumer wants an automatic system that totally replaces the human (representing the company) or prefers a system that supports the communication with a human (representing the company).

Finally, our study highlights that the consumers’ demand of new technologies, with an emphasis on communication tools, does not meet the luxury retailers’ offer of interactive technologies to improve marketing communication. A justification might lay in the lack of innovative culture, or in the need for superior capabilities to successfully manage smart technologies in terms of search, identification and integration. Also, another explanation could probably be the differences that exist across sectors in terms of product complexity and product fashionableness (Baker et al., 2018).

In conclusion, by studying the use of new technologies for the needs of corporate marketing communication, this study advances our knowledge on their use by luxury brand
retailers. Also, the current findings add to the literature since there is a dearth of relevant studies, while, on the other hand, the advancement of technology is continuous, rendering the implementation of technologies in luxury retailing an emerging topic that is worth examining in depth and breadth.

From a managerial point of view, our study carries a number of important implications. There are opportunities and risks related to the integration of social media, mobile app and in-store technologies in marketing practices. In fact, while past studies have demonstrated the low cost of introducing the technologies (Pantano et al., 2017), maintaining the technologies requires investment and the technologies require frequent updating. For instance, the accounts on social media would need to be continuously updated and a new position would need to be created for this task in order to be able to collect information on consumer behavior (including judgments, evaluations, experiences with the brand) and reply to customers’ requests and comments. The present analysis would advise luxury retailers on the possibility to better exploit the new media as tool for promoting marketing communication while providing new brand experiences. As so, they could create more sophisticated programs (Godey et al., 2016), especially with the co-creation and collaboration of customers (Arrigo, 2018), particularly those coming for Generation Z, an important and challenging consumer segment for marketers and retailers (Priporas et al., 2017). Consumers from this generational cohort long for experience and not material objects and they are digitally native as social media is part of their everyday life (Kahn, 2018). Although past studies suggested that luxury retailers should launch visual material of extremely high standards (Pentina et al., 2018), combining the live and real-time characteristics of media, such as Instagram and Facebook Live, with the products’ aesthetic appeal, our results show the still limited ability of luxury retailers to exploit the above opportunities and follow these recommendations. Therefore, more effort is required to meet the changeable need of consumers for novelty, novel content and new communication
channels. A solution might rely on further exploring the advances of artificial intelligence and machine learning to create adaptable content and new forms of communication that combine artificial and human intelligence. In line with Athwal’s et al. (2018) work, an outstanding promotional idea would be to exploit the real-time technical features of social media and broadcast, in a live manner, fashion or other shows. Accordingly, luxury retailers might create tailor-made emojis and branded-filters which consumers would be able to freely download or add using luxury brand logos on their own social media pictures. This could offer a rich “online branded experience”, which might lead to a higher brand image, enhanced loyalty and, ultimately, more purchases.

6. Limitations and suggestions for future research

Regardless of the interesting findings of this study, it is important to recognize its limitations, which can be read as possible avenues for future research. Firstly, the current multiple-case study aims to enhance understanding rather than focus on representativeness in terms of population. Secondly, the data obtained from five cases reflecting different product categories (fashion, accessories, private jets and related services) in the luxury industry. Thus, further studies should focus on developing quantitative data to improve the generalizability of our findings to other products contexts. Lastly, this study focuses solely on the adoption of new media for corporate marketing communication. Forthcoming studies could build on the current findings and might enrich them on how these media and technologies can be eventually used to provide new consumers experiences, particularly ‘smart’ luxury experiences.

References


