E-commerce in luxury clothes industry: the ambivalence between exclusivity and ubiquity

by

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Dissertation for Master in Management

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2015
A BRIEF BIOGRAPHICAL INTRODUCTION

Irina Balasyan was born in Tbilisi, Georgia in 1991. She completed graduation in State and Municipal Management from Armenian State University of Economics (ASUE) in 2012. After that, Irina Balasyan studied master in Business Management at the same university from 2012 to 2013. Then she joined Master in Management at the faculty of Economics, U.Porto in 2013.

After two years of studying at Armenian State University of Economics, she became a member of Armenian Marketing Club NGO and coordinated many events organised by it.

As mentioned, Irina Balasyan was born in Tbilisi but moved to Armenia in early 2000. This enables her to adapt to different situations, get on with various peoples and cultures.

Irina Balasyan is a person with leadership qualities and team worker skills. The leadership skills and desire to manage and coordinate everything around were the reasons to choose the Management as the very specialization for herself.

Aspiration and desire to experience quality education in the Management field has rewarded her with the opportunity to be selected as an Erasmus Mundus Scholar for a Full Degree course Master in Management at the University of Porto in 2013.

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ACKNOWLEDGEMENT

I would like to express my deepest gratitude to my supervisor Professor Beatriz da Graça Luz Casais, Faculty of Economics, U. Porto without whom this work would not have been possible. I am sincerely grateful for her valuable proposals as well as encouraging and supporting. Her constructive criticism, motivation and suggestions have been inspiration for me to explore this new interesting topic. Her encouragement towards the current topic has helped me a lot in this project work.

I highly appreciate the priceless advices and support from Professors João Ribeiro, Maria do Rosário Moreira and Maria Catarina Roseira for their suggestions, permanent support and guidance.

I also would like to thank my professors at the Master in Management for their knowledge and skills they have provided me with for two years.

I want to express my special acknowledgement to my family and fiancé for their unconditional support and encouragement through all this lengthy period. I specially thank to my friends and classmates, namely Hoa Quynh Nga Nhu, Valeryia Chouhun, Dina Mansour, Rita Ribeiro Coelho and Tatevik Mehrabyan for providing me with their valuable advices, ideas, knowledge and comments along the way.

I also would like to extend my special thanks to the European Commission and Erasmus Mundus EMINENCE Project for giving me a chance to advance a step further in my career. This master program was one of the most admirable milestone of my life opening the doors for the future development. Thank you Nune Srpanyan, Ana Paiva and Katarzyina Hadas for being with me.
ABSTRACT

This dissertation is focused on E-commerce implementation in luxury clothes industry. Due to the global growing for luxury goods within the era of the democratization of luxury in society the brands are facing the challenge of using mass marketing strategies and simultaneously accentuating the exclusivity dimension of their products. This leads to the necessity of a better understanding of the brands’ behaviour in the electronic commerce. However, while luxury managers of fashion trends and catwalks are still hesitant when it comes to innovative online strategies, some luxury fashion groups have already launched their e-commerce sites.

Yet, against the backdrop of the increasing importance of online retailing in the luxury sector, most of luxury goods companies still lack guidance on how to preserve luxury brand image within the ubiquitous digital world and are still passive actors with websites.

The aim of this study is to analyse how companies overcome the ambivalence between the importance of exclusivity in luxury brands and ubiquity allowed by the Internet and to realize which is the best approach in the balance between mass and high classes.

We built 8 propositions based on the literature review and discussed them with a case study about Farfetch.com. We analysed the secondary data collected which include 15 interviews with Farfetch.com CEO and Marketing department managers, 6 videos and 12 articles about Farfetch.com. The content of these data was analysed using coding methodology done with NVivo Qualitative Research Software.

Findings show that it is possible to keep a sense of exclusivity online when providing appropriate service related to the concepts of luxury. The other factors that enable existence of luxury in ubiquitous environment and differ luxury e-commerce platforms from mass market are considered to be the offer and product range, webpage, team, technologies, delivery and return policies.

This study is useful to understand the main challenges for luxury brands regarding the exploration of e-commerce.

Key words: E-commerce, Luxury, Luxury Fashion Industry, Exclusivity, Ubiquity

JEL-codes: L81, M 31, M11
SUMÁRIO
Esta dissertação tem enfoque na implementação do e-commerce na indústria do têxtil de luxo. Devido ao crescimento da procura global em relação a bens de luxo na era da democratização do luxo na sociedade, as marcas enfrentam o desafio de utilização das estratégias de marketing de massas e simultaneamente terem de acentuar a dimensão exclusiva dos seus produtos. Isto conduz à necessidade de uma melhor compreensão do comportamento das marcas no comércio eletrónico. Contudo, enquanto os estilistas, e gestores de luxo ainda estão hesitantes em relação a estratégias inovadoras no digital, há empresas de moda de luxo que já lançaram as suas lojas online.

No entanto, como pano de fundo da importância crescente do comércio on-line no setor de luxo, a maioria das empresas de bens de luxo ainda carecem de orientações sobre como preservar a imagem de marca de luxo dentro do mundo digital omnipresente sendo atores passivos.

O objetivo deste estudo é analisar como as empresas superam a ambivalência entre a importância da exclusividade em marcas de luxo e a onipresença da Internet e perceber qual é a melhor abordagem no equilíbrio entre a abordagem de massas e a abordagem às classes altas.

Organizaram-se oito proposições com base na revisão da literatura discutindo-as através de um estudo de caso sobre a Farfetch.com. Foram analisados dados secundários, que incluem 15 entrevistas com o CEO da Farfetch.com ou com os gestores de marketing, 6 vídeos e 12 artigos sobre a Farfetch.com. O conteúdo desses dados foi analisado utilizando a metodologia de codificação para pesquisa qualitativa com o NVivo Software.

Os resultados mostram que é possível manter uma sensação de exclusividade online com a prestação de serviços adequados relacionados com o luxo. Os outros fatores que permitem a existência de luxo em ambiente onipresente em diferentes plataformas de e-commerce são a oferta e gama de produtos, a webpage, a equipa, as tecnologias, a entrega e o regresso.

Este estudo é útil para entender os principais desafios para as marcas de luxo sobre a exploração de e-commerce.
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CHAPTER 1: INTRODUCTION

Luxury has been built on the foundation of certain principles of excellent quality, uniqueness and high price that can neither be ignored nor compromised. It is a culture and a philosophy that requires understanding before the adoption of business practices because its intricacies and output are essentially different from other types of goods such as daily consumer goods. Luxury’s original function also significantly differs from those of other product or service sectors. This function is rooted in the social classes of the past civilisations and societies when royals, nobles and aristocrats used ostentatious consumption to stamp their superiority and maintain their distance from the lesser privileged (Okonkwo, 2007). Quoting the fashion genius Coco Chanel: “Fashion is not something that exists in dresses only. Fashion is in the sky, in the street, fashion has to do with ideas, the way we live, what is happening” (Charles - Roux, 1981). This is even truer today than it used to be. Indeed, Web 2.0 technologies have made luxury fashion more accessible to everyone (Brogi et al., 2013).

As a result of the growing importance of E-Commerce in today's society, luxury brands are facing the challenge of using mass marketing strategies and simultaneously accentuating the exclusivity dimension of their products (Okonkwo, 2010), which leads to the necessity of a better understanding of the rules and behaviour in the digital marketplace (Hennings et al., 2012). Many luxury Brands still treat the Internet with caution worrying an online presence will dilute sense of exclusivity (Sherman and Cohn, 2009). The aspect of exclusivity is widely understood as the key characteristic of luxury products. In this context, limited accessibility and rarity are cornerstones of luxury and justify their price premium (J. N. Kapferer & Bastien 2009). However, due to the Internet’s increased ubiquity, shopping convenience and product accessibility are the key decision factors forcing luxury brands to develop innovative strategies for the transition into e-commerce (Okonkwo, 2009; 2010).

Luxury shopping is changing fast and the winners will keep pace. Digital is influencing almost 20% of total luxury sales and more than 70% of luxury shoppers own a computer and mobile devices, and more than 50% of them research through them. Digital is essential and brands must go online (Dauriz et al., 2013). Today, three out of four luxury shoppers carry digital devices so powerful that the word mobile barely describes them.
Millions of these shoppers now insist on interacting with brands digitally—using their computers, tablets and smartphones before they decide what to buy, where to buy it or how much they’re willing to pay (Dauriz et al., 2013). In 2013, digital interactions directly generated more than 13 percent of offline luxury sales and influenced another 28 percent of sales. Pure online sales doubled to four percent of the total market, growing twice as fast as the luxury market overall. If the current growth rates continue for five years, annual online luxury sales may reach 20 billion euros. And since five years is an eternity in the digital universe that number may be higher (Dauriz et al., 2013).

E-commerce is a strategy for rapid growth which will obviously be more popular in the future (Liem & Purnamasari, 2011). As the Internet is changing the marketing landscape, forcing companies into new ways of competing, a critical issue for luxury goods marketers is not whether an online presence is necessary, rather, how to use the Internet and translate such use into economic value (Porter, 2001). However, luxury brands are not immune to the changes in technology or in buying behaviour brought on by the rapid adoption of the Internet as an information source, communication and shopping tool. And, against the increasing importance of online retailing in the luxury sector, many luxury goods retailers worry that it is not possible to keep a sense of exclusivity in ubiquity of the virtual environment (Hennings et al., 2012). According to its nature, the Internet is the most democratic medium that allows access to anybody from anywhere. As the virtual environment is a place, where images, videos and opinions circulate regardless of brand ownership and the problem of keeping a sense of exclusivity around a luxury brand is raising (Hennings et al., 2012).

Analysing this theme there is a question of how luxury brand companies, defined as the highest level of prestigious brands encompassing several physical and psychological values (Vigneron & Johnson, 1999), can be managed in the digital age maintaining a balance between exclusivity and ubiquity. The research tend to analyse how luxury brands use the e-commerce and determine which luxury brands sell online and how companies manage their marketing strategies using the Internet. To win in this game luxury brands companies should choose the right digital strategies which need very deep analysis of all influencing factors (Hennings et al., 2012).

The aim of this study is to analyse how companies overcome the ambivalence between exclusivity and ubiquity combining a sense of exclusivity with the potential of the
CHAPTER 1: INTRODUCTION

Internet. To achieve the aim of this dissertation the study combines both literature background and case analysis of one of the most successful companies in luxury clothes’ e-commerce industry. The analysis led on the example of the Farfetch.com, which unites more than 250 of the world's best independent fashion boutiques, offering fashion lovers more than 2,000 brands on one easy-to-shop website (Farfetch.com).

The study is structured as follows:

- Literature review (chapter 2.) where all concepts related to the study field are introduced;
- Methodology (chapter 3.) giving the overview about the qualitative analysis implemented for this study, data collection and analysis procedure;
- Case Study (chapter 4.) is an introduction to Farfetch.com and discussion of the results and discussion of their relevance to the aim of the study;
- Conclusion and further research (chapter 5.) where main findings and implications are presented, then based on research limitations directions for further researches are developed.
CHAPTER 2: LITERATURE REVIEW

This chapter briefly reviews the extant literature about luxury and e-commerce as general concepts. Brief definitions of some important concepts (2.1.) and connection of different theories and ideas about the importance of E-commerce for luxury market and the antagonism between luxury and the Internet concepts (2.2.) are presented.

The combination of deductive and inductive research approaches is chosen for this study. As the deduction is a process of moving from a theory to propositions and research questions, eight propositions are developed based on the literature and theories that serve to determine direction and scope of the study and support to understand where to search relevant data and information. (Miles & Huberman, 1994; Stake, 1995). At the end, a short conclusion to the literature review is shown (2.4.).

2.1. Relevant concepts
This section refers the relevant definitions and concepts related to the luxury brands experience, such as the concept of luxury, the ambivalence between exclusivity and ubiquity, the new era of digital marketing and e-commerce and the importance of Online Brand Communities (OBCs) in purchase decision process and challenges in e-commerce platforms.

2.1.1. The concept of Luxury
The concept of luxury is complex, as it is subjective and primarily built on consumer perceptions, as the meaning of luxury is determined by personal and interpersonal motives (Vigneron & Johnson 2004).

Coco Chanel described luxury as “the necessity where necessity ends,” capturing the irrationality of luxury and luxury items (Okonkwo, 2007). The nature and characteristics of the of luxury are: 1) excellent quality, 2) very high price, 3) scarcity and uniqueness, 4) aesthetics and polysensuality, 5) ancestral heritage and personal history, and 6) superfluousness (Dubois et al., 2001). Nueno and Quelch (1998) define Luxury brands as those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high”. Phau and Parendergast (2000) point out that “Luxury”
is subjective concept where luxury brands compete on the ability to evoke exclusivity, a well-known brand identity, brand awareness and perceived quality.

Another concept related to luxury brand is the “rarity principle” which says that the prestige of the brand gets eroded if too many people own it (Dubois & Paternault, 1995). Kapferer and Vigneron summarised luxury as art applied to functional items that defines beauty. Luxury is enlightening and offer more than mere objects providing reference of good taste. Moreover, luxury brands are animated by their internal programme, their global vision, the specific taste which they promote as well as the pursuit of their own standards whose items provide extra pleasure and flatter all senses at once, being the appendage of the ruling classes. That is the reason why luxury management should not only depend on customer expectations (J.-N. Kapferer, 1997; Vigneron & Johnson 2004).

Referring to the predominant management orientation of luxury brand research, the key values luxury brands address are dependent on the consumers’ personal perceptions regarding financial, functional, individual, and social aspects. Under financial value perceptions, the price–value relationship is crucial, because even if a high price is widely accepted as a necessary element of luxury products, it is important to point out that luxury is qualitative not quantitative (Fionda & Moore, 2009; J. N. Kapferer & Bastien 2009; Okonkwo 2009). The functional value of luxury in an online environment refers to the usability, quality and uniqueness of the online appearance when using the website and further applications (Danzinger, 2011). Individual value perceptions are related to the use of luxuries as supporters in individuals’ identity projects, consequently consumers’ emotional needs are the key elements in defining the concept of luxury. Consumers experience luxuries as symbolic resources constituting important tangible cues that allow them to define themselves and to transfer the brand’s social symbolism, such as exclusivity, authenticity, quality, uniqueness and culture into their own aspired identities (Bauer et al., 2011). The social dimension of luxury addresses the cognition of the individuals’ social group(s) and focuses on online social networks. A high amount of wealthy Internet users regularly utilizes social media applications and even though not all digital natives are potential customers of luxury brands, they may be potential brand advocates (Danzinger, 2011).
CHAPTER 2: LITERATURE REVIEW

The luxury brand is consubstantial with the luxury product but not with the luxury concept which is abstract (J.-N. Kapferer & Bastien, 2008). The luxury brand was defined according to several perspectives: Economic, Dichotomous, luxury Continuum, and Symbolism.

To sum up, table 1 shows different perspectives of the luxury brand definition.

Table 1 Summary of the perspectives in the luxury brand definition

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Authors</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>(Kinsey. &amp; Colbert., 1990)</td>
<td>Luxury brands are those which have comparable tangible features to other brands but are sold at a higher price</td>
</tr>
<tr>
<td></td>
<td>(Nueno &amp; Quelch, 1998)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Vigneron &amp; Johnson, 1999; Vigneron &amp; Johnson 2004)</td>
<td></td>
</tr>
<tr>
<td>Dichotomous</td>
<td>(J.-N. Kapferer, 1997)</td>
<td>A luxury brand is defined by contrast to non-luxury brands</td>
</tr>
<tr>
<td></td>
<td>(Vigneron &amp; Johnson, 1999; Vigneron &amp; Johnson 2004)</td>
<td></td>
</tr>
<tr>
<td>Luxury Continuum</td>
<td>(J.-N. Kapferer, 1997; J. N. Kapferer &amp; Bastien 2009)</td>
<td>Within the luxury category, brands divide up along a continuum expressing the degree of luxury contained in each of them</td>
</tr>
<tr>
<td></td>
<td>(Vigneron &amp; Johnson, 1999; Vigneron &amp; Johnson 2004)</td>
<td></td>
</tr>
<tr>
<td>Symbolisme</td>
<td>(E. Roux 1991)</td>
<td>A luxury brand is characterized by a symbolic, imaginary or social added value, which differentiates it from the other brands</td>
</tr>
<tr>
<td></td>
<td>(E. Roux &amp; Floch, 1996)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Vickers &amp; Renand, 2003)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors

2.1.1. Exclusivity and ubiquity

The aspect of exclusivity is widely understood as the key characteristic of luxury products (J. N. Kapferer & Bastien 2009; Okonkwo 2009).

Rapid technological advancement and globalization of the luxury industry are presenting luxury customers with many brand options leading to fierce competition among firms (Ryan, 2009). For these reasons, establishing and maintaining a strong brand identity is the only way for successful management and competition (Okonkwo, 2007). This leads to the importance of keeping exclusivity, as in the Luxury fashion market, a strong brand
identity can be achieved through several factors, including exclusivity, recognizable style, and/or premium pricing (Chevalier & Mazzalovo, 2008). Those characteristics of the luxury brands from the customer’s perspective deliver multi-faced benefits such as social status, sense of belonging and identity affirmation (Peng et al., 2011).

The Oxford Dictionary defines the aspect of exclusivity by several characteristics as Uniqueness, Rarity, Limitation, Expensiveness and Chic (Oxford English Dictionary). The luxury Product is exclusive in two ways: “I am the only person to own one”, and “this excludes the other”. It makes the owner someone special (J. N. Kapferer & Bastien 2009). As to brands, the challenge is to be able to create exclusivity not only for the products they produce but also to the services they provide around the product. Exclusivity is a great marketing tool to give the certain value to loyal clients (Dial, 2013).

Ubiquity or omnipresence is the property of being present everywhere. It is important that your stuff be as ubiquitous as possible (Gretchen, 2006). Adapting to ubiquitous digital connectivity is now essential to competitiveness of a company. Usually, a business model is defined by two things: how the organization creates the value for its customers (the customer value proposition) and how it captures that value (how it makes money). Digital transformation influence both (Iansiti & Lakhani, 2014). Our lifetime is becoming ever faster and this influence customer’s need to have information and products accessible from everywhere at anytime (Pichler et al., 2014). As a result of the ubiquitous Internet reality the brands should be universal and try to find customer responds regardless any geographical and cultural boundaries. It is very important for companies to be able to look beyond their region, ethnic client and maintain their brands’ relevance to all potential customers, notwithstanding their geography and cultural differences. In this situation the best way of reaching to omnipresence in industry is Internet (Радислав, 2013).

With the definitions of these two expressions, we can see how contradictory their natures are.
2.1.2. Digital Marketing and E-commerce

The Internet is not only a means of communication but also is considered to be an unprecedented phenomenon in history. The Internet is an important part of brand communication strategies for ordinary consumer goods as well as luxury products (Dall’Olmo & Lacroix, 2003).

The Internet has specific characteristics: Interactivity (Chaffey et al., 2003; Hoffman & Novak, 1996; Ind & Riondino, 2001), Intelligence (Chaffey et al., 2003), Speed and accessibility (Chaffey et al., 2003), loss of control (Viot, 2009). These characteristics make the Internet an adapted channel of distribution and communication to the mass audience and consequence is the reluctance of luxury brands to use it (Okonkwo 2009).

In academic research as well as in managerial practice a controversy has evolved whether luxury brands should use the Internet purely as a means to communicate or whether to understand the Internet as a sales channel as well (Hennings et al., 2012).

E-commerce consists of buying and selling products or services over the electronic system such as the Internet and other computer network (Kumar & Farooqi, 2012). The growth of the Internet technology has enormous potential as it reduces the costs of product and service delivery and extends geographical boundaries in bringing buyers and sellers together (Thompson & Corner, 2005).

Being defined as buying and selling information products and services via computer networks, e-commerce’s value seems to be sales oriented. For another thing, the other definition includes the “support for any kind of business transactions over a digital infrastructure”, which means the broader value of e-commerce (Kalakota & Whinston, 1996). E-commerce enable customer interaction and real time pricing with connectivity existing between information system and communication, which is two-way and in real time (Gossain & Kandiah, 1998). Taking into account that every business is an information one (Earl, 1999; Evans & Wurster, 1997), it is possible to say that information is a source of revenue (Rayport, 1995) which in digital marketplace can be reproduced and distributed approximately with no costs. Besides, e-commerce allows both customer and supplier to reduce transaction costs significantly and to enable information to reach more people without sacrificing the richness of content (Evans & Wurster, 1997).

Providing direct interaction between consumers and manufacturers e-commerce can replace some of the functions traditionally performed by intermediaries and affect
disintermediation and reduction in intermediate levels. However, the growth of electronic commerce has opened up new opportunities for a class of intermediaries that may aggregate information and add value, by integrated multiple sources, to provide customized products. In this model of e-commerce, the role of intermediaries is to be a customized online production process that may take information input from multiple other business sources and offer the customer an option of tailor made products (Bharat, 2009).

For example, Silicon Graphics, a global manufacturer of high-end computing equipment, uses its presence on the World-Wide-Web as a way to provide information to its customers (e.g., access to product brochures and price lists), as a marketing tool (e.g., allowing a customer to contact a sales office), as a sales channel (e.g., on-line ordering of software products) and as a support line (e.g., making available software patches and frequently asked questions and answers) (Segev et al., 1995)

2.1.3. **Online Brand Communities (OBCs)**

According to the Muniz and O’Guinn (2001), a brand community is a customer to customer to brand triad which is formed by two types of relationships. The first type is the relationship between the brand and customer, and the second, relationship established between community members (Sicilia & Palazón, 2008).

The authors maintain that the success factor of the brand communities are the relationships and interactions between community members. They state that the connection between members is likely stronger and more important for them, than the connection toward the brand. For some of customers being a member of the communities is a chance to learn members' experience and get information. This explains the fact that the main purpose for members’ participation in communities has been information searching (Shang et al., 2006). Shared information among the community members create strong word of web effects. This significantly influences brand image and stimulates sales (Park & Cho, 2012).

There are at least three core components of a community. The first and the most important one is consciousness of kind, which is the deep connection among the community members, and the collective sense of being a member of a special group, who differ from
others outside the community and an opposition to other brands (Bagozzi & Dholakia, 2006). The second indicator of community is the existence of group norms, which are transformed to shared rituals and traditions. These norms protect the shared history and culture of the community (Muniz & O’Guinn, 2001). The last component is a sense of moral responsibility and obligation to the community and its members. In case of the community has difficulties or threats, this sense can drive to collective actions of some members (Muniz & O’Guinn, 2001).

2.2. Luxury brands in e-commerce platforms

In view of the fact that global need of the luxury grows, luxury brands trying to focus on online marketing and sales, however, they still hesitant when it comes to innovative in online marketplace (Atwal & Williams, 2009). The main reason for the scepticism of luxury brands to engage in online retailing lies in the seeming contrasts of luxury and the Internet: while luxury stands for rarity, inaccessibility, and exclusiveness (J. N. Kapferer & Bastien 2009), the Internet is characterised by accessibility and democracy (Hennings et al., 2012). Kapferer and Bastien (2012) coined the term “Internet dilemma” for luxury brands in this context.

All characteristics of the Internet and luxury make the Internet an adapted channel of distribution and communication to the mass consumption (Okonkwo 2009) and consequently the reluctance of luxury brands to use the Internet is understandable. After confronting the characteristics of the Internet and luxury brands, it is obvious that they are not compatible as can be seen in table 2.
Table 2 Luxury features versus Internet Characteristics

<table>
<thead>
<tr>
<th>Luxury marketing features</th>
<th>Internet features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication:</strong></td>
<td>As communication tool:</td>
</tr>
<tr>
<td>Elitist support, limited use of mass media, events, sponsoring etc.</td>
<td>Globally accessible</td>
</tr>
<tr>
<td><strong>Distribution:</strong> (Allérès, 1991, 1997; Okonkwo 2009)</td>
<td>As distribution channel: (Chevalier &amp; Mazzalovo, 2008)</td>
</tr>
<tr>
<td>Point of sale experience,</td>
<td>international, accessible, few or no contacts, limited service, limited buying experience, focus is set on consumption experience</td>
</tr>
<tr>
<td>Service,</td>
<td>(Chaffey et al., 2003; Okonkwo, 2009)</td>
</tr>
<tr>
<td>Consumption experience, individualized sales,</td>
<td></td>
</tr>
<tr>
<td>Only in prestigious venues or Capital cities</td>
<td></td>
</tr>
<tr>
<td>Price rarely displayed</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors

This discussion leads us to formulate proposition 1.

**Proposition 1 (P1) Luxury brands and the Internet are not reconcilable.**

E-commerce is a way of doing business which drastically changes business practice. It is a more effective and risk free tool for the modern market situation. For some luxury companies, e-commerce is the only or the main marketplace, for others it is a way for providing information to the customers, sales channel and/or just a marketing tool (Segev et al., 1995).

Having understood the enormous potential of e-commerce companies must identify, appreciate and take the advantages, such as reaching global market and new costumers, optimization of business processes, etc. For instance, in case of Versace, the main aim for creation of their e-commerce site was not selling online, but using it as a communication
CHAPTER 2: LITERATURE REVIEW

channel. Versace had an aim to broadcast the message of fashion not only their customers, but also for those who do not dare to go to a real store with a sign Versace. Another aim was to create a portrait of the client target audience on the Internet (Astound, 2014).

Some brand managers decide to have a website and e-commerce because it is fashionable, for some managers it is realised new potential and for most of them, it is a risky selling tool for luxury products, especially for clothes (Dall'Olmo & Lacroix, 2003).

From the customer’s viewpoint problems associated with luxury online purchases are financial and product risks. Their concerns are related to online payment by credit card and counterfeiting. They prefer the “touch and feel” experience in luxury stores (Hennings et al., 2012). Regarding luxury e-commerce customer, some authors indicate that they are more cost driven than in-store luxury customers are. Online browsing and information search provide them with opportunities to compare the prices and explore alternatives, so they prefer to purchase luxury products online. They decide to make online purchases when the physical stores are too far away or the product choices in the stores are too limited. Moreover, online luxury shoppers highly value convenience and product availability (Xia et al., 2013). Therefore, the online shopping environment is more attractive to those consumers who like to make comparisons before they choose the best suitable style. Besides, luxury customers are more sensitive to employee attitude in stores and prefer online stores because of no salesperson pressure (Xia et al., 2013). Besides, female luxury consumers do intend to buy luxury goods on-line more, than male consumers do. In addition, young consumers (18-30 years) do prefer on-line shopping for luxury goods more than older customers do (Besler, 2007). Only in the Chinese market, 62 % of top 10% Chinese earners are under 35 years (Bowman, 2008).

Based on the discussion of these concepts, several propositions are build.
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Proposition 2 (P2) Most of luxury brand managers do not believe that the internet can be a vital selling tool for their products, especially for clothes.

Proposition 3 (P3) The concerns of customers regarding luxury online shopping are associated with financial and product risks.

Proposition 4 (P4) The factors which motivate customer to purchase luxury goods online are the lack of stores in neighbourhood, limited products in the stores, possibility to compare prices as the luxury e-commerce customers are more cost driven, lack of salesperson’ pressure.

Proposition 5 (P5) Female and young customers buy luxury goods online more than male and older customers.

Even though there exist a risk of e-commerce for luxury brands the companies have understood that the Internet has become a source of information and purchase for both the affluent and the super-rich and they have also realised that luxury brands cannot afford to miss the opportunity to make use of the fastest growing sales channel in the luxury sector (Pichler et al., 2014).

In order to pinpoint the challenges of introducing the Internet to brand management, A.T. Kearney developed the theory of the 7C’s which aims at creating a high impact digital consumption experience: Content, Customization, and Customer care, Communication, Community, Connectivity and Convenience (Atwal & Williams, 2009).

The Web experience can be described according to three major factors: Functionality, Psychology and Contents (Constantinides, 2004). According to different authors, it is possible to highlight the key elements of the digital experience in the field of the luxury: the brand identity and its aesthetics, the usability and the interactivity, which are shown in the table 3.
### Table 3  Key elements of the digital experience of the luxury brand

<table>
<thead>
<tr>
<th>Brand Identity &amp; Aesthetics</th>
<th>Usability</th>
<th>Interactivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online consistency (Ind &amp; Riondino, 2001)</td>
<td>Functionality (Chen, 2001)</td>
<td>Communities (Casaló, Flavián, &amp; Guinalíu, 2008)</td>
</tr>
<tr>
<td>Design/Aesthetics (Isaac &amp; Volle, 2008)</td>
<td>Rapidity (Chernatony &amp; Harris, 2001)</td>
<td>Interaction with the brand (Constantinides, 2004)</td>
</tr>
<tr>
<td>Product (Personalization) (Clauser, 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price (Chen, 2001)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place (E-commerce) (Okonkwo 2009)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust (Constantinides, 2004)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication (Larbanet &amp; B., 2010)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors

The elements which have strategic importance for e-tailers’ websites are the environment design (the brand and the season concept have their story telling process) and customization (interface, music, colour, product, etc.) (Perez-Schafer, 2008). Luxury homepage design should differ from conventional homepage one. According to their experimental results, luxury homepage design significantly affects consumers’ perceptions of conspicuousness and uniqueness (Kluge et al., 2013).
CHAPTER 2: LITERATURE REVIEW

After all, we can see that there is a clear division between the academic considerations to moderate the use of the Internet as a communication tool for luxury brands and their effective presence on-line (Geerts, 2013).

| Proposition 6 (P6) The most important factors of luxury online shopping are efficiency and speed of online shopping. |
| Proposition 7 (P7) The most important elements in luxury e-commerce website are design and customization while the website's design significantly affects consumers’ perceptions of luxury and uniqueness. |

Online Brand Communities for luxury brands

Nowadays, consumers can instantly access a wide variety of fashion goods on the Internet and share brand experiences with other consumers (Brogi et al., 2013).

Due to the growing online presence of the luxury companies, Internet marketers focus their attention on Online Brand Communities (Füller et al., 2007) which are the web-based evolution of traditional brand communities defined as a specialized and non-geographically bound community, based on a structured set of social relations among admirers of a brand (Muniz & O’Guinn, 2001). The main aspects of OBCs that marketers have to consider are connectivity and participation of social network members (Wu & Fang, 2010).

After the creation of the virtual communication area, a brand website becomes a venue where members communicate and develop their relationships in the space, where brand always presents (Sicilia & Palazón, 2008).

The trigger factor for the birth of an OBC is the brand itself, but eventually an OBC will grow due to the relationship among members (Jang-Condell et al., 2008). OBCs have the potential to become a key marketing instrument and for this reason they introduce relevant managerial implications (Ouwersloot & Odekerken, 2008). Indeed, Internet marketers should view OBCs as amazing business opportunities: they are effective means to influence customers’ purchasing behaviour (Adjei et al., 2010) and they allow companies
to increase their understanding of customers by monitoring their opinions, information and suggestions (Kozinets et al., 2010).

Consequently, many fashion OBCs appeared, expanded on the Internet, allowing members to make comments, display designs, and communicate ideas and ideals of fashion. Undeniably, OBCs are effective tools that luxury fashion brands should exploit to build stronger relationships with their consumers (Okonkwo, 2010). Online Brand Communities (OBCs) allow fashion customers to communicate with each other without any restrictions of time and place. For this reason, OBCs are viewed by fashion marketers as powerful instruments to influence customers’ purchasing behaviour (Brogi et al., 2013).

**Proposition 8 (P8) Online Brand Communities are effective tools for building stronger relationships with the luxury fashion brand’s customers and influencing their purchasing behaviour.**

2.3. **Conclusion to the literature review**

The chapter introduces literature review that provides the theoretical foundation for the research. This is also a foundation for developing the research questions and propositions that are presented in previous sections. Table 4 presents eight propositions developed during the literature review.

*Table 4 Eight propositions developed during literature review*

<table>
<thead>
<tr>
<th>Nº</th>
<th>Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Luxury brands and the Internet are not reconcilable.</td>
</tr>
<tr>
<td>P2</td>
<td>Most of luxury brand managers do not believe that the Internet can be a vital selling tool for their products, especially for clothes.</td>
</tr>
<tr>
<td>P3</td>
<td>The concerns of customers regarding luxury online shopping are associated with financial and product risks.</td>
</tr>
</tbody>
</table>
## CHAPTER 2: LITERATURE REVIEW

| **P4** | The factors which motivate customer to purchase luxury goods online are the lack of stores in neighbourhood, limited products in the stores, possibility to compare prices as the luxury e-commerce customers are more cost driven, lack of salesperson' pressure. |
| **P5** | Female and young customers buy luxury goods online more than male and older customers. |
| **P6** | The most important factors of luxury online shopping are efficiency and speed of online shopping. |
| **P7** | The most important elements in luxury e-commerce website are design and customization while the website's design significantly affects consumers’ perceptions of luxury and uniqueness. |
| **P8** | Online Brand Communities are effective tools for building stronger relationships with the luxury fashion brand’s customers and influencing their purchasing behaviour. |

*Source: Authors*

As a result of reviewing the literature some theoretical problems and literature limitations are developed.

### 2.3.1. Theoretical and literature problems

Recent publications have raised the issues of the compatibility of luxury and the Internet, the suitability of luxury goods in the digital environment. Others have indicated that the Internet is a dilemma that luxury requires to overcome through avoiding e-Commerce, whereas other literature has suggested that the Internet is purely a channel of communications for luxury brands. The question of the luxury state in the digital context, however, remains largely unexplored (Okonkwo 2009).

The literature is not analysing the issue of how companies should motivate the in-store customers to be involved in their online shopping. Besides there is a lack of the study about the ways of developing effective strategies targeting different types of consumers. The other problem related the literature is that there is not any analysis related the
connection between the in store and online sales under the same brand and how they influence each other.

The literature explores the web sites of luxury brand and the selling process in those sites but there is a lack of study regarding the webpages which are selling different luxury brands from different independent boutiques without possessing their own brand.

To overcome these gaps the study proposes to discuss: the luxury online e-commerce customers’ segment, their concerns and motivations regarding the e-commerce, the effective strategies to target different groups of customers, the key success factors that influence luxury e-commerce, differences between multi-brand and mono-brand luxury e-commerce websites, interconnectivity between online and offline luxury shopping, the role of OBCs in this sphere and the future of luxury shopping.
CHAPTER 3: RESEARCH METHODOLOGY

This Methodological chapter is structured in four parts: research approach, research method, collection of data and data analysis. The section 3.1. gives an overview to the research approach accentuating qualitative research features. Then the main method and its adequacy to the research are introduced (3.2.). The last sections discuss the data collection (3.3.) and analysis methods (3.4.).

3.1. Research approach

Research approach is a plan, which introduces the procedures of the study that help extrude the data collection steps from broad assumptions to detailed methods based on the specifications of the theme and the aims of the research (Gray, 2004).

According to the aim and nature of the study, this research combines deductive and inductive research approaches, as well as qualitative research approach.

Deductive approach of the research starts with the theory investigation, then building hypothesis or propositions and finally, discussing those implications with the corresponding data. Propositions were developed while reviewing literature and discussing different theories.

The inductive approach builds theories and gives explanation of what is going on by exploring and collecting data from different primary and secondary sources (Marshall & Rossman, 2010; Saunders et al., 2003). Following an inductive approach to research, collected data about Farfetch.com, that is a luxury e-commerce company, was analysed in order to discuss theory.

Regarding Denzin and Lincoln (1989), qualitative research discovers how the social meaning is constructed and emphasises the relationship between the investigator and the topic studied.

By the Berg's (2001) point of view, qualitative research referred to the meanings, concepts, definitions, characteristics, metaphors, symbols and descriptions of things. Conversely, quantitative research referred to the measures and counts of things.
Qualitative research approach uses the methods such as participant observations or case studies, which result in a narrative account of a practice (Parkinson & Drislane, 2011). Qualitative approach is effective in identifying the intangible factors, such as social norms, socioeconomic status, gender roles, ethnicity, and religion, whose role in the research issue may not be readily apparent (Mack et al., 2005). In a nutshell, qualitative research is the approach, which associated with the social constructivist paradigm, which emphasises the socially constructed nature of reality. Qualitative approach to research is recording, analysing and attempting to uncover the deeper meaning and significance of human experience, including contradictory beliefs, behaviours and emotions (Mack et al., 2005).

To conclude all, the qualitative research approach is chosen for this research, which is considered to be the most appropriate to the aim of this study. This approach will help to get a deeper understanding of the issue, which is being investigated and will enable to answer the research question. Qualitative research is a contextual approach where data have been gathered over long periods and can answer how and why questions rather than give a brief view about the phenomenon studied (Gray, 2004).

### 3.2. Research method

Research methodology is a planned way for solving problems. The procedures of describing, explaining and predicting phenomena are called research methodology, which is giving the work plan of research. It is very important to choose and design research methodology in accordance with research problem (Morgan & Smircich, 1980).

Case Study is chosen as the most appropriate method for this study. This method is the most suitable to the study because it is aimed to answer “how” and “why” questions and gives the possibility to cover contextual conditions that are relevant to the phenomenon under study, which is in accordance with this study features (Yin, 2003). Case studies' purpose is not studying entire organization. Instead, it focuses on particular issues, features and units of analysis (Anderson, 1993). Case studies are especially useful in case of the need to understand a particular problem or situation, and where it is possible to identify cases with rich information. This method offers insights that might not be
achieved with other research approaches and this makes case studies widely used method (Patton, 1987).

Selecting the unit of analysis, or the case is very crucial. The study’s unit of analysis is Farfetch.com, which is a successful luxury ecommerce platform, and other examples of luxury ecommerce platforms (Rowley, 2002). Farfetch.com is a very successful platform in this area, which is the main reason to take it as a case study. Farfetch.com is a unique, global and curated online marketplace, which has the opportunity to build the next global independent franchise in online fashion and luxury. There is currently no independent competitor offering such a wide range of products (Court, 2012).

3.3. Data collection

Data collection depends on research methodology and problem. Choosing a certain source for data collection is important to be able to form appropriate questions to get appropriate answers. Proceeding from this it is crucial to deeply understand the research question, propositions and approach the study in a flexible manner. Consequently, secondary data collection method is chosen (Rowley, 2002).

The secondary data is information collected by someone other than the researcher and has some relevance or utility for the research. This method of data collection has many advantages, such as feasibility of both longitudinal and international comparative studies as well as the opportunity to generate new insights from the previous analyses and come up with new relevant conclusions or simply verify and confirm previous results (Fàbregues, 2013; Grimsley, 2013). Besides, it is very difficult to collect data that will represent both the reality and will adequately capture past change and/or developments (Burns & Bush, 2013). The sources of secondary data are Internet websites, articles from magazines, journals, and newspapers, different statistics, interviews done by other researchers, websites, TV, documentary sources, etc.

The data that will be collected should be related to the following aspects:

- Key luxury fashion brand elements that are crucial in the creation and maintenance of brand proposition and luxury e-commerce,
- Understanding of the critical dimensions for effective and efficient luxury fashion brand online management,
- Customers attitudes toward luxury brand online sales,
- Other problems related to this area.

These secondary data collection tools are very useful for this research because of giving possibility to learn a lot from a variety of materials, articles, research and works.

3.4. Database
As a result of the data collection procedure, 33 sources of data were collected, from which 15 interviews, 6 videos and presentations and 12 articles, which are presented in the tables 5, 6, 8. These data are presenting Farfetch.com, its strategies, challenges and solutions towards their partners and customers, key success factors, future vision, etc.
### Table 5 List of the Interviews

<table>
<thead>
<tr>
<th>No</th>
<th>Title</th>
<th>Interview</th>
<th>Interviewer</th>
<th>Date</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The CEO: Jose Neves, Farfetch.com</td>
<td>Jose Neves</td>
<td>Patty Huntington</td>
<td>July 2, 2014</td>
<td><a href="http://fellt.com">http://fellt.com</a></td>
</tr>
<tr>
<td>2</td>
<td>Fashion ‘Unicorn’ Farfetch Raises $86 Million at $1 Billion Valuation</td>
<td>Jose Neves</td>
<td>Kate Abnett</td>
<td>April 4, 2015</td>
<td><a href="http://www.businessoffashion.com">www.businessoffashion.com</a></td>
</tr>
<tr>
<td>4</td>
<td>5 Minutes with Farfetch.com founder, Jose Neves</td>
<td>Jose Neves</td>
<td>Ella Catliff</td>
<td>Jan. 7, 2015</td>
<td><a href="http://www.ella-lapetiteanglaise.com">www.ella-lapetiteanglaise.com</a></td>
</tr>
<tr>
<td>5</td>
<td>CEO Talk</td>
<td>José Neves, Founder and Chief Executive Officer, farfetch.com</td>
<td>Jose Neves</td>
<td>Irman Amed</td>
<td>Sep. 7, 2009</td>
</tr>
<tr>
<td>6</td>
<td>Boutiques at his fingertips</td>
<td>Jose Neves</td>
<td>Jonhatan Moules</td>
<td>March 4, 2014</td>
<td><a href="http://www.ft.com">www.ft.com</a></td>
</tr>
<tr>
<td>8</td>
<td>Luxury Tech: We meet José Neves CEO and founder of Farfetch</td>
<td>Jose Neves</td>
<td>Brian Henderson</td>
<td>Oct. 10, 2014</td>
<td><a href="http://pwc.blogs.com">http://pwc.blogs.com</a></td>
</tr>
<tr>
<td>9</td>
<td>Q &amp;A with Fartetch’s Jose Neves</td>
<td>Jose Neves</td>
<td>Jennifer Schenker</td>
<td>Jan. 22, 2013</td>
<td><a href="http://www.informilo.com">www.informilo.com</a></td>
</tr>
<tr>
<td>10</td>
<td>Q&amp;A: FARFETCH.COM’s Jose Neves on his business beginnings, etail in emerging markets and multi-channel thinking</td>
<td>Jose Neves</td>
<td>Navaz Batliwalla</td>
<td>Jan. 16, 2012</td>
<td><a href="http://www.disneyrollergirl.com">www.disneyrollergirl.com</a></td>
</tr>
<tr>
<td>11</td>
<td>José Neves on founding farfetch</td>
<td>Jose Neves</td>
<td>Oyster Magazine</td>
<td>March 27, 2014</td>
<td><a href="http://www.oystermag.com">www.oystermag.com</a></td>
</tr>
<tr>
<td>12</td>
<td>Farfetch, an Online Boutique, Enjoys Its Moment</td>
<td>Jose Neves</td>
<td>John Koblin</td>
<td>April 30, 2014</td>
<td><a href="http://www.nytimes.com">www.nytimes.com</a></td>
</tr>
<tr>
<td>13</td>
<td>Meet the Rising Star Advertiser: Farfetch</td>
<td>Kelly Kowal</td>
<td>Alex Roy</td>
<td>Oct 01, 2014</td>
<td>blog.marketing.rakuten.com</td>
</tr>
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<td>------------------------</td>
</tr>
<tr>
<td>14</td>
<td>Farfetch's José Neves on where digital meets fashion (video)</td>
<td>José Neves</td>
<td>Jemima Kiss</td>
<td>Sep. 24, 2013</td>
<td>The Guardian</td>
</tr>
<tr>
<td>15</td>
<td>Chris Morton (Lyst), Demet Suzan Mutlu (Trendyol), and José Neves (FarFetch) Talk Haute Couture Online with Colleen (video)</td>
<td>José Neves, Chris Morton, Suzan Mutlu</td>
<td>Colleen Taylor</td>
<td>2013</td>
<td><a href="http://www.ovguide.com">www.ovguide.com</a></td>
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</tbody>
</table>

*Source: Authors*
### Table 6 List of the videos and presentations

<table>
<thead>
<tr>
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<th>Author</th>
<th>Date</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Farfetch, the link to hundreds of high-end boutiques</td>
<td>Jose Neves</td>
<td>2014</td>
<td><a href="http://www.cnbc.com">www.cnbc.com</a></td>
</tr>
<tr>
<td>2</td>
<td>Universo Farfetch – Legendado</td>
<td>Jose Neves</td>
<td>Nov. 2012</td>
<td>Farfetchbrasil</td>
</tr>
<tr>
<td>3</td>
<td>Farfetch Case Study</td>
<td>Kelly Kowal and Rachel Waller</td>
<td>Dec. 2013</td>
<td>QubitProducts</td>
</tr>
<tr>
<td>4</td>
<td>Tech valuations: is a second dotcom bubble on the way?</td>
<td>Financial Times Business</td>
<td>March 2015</td>
<td>Financial Times</td>
</tr>
<tr>
<td>5</td>
<td>The Farfetch Success Story, Rachel Waller * Qubit Bright Sparks</td>
<td>Rachel Waller</td>
<td>Nov. 2013</td>
<td>Bright Sparks event</td>
</tr>
<tr>
<td>6</td>
<td>Farfetch CEO on what's in store for high street retail</td>
<td>Jose Neves</td>
<td>Dec. 2014</td>
<td>WIRED Retail</td>
</tr>
</tbody>
</table>

*Source: Authors*
### Table 7 List of the articles

<table>
<thead>
<tr>
<th>№</th>
<th>Title</th>
<th>Author</th>
<th>Date</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Farfetch’s Global Platform Play</td>
<td>Alexei Kansara</td>
<td>April 5, 2015</td>
<td><a href="http://www.businessoffashion.com">www.businessoffashion.com</a></td>
</tr>
<tr>
<td>2</td>
<td>Bits &amp; Bytes</td>
<td>Farfetch, Ringly, Wearables, Chanel</td>
<td>Kate Abnett</td>
<td>April 9, 2015</td>
</tr>
<tr>
<td>4</td>
<td>Farfetch Champions Future of Retail with Acquisition of London-based Fashion Retailer Browns</td>
<td>Paul Downes</td>
<td>12 May 2015</td>
<td><a href="http://www.vitruvianpartners.com">www.vitruvianpartners.com</a></td>
</tr>
<tr>
<td>5</td>
<td>Farfetch, the 'unicorn' that may be worth $1 billion</td>
<td>Tom DiChristopher</td>
<td>8 Mar 2015</td>
<td><a href="http://www.cnbc.com">www.cnbc.com</a></td>
</tr>
<tr>
<td>6</td>
<td>Farfetch Acquires Browns To Create Stores Of The Future That'll Be Equipped With Artificial Intelligence</td>
<td>Stephanie Chon</td>
<td>April 07, 2015</td>
<td><a href="http://www.bustle.com">www.bustle.com</a></td>
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<tr>
<td>7</td>
<td>Farfetch Brings Home $66 million In New funding</td>
<td>Robin Klein</td>
<td>May 01, 2014</td>
<td><a href="https://indexventures.com">https://indexventures.com</a></td>
</tr>
<tr>
<td>8</td>
<td>Farfetch Champions Future of Retail with Acquisition of London-based Fashion Retailer Browns</td>
<td>Sameera Hassan</td>
<td>2015</td>
<td><a href="http://www.vitruvianpartners.com">www.vitruvianpartners.com</a></td>
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<tr>
<td>9</td>
<td>Farfetch Builds Trust And Drives Sales With Personalized Content</td>
<td>Alicia Fiorletta</td>
<td>Nov.20, 2013</td>
<td><a href="http://www.retailtouchpoints.com">www.retailtouchpoints.com</a></td>
</tr>
<tr>
<td></td>
<td>The fashionable tour guide: FARFETCH's new travel App</td>
<td>Lauren Fisher</td>
<td>Oct 1, 2014</td>
<td><a href="http://www.harpersbazaar.com">www.harpersbazaar.com</a></td>
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</tr>
<tr>
<td>12</td>
<td>Farfetch Launches Discover App For iPad</td>
<td>Britney Dee</td>
<td>Apr 27, 2015</td>
<td><a href="http://www.fashiontimes.com">www.fashiontimes.com</a></td>
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</table>

*Source: Authors*
3.5. **Data analysis**

Generally, case study data analysis is an iterative or cyclical process that proceeds from more general to observations that are more specific. Data analysis can begin informally during interviews or observations and continue during transcription, when recurring themes, patterns, and categories become evident (Creswell, 1998; Palys, 1997; Silverman, 2000).

After collecting data sources’ analysis involves the coding of data and the identification of notable points or structures (Miles & Huberman, 1994). Taking into consideration the above mentioned, coding was chosen as a data analysis tool. Categories and a coding scheme can be derived from the collected data, previous related studies, and theories. This tool may be a critical linkage between collecting data and developing an emergent theory to explain these data.

3.5.1. **Coding**

After all the secondary data collection had been completed, the content analysis was done. Coding was chosen as a tool for building theories from the data. In the coding stage the linkages were built between data collecting and theory development. As a coding software, Qualitative Research Software NVivo was used.

NVivo is a platform to analyse all forms of unstructured data, get a big picture to the situation and rigorously justify findings using powerful visualization tools. The software handles virtually any data, including PDFs, pictures, spreadsheets, audio files, videos (imported video files and YouTube content), social media data and web pages, which is more valued especially for this research because of using mostly interviews (videos), social media data and web pages.

Figure 1 shows 33 data sources, which were inserted in NVivo and used for creating and analysing nodes.
Figure 1 Data collected for the coding and analysis

Source: Authors (Generated with NVivo)

Based on propositions and research question 12 categories were created, which are shown in the figure 2. Each of these categories gives an opportunity to gather related material from the collected data in one place and then to seek for emerging patterns and ideas.
As it was mentioned above, 33 sources of data are used for the analysis, which all were coded according to these categories. As a result of coding theories and concepts are created and introduced in the next chapter.
CHAPTER 4: THE CASE STUDY

In this chapter the case study of Farfetch.com has been developed. The decision of choosing Farfetch.com as a case study object was based on company’s ability to combine exclusivity with ubiquity.

Then chapter discusses findings from the analysis, exploring how luxury brands overcome the ambivalence between exclusivity and ubiquity, in relation to the research question and eight propositions.

4.1. Introduction to Farfetch.com

Farfetch.com is an e-commerce platform that was founded in 2008, with its offices in London, New York, Los Angeles, São Paulo and Porto, displays over 1000 fashion labels and more than 80,000 products from 300 independent fashion boutiques worldwide. Those boutiques are carefully selected for their forward-thinking attitude, unique approach to merchandising and diversity of brands. It also displays authentic designer pieces, such as Anastasia and American Rag in California L'Eclaireur in Paris, Penelope and Tessabit in Italy, Feathers in London, Henrik Vibskov Boutique in Copenhagen. However, despite of product wide range the product catalogue is very eclectic due to the virtue of company’s best designers and talented team. The boutiques are located everywhere from Paris, New York and Milan to Bucharest, Riyadh and Seattle, but united in one e-commerce website. When customers order through Farfetch.com, their orders are delivered directly from the boutique to their doors (Farfetch.com).

Some of the interesting and important financial and statistical statements related to Farfetch.com’ business are introduced in table 8.
### Table 8 Statistical and Financial statements related to Farfetch.com

<table>
<thead>
<tr>
<th>Approximate values</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1bn</td>
<td>Valuation</td>
</tr>
<tr>
<td>$300m</td>
<td>Global sales for last year</td>
</tr>
<tr>
<td>300</td>
<td>Boutiques over the world</td>
</tr>
<tr>
<td>1000</td>
<td>Fashion lables</td>
</tr>
<tr>
<td>80,000</td>
<td>Products</td>
</tr>
<tr>
<td>6365</td>
<td>Sites are linked to Farfetch.com</td>
</tr>
<tr>
<td>5m - 7.5m</td>
<td>Visitors per month</td>
</tr>
<tr>
<td>450,000</td>
<td>Customers from</td>
</tr>
<tr>
<td>180</td>
<td>Countries, who spend nearly</td>
</tr>
<tr>
<td>$650</td>
<td>Average Per order</td>
</tr>
<tr>
<td>$320,000</td>
<td>Spent by top customer, since launch</td>
</tr>
</tbody>
</table>

*Source: Authors (based on information from Farfetch.com)*

### 4.2. Data analysis and discussion

Data analysis is structured around research propositions and research question. Each subsection has a graph of sources used for analysis of certain theme generated from NVivo. Besides, this analysis and discussion provides a platform for discussion of each proposition and comparing with the literature background reporting whether those proposition are in accordance with the findings or not.
4.2.1. Compatibility of luxury and Internet

According to some researchers, characteristics of luxury and the Internet are not compatible (Allérès, 1991, 1997; Chaffey et al., 2003; Okonkwo 2009). However, this is a matter of dispute, because practice shows that, although that the aspect of exclusivity is always against of ubiquity, nowadays, the luxury e-commerce is a quite successful business.

Figure 3 introduces all secondary data sources used for analysis of compatibility of luxury and e-commerce.

*Figure 3 Source graph of ‘Compatibility of luxury and e-commerce’*

In his interview with Brian Henderson, Farfetch.com CEO Jose Neves said: “American VCs ask me this all the time, “Why doesn’t Amazon or eBay kill you tomorrow?” My answer is “because all luxury brands don’t want to be seen there.” “Why don’t they want to be seen there?” “Well, it’s the same reason why they don’t want to be seen in supermarkets” (Interviews № 8, 15).
It is also important to mention that Neves marks that the luxury e-commerce market is not mass market like other e-commerce sites as Amazon. Farfetch.com specialized in high-end luxury segment of fashion and the website is designed for narrow segment like the physical stores and boutiques who sell luxury clothes (Video N° 4, Interview N° 6).

Farfetch.com is a perfect platform for luxury fashion lovers and it is easy to shop online specifically for brands they know and love. The customers have an opportunity to discover up-and-coming talents alongside world-renowned brands (Interview N° 4).

However, Jose Neves highlights that fashion is not supposed to serve for ubiquity and fashion cannot be downloaded, unlike books or music. For this reason high-end designer fashion actually being an industry where the omni-channel path will not only evolve very fast, but in fact be an exacerbated trend (Interview N° 9).

Proposition 1 is partly in accordance with the findings, because, yes it is clear that the ubiquitous nature of Internet is not for exclusivity, but, however it is possible for luxury clothes to create exclusive online presence and combine it with offline presence, creating Omni-channel model of luxury shopping.

4.2.2. Luxury brand manager’s attitude toward the e-commerce

The results of study "Luxury branding on the Internet: lost opportunity or impossibility?" show that some managers decide to have a website and e-commerce because it is fashionable, for some managers it is realised new potential and for most of them it is a risky selling tool for luxury products, especially for clothes (Dall'Olmo & Lacroix, 2003).

Figure 4 introduces secondary data sources used for analysis of luxury brand managers’ attitudes towards e-commerce.
Advantages of e-commerce from the side of Luxury brands

The most significant advantage given by online presence to luxury brand or independent boutiques is a unique opportunity to become global yet remain a truly personal brand.

While speaking about Australia as an example, Jose Neves said “there’s an opportunity for Australian fashion also to become global. Like everything in life, the Internet can be a threat, but it can also be an opportunity. And it can be the perfect platform for Australian designers and Australian brands and retailers for that matter, to rationally attack the global audience” (video N°6). He has also mentioned that by
using their platform, the Australian designers will be able to address a clientele that is 95 percent international. That’s where Farfetch.com’s added value would be tapping into that global demand and also the technology that powers these shops and allows them to ship worldwide and benefit from our centralised customer service and all the e-commerce functionality that comes with that (Interview No 1).

Speaking about those fashion retailers, Jose Neves indicated that they would become weaker and weaker and just disappear, or become irrelevant in the industry. The Farfetch.com’ concept was a real win-win for the boutiques, because they would never be able to create a world-class team and infrastructure on their own. Also on the consumer side, I thought the opportunity was unbelievable. For the first time someone would be able to shop on the streets of Milan, Paris, New York, LA etc. and find pieces that you cannot find anywhere else. The independent stores sell products and brands that the department stores and the big websites don’t stock, because the economics don’t work for a big seller. He also added, “That was how it all came about. It was striking to me that it hadn’t been done before, and Amazon, for example, wouldn’t be able to do it just simply because of the nature of the luxury industry” (Interview No 8). Even very old fashion retailers are facing a need of online presence. “The most rewarding thing for me is to hear from amazing, long-established retailers (some over 100 years old) that Farfetch.com is giving them access to customers from all corners of the world who would never find them otherwise, and also having a huge positive impact on their performance as businesses in such difficult times” (Interview No 10 and video No 1).

Neves highlighted that the boutiques were afraid of the Internet and of what was going to happen. These stores were amazing. They have the best curators, the best buyers, best products and the idea was to take them online (Interview No 11).

Speaking about their partners’ business success, Jose Neves said that practically all their partners have enjoyed a big commercial success as part of their partnership with farfetch.com. Some of the partners are selling £2,000 of merchandise every day. For a small store, this is a very significant turnover and sometimes greater than what they are able to do in their stores. For many of the partners, their experience with farfetch.com has overwhelmingly surpassed their initial expectations. Based on Farfetch.com’s experience, Internet sales on average will make up 15 to 20 percent
of the total sales of a specialist high-end retailer. No business can dismiss this kind of opportunity, especially in these tough times (Interview Nº 5).

However, the online presence of luxury retailers and brand is not only beneficial for them, but also very important for fashion industry in overall. The big change that's come with online fashion, is that now there is a kind of a global zeitgeist. There are bloggers in Australia that are huge in Hong Kong or the West. There are also people following Miroslava Duma from Russia who are based in Brazil. Farfetch.com is very eclectic. There are multiple viewpoints in fashion and Farfetch.com is celebrating that and proving that it can be consistent with a one-destination website (Interview Nº 14).

Concluding all the advantages of online presence Jose Neves added “So providing a global platform is really, really important for the ecosystem in fashion. Because otherwise all the stuff is going to look the same. If these small independent companies were to disappear, it would be everything concentrated on just the big cities and everything would look the same. They also have local understanding and local access and they also seek out new ideas and new talent. So they are really the fashion scouts. It’s why we think our mission is important and meaningful” (Interview Nº 1).

**Current situation in terms of brand managers’ attitudes towards the e-commerce.**

To the question, “Are there ever exclusivity problems between retailers and designers as exist in the bricks and mortar world- with some retailers demanding exclusivity on a designer for a certain region or city area?” Farfetch CEO Jose Neves answered: “Sometimes it is a problem. We talk to all the brands. I’ve had meetings with hundreds of brands from all the big European groups, the big American labels. And we try to address any concerns that they may have in terms of pricing, styling directions, in terms of discount windows, which we’re very careful with. We make sure we’re respecting each territory’s own timings for discounts. Brands care about all these factors. It’s a one-by-one negotiation really” (Interview Nº 1).

According to the Harvard Business School Professor Clayton Christensen “Innovator’s Dilemma,” large and successful companies often fail to adopt new technologies or business models that can give them an edge in the future because
they have too much to gain from the present. Jose Neves mentioned that the main reason for some brand to not go online, is that they do not feel any need. They say that their models work good for them, they are profitable and still growing and there is no reason to change (Article N° 1)

Proposition 2 is in accordance with the findings. Despite of growing opportunities in online luxury fashion sales, there are still brands, who hesitate online presence and feel no need for that.

4.2.3. Why do customer avoid luxury e-commerce

Some authors mention that the main reason for why customer is not buying luxury clothes online or afraid of online shopping, is their fear about the financial and product risks (Hennings et al., 2012). However, the analysis of current situation in the luxury e-commerce gives a reverse image to the situation.

Figure 5 introduces all secondary data sources used for analysis of the question why do customer avoid luxury e-commerce.

*Figure 5 Source graph of ‘Why do customer avoid luxury e-commerce’*
Research shows that the online luxury customer is not price driven and is quite rich who is not too price sensitive (Article N° 10). Jose Neves has mentioned that their visitors are well-heeled and they spend in average $650 for each shopping session. Farfetch.com’s customers are looking for something a little bit different, perhaps a shoe that went with “Look No. 4” from the recent Givenchy show and they are willing to pay for those products. They do not afraid of technologies and they like being modern (Interview N° 12).

The product quality problem is also solved, because customers can try product when it is delivered to them and if they are not satisfied with their order, they can return the products without any fee or other problems (Interview N° 13).

Proposition 3 is not in accordance with the findings, because those show that luxury e-commerce customers are rich and they are willing to pay much just for having something original and different, moreover they are modern and do not afraid technologies, which means that they do not afraid of doing payments with credit cards or other payment issues. Besides, if customers is not satisfied with the product quality or because of any other reason, they have an opportunity to return the product without any fee and problems.

4.2.4. Online Shopping vs In-Store Shopping

According to the literature, the internet luxury customers are more cost driven than in-store luxury customers are. For online luxury shoppers the most valuable point is availability of a big product range (Xia et al., 2013).

Figure 6 introduces all secondary data sources used for discussion of the node ‘Online vs In-store shopping’.
Farfetch.com allows its customers all over the world to experience independent boutiques that they may not have otherwise found accessible. In addition to simple ordering, Farfetch.com also provides free global returns, making it low risk for a first time customer (Interview N°13). “We stock 75,000 highly-curated products. Fashion is extremely long tail, and the buyers from our independent boutiques have a very different approach even when buying the same labels as the super e-tailers and the department stores. This means you will find pieces from luxury global brands in Farfetch that you cannot find anywhere else (online or offline)” Neves (Interview N°9).

Availability of a wide range of exclusive products is a key factor of luxury e-commerce websites’ success. Customer wants to have a unique piece that no one else
will have. A key reason for the growth is really a satisfied customer base that goes and talks to their friends. Success is in word of mouth (Interview Nº 8).

In overall luxury e-commerce is working both for customer and luxury clothes’ retailers which are provided with a chance to ‘meet’ each other via the Internet. “The idea is to connect well-heeled consumers with luxury retailers they might not have the opportunity to patronize” Jose Neves (Article Nº 5).

Proposition 4 is partly in accordance with the findings. The lack of stores in neighbourhood and limited product in the shops are the most vital reasons for customer for doing shopping of luxury products online. However, the mentioned points like cost, lack of pressure from customer or possibility for comparing prices, are not prominent reasons. Even, practice shows, that luxury online customer is well-heeled and not price sensitive.

### 4.2.5. Luxury e-commerce’s customer segment

According to the study performed by C. Besler and J. Bowman (2007), female are doing luxury clothes online shopping more frequently than male customers do. Besides, they say that young people tend to buy online more than elderly e-customers.

Figure 7 introduces all the secondary data sources used for analysis of differences among luxury online customer.
Figure 7 Source graph of ‘Differences among luxury online customer’

Source: Authors (Generated with NVivo)

Jose Neves also mentions that women’s products are performing much better than men’s are, although, this did not come as a surprise for him. Besides, men never understand why women can buy a dress just for a day (Interviews Nº9 and 15).

However, men may do purchases less frequently than women, but once they can do a big purchase. Jose Neves added: “I’m not a compulsive fashion buyer, like my wife. I am much more of the typical male shopper – more opportunistic. I am driven by spurts of thinking, OK, I need clothes, I don’t have any clothes so let’s spend £2,000 and that’s [my] wardrobe” (Interview Nº6).

Regarding the age group, young customers are not technological and tend to e-commerce more than elder customer. Online luxury e-commerce customers usually are between 18 to 35 years old and they highly value online presence of brands. Jose Neves mentioned “For millennial customers it’s beyond comprehension that’s there’s something available in a physical store that’s not available online. They just do not get it. It’s like an artist who releases an album but they cannot download it from iTunes” (Interview No 12).
Proposition 5 is in accordance with the findings, as those findings also show that women and young customers are visiting luxury e-commerce websites and prone to online shopping more than men and elder customers do.

4.2.6. Efficiency of online retailing service

According to some authors the most essential factors for luxury buyers related to the provided service is a purchase efficiency, which is ease and speed of interacting with the shop (Dubois et al., 2001; Hsu 2008; Parasuramani et al., 2005). For sure, those are very important factors for luxury e-commerce service. However, research shows that there are other and even more important factors of service efficiency in this sphere.

Figure 8 shows all secondary data sources used for analysis of the efficiency of luxury online shopping.

*Figure 8 Source graph of ‘Efficiency of luxury online shopping’*

*Source: Authors (Generated with NVivo)*
Service is very significant for people and they enjoy a good service. “People like the fact that they can buy items from Stockholm and they arrive a couple of days later in a beautiful personalised package, from that boutique, with a little card with a picture of Stockholm and something written in local language. Then it’s the fact that they have a unique piece that no one else will have” Jose Neves (Interview N° 8).

Providing a luxury shopping experience due to the service
It is very important for the e-commerce company to keep the same atmosphere of luxury shopping by its service. Customer should feel the same experience buying online as buying offline. “Our marketplace is very centralised. The experience of when you shop in Farfetch.com is very similar to the experience of when you shop in a luxury department store. There is one checkout, the same set of terms and conditions for everyone, its one customer service centre. Although it is [the customer service centre] scattered all around the world really, it is one company, one touch point. So we really make sure the experience is consistent and it is well curated. I think there is a big trend towards this kind of structure. I think it’s much more agile and much more of the future.” - Jose Neves (Interview N° 1). One simple checkout process is very meaningful for the platforms with a similar business like farfetch.com. Speaking about one checkout, Neves highlighted: “While there are many moving parts in this forward thinking model, there is one simple checkout process regardless of how many different boutiques a customer shops from” (Interview N° 13).

Worldwide presence
The main value of luxury e-commerce for customers is their ability to purchase items from different countries and shops which are not available for them. This makes clear that possibility of doing purchases from everywhere is a very important issue too. For example Farfetch.com is a service company as well, one that delivers seamlessly to women worldwide whenever and wherever they want (Interview N° 13).

Service based on customer’s geography
The other important aspect is to provide a service based on customer’s geography. Kelly Kowal, Director of Digital Marketing in Farfetch.com has mentioned, “Because Farfetch has a global customer base, serving customers in more than 170
countries, the e-tailer has to keep pace with preferences that vary based on consumers’ geographic locations. We have to ask: Do we feel our consumers are getting what they need from our site?” Kowal explained. Farfetch.com addresses this issue by personalizing multiple areas of the e-Commerce site. For example, the e-tailer shows various content depending on a consumer’s location, and has even moved and changed page content to see the overall impact on conversions (Article N°9).

**Offer and Product Range**

Product is the most important element which makes the platform Luxury, and vice versa. Jose Neves pointed: “To build an interesting website you need to have an amazing offer and product range. How do you bring those sellers to the marketplace if you do not have any buyers, and vice versa? Why would anyone go to a website that does not have many quality ranges? You need to build the two things in tandem and in harmony. If demand grows too fast, it is very frustrating. The difficult thing was really to make these two grow in the right way” (Interview No 8).

For luxury e-commerce shoppers, it is essential to find special and unique items from the best designers and brands. Farfetch.com’s customer tend to be fashion lovers and seekers, and they’re always looking for coveted, hard-to-find pieces. Because of this, Farfetch.com is focusing on editorial content to help educate the consumer on the designers and the boutiques illustrating their stories and keeping the customer in the know. The consumers who are engaging with this content are incredibly engaged with the brand (Videos N° 2, 3 and 5).

**Payment conditions**

The other challenge, which is also related to the international nature of this market, is the payment method differences and security. Regarding payment methods, Jose Neves indicated that they have a variety of payment methods. They understand that it is not enough and they will be introducing more support, not only for regional payment methods but also for their internal team, to get a better understanding of specific markets. Farfetch.com is offering split payments (they offer 3 months, but competitors offer up to 12 months) which is mandatory (Interview N° 10).
CHAPTER 4: THE CASE STUDY

Delivery

Nowadays, Luxury retailers try to find the ways for faster or even same-day shipping and delivery. In service level, concerning delivery, the important aspects are:

- Time-to-customer (from pickup request to delivery)
- Accuracy of delivery forecast (article Nº 11).

Despite those achievements in delivery process luxury retailer still invest in improving and developing the service. For example, Farfetch.com plans to use the $86 million to introduce or expand value-added services like same-day delivery and its customer loyalty program, etc. (Article Nº 5 and interview Nº 2).

Return Policy

Due to the high prices of luxury e-commerce, the need of appropriate return policy is essential for customer; yes, they are not so price sensitive, but they are very sensitive to product quality. Customers who spend thousands of dollars on an item want to be sure about returning without paying and any difficulties. This may be a key factor of luxury e-commerce service. Providing free global returns makes it low risk for a first time customer (Interview Nº 13).

Highlighting the importance of sufficient service level in luxury e-commerce, Kelly Kowal noted: “It takes so much more to make a customer loyal. A shopper can get the same dress from multiple retailers. At the end of the day, it’s all about which retailer is going to give the best and most relevant experience throughout the entire shopping journey” (Article Nº 9).

Proposition 6 is partly in accordance with the findings, because speed and easiness of shopping experience are very important factors of Luxury e-commerce service. However, there are many other aspects of efficient service, such as payment and delivery conditions, flexible return policy, etc.

4.2.7. Luxury e-commerce webpage

Authors consider design and customization as the most important elements in luxury e-commerce website, which significantly affect consumers’ perceptions of luxury and uniqueness. This statement highlights the importance of having appropriate
website design, which will be associated with luxury and exclusivity (Kluge et al., 2013; Perez-Schafer, 2008).

Figure 9 shows the secondary data sources used for discussion of Luxury e-commerce webpage.

*Figure 9 Source graph of ‘Luxury e-commerce websites’*

Source: Authors (Generated with NVivo)

The important elements of luxury e-commerce websites are language, payment methods, currency, communication, product range and information, sizing, etc.

**Multilingual websites**

Farfetch.com is also paying attention to maintaining its webpage in several languages and this year it is going to launch new local language sites in German, Korean and
Spanish. On the supply side of the business, Farfetch.com is adding boutiques, as well as brands, in Japan and Australia (Article N° 1). Moreover, Farfetch.com is planning to use the $86 million to expand into new markets by launching local-language websites, opening new offices in key markets, and introducing or expanding value-added services like same-day delivery and its customer loyalty programme (Article N° 5 and Interview N°3).

**Sizing System**

The Sizing system is also a big challenge for the e-commerce companies and customers. In different countries, the sizing system is different. Some of them even do not use S, M, L or XL and there are dozens of local designers which must be represented if they want to become a preferred fashion destination (Interview N° 10). For instance, in case of Farfetch.com there are 4 different shoe sizing scales due to the international designer mix (Italian, French, US, UK). The solution founded from Furfetch was using Qubit’s deliver tool to create localized US sizing filters and a size guide toggle (Videos N° 3 and 5).

**Communication**

Farfetch.com has developed strategies based on two groups of customers: returning and new visitors. For instance, Farfetch.com utilises visitor’s history and geotargeting to show a free shipping code to non purchasing US visitors and it has caused more than 10% uplift of conversion rate. The other solution and strategic goal from Farfetch.com was the creation of info-graphics, widgets and in-content applications, designed to keep people on the site and help them find the right boutique items, giving to customer a choice for finding the best boutique products to match their style (videos N° 3 and 5).

Regarding the “frequently ask questions”, Farfetch.com prompts new visitors to engage with the site's FAQ page to answer any questions that may hold them back from purchasing, increases the propensity to convert (video N° 3). Besides, through the Qubit platform Farfetch.com implemented a message layer that promoted the FAQ page to consumers who visited more than 10 pages a shopping session. Because this section of the site dives deeper into logistics such as shipping, returns, refunds, and other frequently asked questions, Farfetch.com saw this as the final tipping point
for conversions. The hypothesis was correct: as a result of the layer, the retailer saw a 17.1% increase in conversion rates. Kelly Kowal explained: “We discovered through the Qubit Discover tool that new visitors who saw the FAQ page had a much higher propensity to purchase than those who didn’t. Because our business model is quite complex, we wanted to test the idea of driving new visitors to a page where it explained how we worked in a bit more detail. It was important to show it to engaged visitors because they are interested, but may need a bit more reassurance and information before purchasing” (Article Nº 9).

**Currency**

In case of Farfetch.com, it has catered to Canadian publishers by adding Canadian currency to the feed, optimized with well-developed content sites in France, UK, US, Japan, Sweden, Russia, Korea and more (Interview Nº 13).

Farfetch CEO Jose Neves mentioned “In addition to instant access to a ready-made e-commerce infrastructure and support from experienced and multi-lingual staff in four offices (London, Porto, Los Angeles and São Paulo), farfetch allows global exposure for boutiques giving them instant online presence worldwide. In essence, more ‘eyes on the prize’, the prize being their boutique and their collections. The concept creates a truly exciting proposition for a fashion hungry global audience who are able to shop an unrivalled collection of the world’s best brands in one easy to navigate space” (Interview Nº 4).

An example of Farfetch.com’s an unrivalled collection of the world’s best brands in one easy to navigate space is given in figure 10.
Figure 10 Farfetch.com allows an unrivalled collection of the world’s best brands in one easy to navigate space

Source: (Farfetch.com)

Proposition 7 is in accordance with the findings. The findings also indicate the importance of website design and customization. Moreover, the most important elements of luxury e-commerce websites, such as language, payment methods, currency, communication, product range and product information and sizing are mentioned.

4.2.8. Online Brand Communities

Due to the growing online presence of the luxury companies, Internet marketers focus their attention on Online Brand Communities (Füller et al., 2007). OBCs have the potential to become the key marketing instrument and for this reason, they introduce relevant managerial implications (Ouwersloot & Odekerken, 2008). They are effective means to influence customers’ purchasing behaviour (Adjei et al., 2010) and they allow companies to increase their understanding of customers by monitoring their opinions, information and suggestions (Kozinets et al., 2010).

Figure 11 introduces secondary data sources used for analysing the online brand communities’ impact on luxury e-commerce.
Speaking about the brand communities, Jose Neves highlights the importance of local communities and mentions that they are also a brand community. The editors tell the audience what to wear (or what to see and visit). Farfetch.com is a community that tries to create community focused editorial content inviting the members and tastemakers of the global fashion community to contribute to the content production. “We call this section of our web site “People”, and we try to complement this philosophy with our Facebook, Twitter and Instagram presence. There’s a lot to do in this area as we feel we are still in our first steps” said Jose Neves (Interview No 10).

Speaking about their unique concept and success factor, Neves again mentioned the importance of fashion brand communities. He said “I think our concept is very unique. Definitely, in the designer high-end or luxury industry, we’re the only platform at the moment. There have been other communities in other areas, Etsy for example. And I think they will flourish in other areas. This is the wonderful future of being able to
create global communities around a common mission. In terms of fashion, Farfetch.com is quite unique in that sense” (Interview Nº 1). He also added: “When I came up with the concept, it was clear to me that we had to have a global mindset. Thanks to the evolution of the web and the social media revolution, fashion is now much more global than before. There is a global fashion community out there, and a global zeitgeist. Farfetch.com would not be relevant if it did not recognize this phenomenon because our mission is to be a catalyst of this revolution” (Interview Nº 9).

Farfetch.com is connecting the global fashion community with the most exciting and unique products and new designers out there. ‘The Beach in the East’ partnership unites Yasmin’s impeccable eye with farfetch.com’s global fashion hunters. The collaboration enables up-and-coming designers to access a customer base all over the world, alongside established brands (Interview Nº 4).

Jose Neves is also underlying the importance of fashion bloggers as online brand communities. He said: “… It is not about traffic or sales, rather, it’s a branding exercise. Farfetch.com is the hub of a global fashion community. Bloggers are a big part of this community so it seems natural for our brand to associate itself with them in exciting projects such as BEACH IN THE EAST” (Interview Nº 10). “Fashion bloggers paid to post pictures of themselves on Instagram wearing an identical Lord & Taylor dress didn't follow FTC guidelines that require disclosure of material relationships,”- Jose Neves (Article Nº 2). He also mentioned: “A big point of difference of Farfetch.com is that we are a community. We are not an online magazine, which you can shop from. Instead, we are a fashion community made of boutiques but one which also wants to engage others, such as designers, bloggers, stylists, and fashion enthusiasts at large” (Interview Nº 7).

Proposition 8 is in accordance with the findings, because Jose Neves has also mentioned the importance of brand communities and Farfetch.com is connecting the global fashion community and now it is the best time to create global communities around a common mission, which will have a huge influence on fashion industry.
4.2.9. Future of Luxury shopping

Speaking about the future of luxury shopping, most of e-commerce managers say that the future belongs to the omni-channel commerce. As an online and offline commerce continues to merge, physical stores are becoming increasingly wired. “Stores are going to be completely different from what they are today” predicted Neves (Article № 1).

Figure 12 shows secondary data sources used for analysis of luxury e-commerce future.

*Figure 12 Source graph of ‘Future of luxury e-commerce shopping’*

Here are the results of the several interviews with Farfetch CEO Jose Neves, where he has mentioned that multi-channel or omni-channel is the future of luxury fashion commerce. “We have a lot of ideas. Really, we see the future of retail as the merger of the physical and the digital experience happening in a seamless way. Being revolutionary is one of the values of the company, so we’re always looking for ways to push the boundaries.” Jose Neves (Interview № 8). “… In terms of retail, this is the new world of omni-channel. Shops are fast becoming showrooms, but also
service points. This means people use shops to then buy online, but also use online to then go and buy in stores” Jose Neves (Interview Nº 9).

Neves only sees high-end designer fashion actually being an industry where the omni-channel path will not only evolve very fast, but in fact be an exacerbated trend. High-fashion products change every six months therefore there is no stable catalogue and touching and trying the product remains key to the experience and decision (Interview Nº 9).

“I really believe in multichannel. You may come up with different numbers when you ask anyone the question ‘What % of fashion purchases will be made online vs. offline?’ Maybe 30%, or 40% or 50%? Whatever the answer, it exposes the fact that people will always want to buy fashion in a physical environment as well as online. Propositions which can merge the physical experience with the virtual one will be the next big thing, as consumers simply do not differentiate online/offline in their day to day lives (not in many other industries and soon not in fashion either)” Jose Neves (Interview Nº 10).

To highlight their vision to future, Jose Neves mentioned that the vision is to answer the question: ‘How will people shop for luxury fashion five or 10 years into the future?’ This will not be purely online. It will be a seamless merger of a fantastic physical experience with powerful, yet subtle, technology (Articles Nº 3, 8). A continuation of the Farfetch.com’s omni-channel growth strategy is a part of a long-term plan to develop a global technology platform that will shape the retail experience of the future (Article Nº 4). At the heart of the company’s vision is what retail strategists call ‘omni-channel,’ the integration of online and offline commerce. While Asos, Yoox and Net-a-Porter are ‘pure play’ e-tailers without physical stores, bricks-and-mortar shopping is here to stay. Fashion needs to be touched and tried on. That thrill of walking into a boutique or a department store will continue to resonate with the vast majority of consumers. Physical stores are not going away. They are a core part of the retail experience. However, the old model, where you define digital and physical as being separate, that is going away. E-commerce and traditional retail are merging. It's called omni-channel or simply ‘the new retail’ (Article Nº 1).
Nowadays, farfetch.com develops a new strategy - ‘Store of the future’. The new business unit is called ‘Store of the Future’, which will be led by Sandrine Deveaux as Managing Director. Under Sandrine’s leadership, this new team will develop and test innovations in retail technology and omni-channel at Browns before rolling these out across the Farfetch.com community of 300 boutiques (Article No. 4).

Browns is the ever-so-popular clothing store brand in London and their style is a lot like ASOS. Browns is known for having launched and nurtured labels such as John Galliano, Alexander McQueen, Missoni, Prada, and Donna Karan in Britain—but that’s all in the past, and what is of concern to Farfetch’s Founder and CEO, José Neves, is the future (Article No. 3 and video No. 2).

By integrating radio frequency identification (RFID) and near field communication (NFC) chips into Browns’ clothing, Farfetch.com is going to create easier ways to track down clothing both within and outside of the store. ‘Shoplifters better watch out!’ Therefore, it is important, that shoppers make sure that those chips are deactivated once they buy the clothing (Article No. 6).

This vision makes Rebecca Minkoff’s technologically-advanced retail store reality. To explore this area of technology-meets-fashion, Farfetch.com bought Browns to test retail tech (Article No. 6).

To the question about opening their own store, Farfetch CEO Jose Neves answered: “People say ‘Oh you’re an online company’. Where actually, we think of ourselves of a community of physical boutiques. That is very important. So even when we partner with brands in Brazil for example, we only do it if they have a physical boutique. And the reason for that is that we believe in the physical experience. I do not think that the physical experience, the retail experience, is going to go away. Actually, there is much hype about online sales, but online sales are only seven percent of sales in the designer high end. Over 90 percent is done in physical spaces. Therefore, we see ourselves as an omni-channel company. We’re an enabler of physical businesses from traditional channels” (Interview No. 1).

Besides, Jose Neves was mentioned about mobile commerce, which recently has been becoming more popular and making it easier to purchase online really from everywhere and anytime. For this reason, one of the important innovations for
Farfetch.com was the launch of Discover IOS APP (see figure 13). The free app, which launched for mobile in October 2014, features shoppable travel guides for some of the most fashionable cities in the world, such as New York, London, Paris, Milan, Rome and Los Angeles. This is not a typical tourist travel guide though. Farfetch.com tapped its illustrious contact list to get fashion insiders from each city featured on the app to share their favourite places — from shops to restaurants and much more — that visitors should visit. However, they continue to innovate in m-commerce (Interview Nº 12).

*Figure 13 Farfetch 'Discover' app*

![Farfetch 'Discover' app](Source: Farfetch.com)

Speaking about the future of distribution Jose Neves has mentioned that they fundamentally do not believe in making a specific order for the online channel, sending it off to a remote warehouse in the middle of nowhere and shipping it from there to the world. That is the old e-commerce model and it is not the model of the future. The model of the future is a distributed stock. The new inventory is made up of dozens of micro-warehouses. Indeed, for Farfetch.com the warehouse is everywhere, distributed across its global network of stores (Article Nº 1).

In a few words the future of online luxury shopping is all about multi-channel e-tail. Farfetch.com is the "third" model - not a pure e-tailer and not a marketplace, but a multi-channel e-tail network (Interview Nº 5).
4.2.10. **Interconnection between online and offline luxury shopping**

There is a stereotype that ‘online kills offline’, but it is not a reality, online is a good tool for developing offline shopping and making brand more known. Regarding this, Jose Neves says: “It’s incredible, because you would think online takes over, cannibalises offline, therefore offline becomes the second thought. Actually that’s not what happens - you de-risk the whole buying process as the company gets healthier in terms of growth and profitability” (Interview N° 8). E-commerce is somehow enabler of physical businesses from traditional channels (Interview N°1). Besides, it make designers and brands more popular for global audience, which is very important for new designers or brands from different countries. “The idea is to use Farfetch.com for the first time as a global platform for local designers to attract global audiences” said Jose Neves (Article N°1).

Figure 14 shows sources that was analysed in order to find connection between luxury online and in store shopping.

*Figure 14 Source graph of ‘interconnection between luxury online and in-store shopping’*

![Source graph of 'interconnection between luxury online and in-store shopping'](image-url)
It is also important to mention, that there is no need for separating offline from online, because the new reality is merging of those two. There is a strong connection between online and offline. As Jose Neves said”. Farfetch.com also fosters connections that span the online and offline worlds; customers who visit their favourite boutiques in real life receive special offers, personal treatment, and VIP service” (Article N° 7).

In case of Farfetch.com they are in close collaboration with their offline partners and as Neves mentioned: “We know when the dress is sold in our offline boutique, or which size is available or not immediately” (Interview N° 15).

He also highlighted that physical stores are not going away. They are a core part of the retail experience. However, the old model, where digital and physical are defined as being separate is going away. E-commerce and traditional retail are merging (Article N° 1).

4.2.11. **Multi-brand vs. mono-brand online luxury shopping platforms**

Several questions are being raised regarding the type of online luxury fashion e-commerce: which are the best solutions; do brands have their own websites or multi-brand platforms; do multi-brand boutiques have their own websites; which is the main difference among those types of e-commerce websites?

Figure 15 introduces all secondary data sources used for analysis of relationship between mono-brand and multi-brand online luxury shopping platforms.
Figure 15 Source graph of ‘Multi-brand Vs. mono-brand online luxury shopping platforms’

Farfetch CEO Jose Neves explained that there are many boutiques, which have their own websites, but they still collaborate with Farfetch.com. “I won’t give you names, but we have two partners, one in New York and one in London, with very successful online operations. But they are focussed on the local market. When they start selling on Farfetch.com, what they see is there is almost no overlap with customers. It’s a completely different clientele. On average, we represent 30 percent of our partners’ sales at the moment. So by joining Farfetch.com they have boosted sales by 30 percent” said Jose Neves (Interview Nº 1).

Regarding the differences of launching own e-commerce website Neves said that those businesses take on significant inventory risk and have high working capital requirements. Farfetch.com, on the other hand, does not simply buy and push out merchandise. Rather, it provides a platform for certain users (boutiques and brands) to display and manage items for others users (shoppers) to consume with zero inventory risk for Farfetch.com (Article Nº 1). Then explaining their advantages he mentioned that major fashion incumbents, like LVMH or Kering, which each own big stables of luxury brands, have largely failed to innovate at the scale of Farfetch. I think there’s a DNA factor. These companies are built on craftsmanship and the
creative side of things. If e-commerce is one percent of a business, it will be one percent of the brain space of your CEO. Neves said: “So the digital guy sitting there in the corner? ‘You’re worth one percent; we’ll deal with you later.’ It's a vicious circle. Because it's small, digital doesn't get the care and the patience it needs. So it remains small. We have a hundred engineers. We will have 200 by the end of this year. It's a huge investment. No brand can convince the CEO to hire 200 engineers. If you're on the $1 billion mark, you can do it, but it takes commitment and many of these companies are publicly traded. How will the market react when they say they will have two quarters of negative results because they plan to invest heavily online?” (Article N° 1, Interviews N° 2 and 3).

However, there is a big advantage of being multi-brand e-commerce website. Neves Explained: “The idea of farfetch.com stems from these experiences and observations. The rationale of the business is to create a world-class infrastructure supported by a top-notch team, and then put all that to the service of the world's most interesting retailers and their web sites. In addition to that, we thought that creating a single "portal" where users could easily find products from 35 retailers instead of browsing 35 separate sites would greatly improve the customer experience, and also enable us to advertise the portal properly” (Interview N° 5).

Besides, Jose Neves indicated that multi brand luxury e-commerce websites usually sell more of any single brands than the brands in their own websites (Interview N° 15).

4.2.12. **Key Success factors of luxury e-commerce**

Taking into account the online luxury shopping experience and the case of Farfetch.com, we can see that the most important elements and key success factors of luxury e-commerce websites are high qualified team, provided service, product range, distribution and return policies and webpage elements.

Figure 16 introduces secondary data sources, which were collected for discussing success factors of luxury e-commerce.
Having a professional team is a crucial element of e-commerce business success. Jose Neves said: “Building the team is even more difficult than getting investment, I would say, but we’ve been very, very lucky. We really have an amazing team right now. It’s not easy, because the risks of joining a start-up are significant. Leaving big established businesses to join a start-up is not for everyone” (Interview Nº 8).

Jose Neves has tried to build a team that is equally rooted in fashion and technology. “It's the secret sauce of the business. If you look at our team, everyone comes either from a fashion background or from a tech background. It's balancing the left-brains with the right-brains,” he explained. “I think maybe in a more usual retail environment there would be a tech team and a brand team. Here it's just one seamless team” (Article Nº 1).

The other important element is the provided service, which is a key for customer royalty. Online luxury is growing around 25% year on year, but Farfetch.com is growing much faster. It is a function of the growth of the total market, but also it is
down to the unique range and the level of service. People like a good service. They like the fact that they can buy items from Stockholm and they arrive a couple of days later in a beautiful personalised package, from that boutique, with a little card with a picture of Stockholm and something written in local language (Interview Nº 8).

Regarding the product range Jose Neves said “Farfetch is naturally at an advantage with an unrivalled product offer in excess of 82,000 units of stock. We have an extensive fashion viewpoint due to our portfolio of boutiques buying in such a varied manner” (Interview Nº 4).

The other key success factor is an appropriate webpage which should give customer the exclusive shopping experience feelings. Neves said: “All is about the merchandising, the service and experience” (Interview Nº 15).

Besides, Jose Neves speaks about the key factors that enables Farfetch.com to deploy services like ‘click and collect,’ which allows customers to buy items from any Farfetch.com boutique and pick them up, try them on and return them over the counter at any store in the network. It is also strategically important for Farfetch.com to deploy same-day delivery across multiple cities. “We want to do this in New York, LA, Milan, Paris, London. No-one does it yet in five cities. The maximum is two or three. That’s because the old e-tail model depends on where your warehouse is situated. If your warehouse is in London, you can service London. If it’s in LA, forget it. With this new omnichannel model, it doesn't matter.” To make this work, Farfetch has contracts with local courier companies, as well as DHL and UPS. “From day one, we were in stores with software that synchronised inventory and allowed us to manage online orders. But how do you extend that? Multi-channel CRM, point of sale, in-store analytics, payments.... Then there's some gimmick-y stuff, which I'm not a big fan of, but maybe one day we'll make it work, like digital mirrors and stuff like that. We want to be the integrator of all this technology and we will create demonstration stores with our partners to really test and develop this integration. We see this as beneficial for us, because by doing this we are even more seamlessly integrated with boutiques and mono-brand stores. We want to become the world’s omnichannel platform” (Article Nº 1).
The other success factor, which Jose Neves has mentioned during the interviews is the European origin: “If you look at all digital innovation in fashion... all the pioneering companies come from Europe. The flash-sales model was a French invention, started by Vente-Privée in France and then copied by Gilt and a bunch of others. If you look at luxury e-tail, Net-a-Porter was the pioneer” (Interviews No. 6 and 15).

4.3. Discussing Propositions

In this section summary of propositions’ discussion based on analysis results and reviewed literature comparison is introduced. Some propositions are in accordance with the findings and some are not. However, there are some partly in accordance, which are somehow relate and differ from findings of research.

The table 9 shows the results of propositions discussed. There is a comparison of literature and research results which provides a deeper understanding of the problems and differences according to the propositions developed in the last sections.
Table 9 Discussing Propositions, comparison of literature and research results

<table>
<thead>
<tr>
<th>Propositions</th>
<th>Literature</th>
<th>Research Results</th>
<th>In accordance with the findings or Not</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1 Luxury brands and the Internet are not reconcilable.</td>
<td>When matching the characteristics of the Internet and luxury concepts, it is clear that they are not compatible (Chaffey et al., 2003; Hennings et al., 2012; Okonkwo, 2009).</td>
<td>It is clear that the ubiquitous nature of the Internet is not for exclusivity, but for luxury clothes’ retailers it is possible to create exclusive online presence and combine it with offline presence, creating Omni-channel model of Luxury shopping. (Interviews N° 4, 6,8,9,15, Video N° 4)</td>
<td>Is in partly accordance</td>
</tr>
<tr>
<td>P2 Most of luxury brand managers do not believe that the Internet can be a vital selling tool for their products, especially for clothes.</td>
<td>Some managers decide to have a website and e-commerce because it is fashionable, for some managers it is realised new potential and for most of them it is a risky selling tool for luxury products, especially for clothes (Dall’olmo Riley, Caroline Lacroix 2003).</td>
<td>Despite growing opportunities in online luxury fashion sales, there are still many brands, who hesitate online presence. However, this market is still growing (Interviews N° 1, 5, 8, 10, 11, 14, Videos N° 1, 6, Article N° 1).</td>
<td>Is in accordance</td>
</tr>
<tr>
<td>P3 Customers avoid luxury online shopping because of having concerns associated with financial and product risks.</td>
<td>Customer’s problems associated with luxury online purchases are financial and product risks. Their concerns are related to online payment by credit card and counterfeiting. They prefer the “touch and feel” experience in luxury stores (Hennings et al., 2012).</td>
<td>Luxury online shoppers usually are rich, not price sensitive and they are not afraid of technologies. (Interview N° 12, Article N° 10)</td>
<td>Isn’t in accordance</td>
</tr>
<tr>
<td>P4</td>
<td>Luxury customers chose online stores, because they are more cost driven and they like to compare prices, they like the lack of pressure from the salespeople and/or they enjoy shopping online because of the lack of stores in their neighbourhood and/or limited products in the stores.</td>
<td>The Internet luxury customers are more cost driven than in-store luxury customers are. Online browsing and information search provide them with opportunities to compare the prices and explore alternatives, so they prefer to purchase luxury products online. Online luxury shoppers highly value convenience and product availability. Therefore, the online shopping environment is more attractive to those consumers who like to make comparisons before they choose the best suitable style. Besides, luxury customers are more sensitive to employee attitude in stores, and prefer online stores because of no salesperson pressure.</td>
<td>The lack of stores in neighbourhood and limited product in the shops are the most vital reasons for customer for doing shopping of luxury products online. However, practice shows, that luxury online customer is well heeled and not price sensitive. (Interviews № 8, 9, 13, Article № 5)</td>
</tr>
<tr>
<td>P5</td>
<td>Female and/or young e-consumers are more addicted to online luxury shopping than male and/or elder e-consumers.</td>
<td>Female luxury consumers do intend to buy more luxury goods on-line, than male consumers. In addition, young American consumers (18-30 years) do prefer on-line shopping for luxury goods too (Besler, 2007). Only in the Chinese market, 62 % of top 10% Chinese earners are under 35 years (Bowman, 2008).</td>
<td>Women’s product is performing much better than men's. However, men may spend more during one purchasing experience than women (Interviews № 6, 9, 15).</td>
</tr>
<tr>
<td>P6</td>
<td>The most important factor of luxury online shopping is efficiency and speed of online shopping.</td>
<td>Efficiency describes the ease and speed of interacting with the shop. It is very important for luxury customers, because they have the money to buy luxury goods, but not the time or patience to handle inefficient online shops (Hsu, 2008; Parasuramani et al., 2005; Dubois et al., 2001).</td>
<td>Speed and easiness of shopping experience are very important factors of luxury e-commerce service. However, there are many other aspects of efficient service, such as payment and delivery conditions, sizing system, flexible return policy, product range, service based on customer geography, worldwide presence, etc. (Interviews</td>
</tr>
<tr>
<td><strong>P7</strong> The most important elements in luxury e-commerce websites are design and customization and the website's design significantly affects consumers’ perceptions of luxury and uniqueness.</td>
<td>The elements which have strategic importance for e-tailers websites are the environment design and customization (Perez-Schafer, 2008). Luxury homepage design should be different from conventional homepage design. Luxury homepage design significantly affects consumers’ perceptions of conspicuousness and uniqueness (Kluge et al., 2013).</td>
<td>The most important elements of luxury e-commerce websites are product range presented, provided information regarding the product, availability of many languages, currency and sizing types, communication, pleasant atmosphere, etc. (Interviews № 4, 13, Videos № 3, 5, Articles № 5, 9)</td>
<td>Is in accordance</td>
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<td><strong>P8</strong> Online Brand Communities are effective tools for building stronger relationships with the luxury fashion brand’s customers and influencing their purchasing behaviour.</td>
<td>Online Brand Communities are effective tools for building stronger relationships with the luxury fashion brand’s customers and influencing their purchasing behaviour. OBCs have the potential to become a key marketing instrument and for this reason, they introduce relevant managerial implications (Ouwersloot &amp; Odekerken-Schröder, 2008). They are effective means to influence customers’ purchasing behaviour (Adjei et al., 2010) and allow companies to increase their understanding of customers by monitoring their opinions, information and suggestions (Kozinets et al., 2010).</td>
<td>Thanks to the evolution of the web and the social media revolution, fashion is now much more global than before. There is a global fashion community out there, and a global zeitgeist. Collaborating with fashion communities and blogs is a key success factor for luxury e-commerce websites. (Interviews № 1, 4, 7, 9, 10, Article № 2)</td>
<td>Is in accordance</td>
</tr>
</tbody>
</table>

*Source: Authors (Generated from NVivo)*
4.4. Discussion of Main Findings

This section deals with the main findings from the research and analysis performed in the previous chapters and literature review to highlight important implications and draw conclusions. Some findings confirm expectations from the literature, while others don’t. Moreover, as a result of the research some new themes are emerged from the analysis.

Findings generated from the analysis of the case study collected secondary data sources are giving many ideas and concepts about implementation of e-commerce in luxury clothes industry.

It is crucial to mention that luxury e-commerce market is not a mass market. This market is using the high-end luxury segment of fashion and it is equal to the situation in physical like. Luxury e-commerce websites are for narrow segment as the physical stores and boutiques who sell luxury clothes.

Speaking about the establishing trust at customers, the most important tool is appropriate level of provided return policy. With this, the problem of touching and feeling the product no longer exists. Products are delivered directly to customers' doors, where they can try the product in the comfort of their home, with items from their own wardrobe and if for some reason customers are not fully satisfied with the order, they may return as many items as they wish without any payment or other problems. Relaxed return policy makes online shopping experience more complete and enjoyable.

Besides, the findings give many answers on how companies can keep a sense of exclusivity and luxury atmosphere in online marketplace, and which are the key success factors that will the guarantee of further development in luxury e-commerce industry.

The answers to the research question are findings that highlight three important factors to keep exclusivity in ubiquitous online market. Those factors are:

- Product Offer,
- Service,
- Webpage.

Offer and Product Range

This is one of the most important factors for creating luxury e-commerce business. The importance of the product range is mentioned in the literature as one of the main factors
motivating customers to purchase luxury goods online. According to authors, customers decide to make online purchases when the physical stores are too far away or the product choices in the stores are too limited. Moreover, online luxury shoppers highly value convenience and product availability (Xia et al., 2013). Findings also indicate that an amazing offer and quality of products are the key of bringing customers. Customer segment of luxury e-commerce differs from others with their preferences. Usually they tend to be fashion lovers and seekers and they are always looking for exclusive, coveted and hard-to-find pieces.

Service

According to different authors, the key elements of the digital experience in the field of the luxury are:

- The brand identity and its aesthetics: Online consistency (Ind & Riondino, 2001), design/aesthetics (Isaac & Volle, 2008), level of service (Constantinides, 2004) and communication (Larbanet & B., 2010);
- The usability: functionality (Chen, 2001), rapidity (Chernatony & Harris, 2001) and search engine/accessibility (Chen, 2001; Isaac & Volle, 2008);
- The interactivity: communities (Casaló et al., 2008) and interaction with the brand (Constantinides, 2004).

The findings also mention that the service which luxury e-commerce website provides is the luxury they offer to the customer. Only a high-level service may have the ability of converting the luxury experience from offline to online. Worldwide presence, service based on customers’ geography, sizing system, payment conditions, delivery and return policy are sure to be the most important elements of luxury e-commerce service.

Webpage

According to the literature the elements which have strategic importance for e-tailers’ websites are the environment design (the brand and the season concept have their story telling process) and customization (interface, music, colour, product, etc.) (Perez-Schafer, 2008). Luxury homepage design should differ from conventional homepage one and it significantly affects consumers’ perceptions of conspicuousness and uniqueness (Kluge et al., 2013). In addition to this, the findings of this research also indicate the most important elements of luxury webpage. Findings say that consumers have extremely high
expectations for luxury brand websites, from design layout, functionality to ease of navigation, etc. Product information, communication, boutique atmosphere, strength of overall brand presence and other element such as language, currency, product range, sizing, etc. are also very important elements in luxury e-commerce webpage.

**Online Brand Communities**

Regarding the OBCs different authors mention that they have the potential to become a key marketing instrument and for this reason they introduce relevant managerial implications (Ouwersloot & Odekerken, 2008). The Internet marketers should view OBCs as amazing business opportunities: they are effective means to influence customers’ purchasing behaviour (Adjei et al., 2010) and they allow companies to increase their understanding of customers by monitoring their opinions, information and suggestions (Kozinets et al., 2010). The findings add to this that global fashion communities should have an important influence and contribute to luxury e-commerce webpages’ content production.

In a few words, the key success factors of luxury e-commerce based on case study and secondary data analysis are:

- High qualified team (experts both in fashion and technologies),
- Product range,
- Provided service,
- Distribution and return policy,
- Webpage,
- Brand communities.

In addition, it is very important to keep development and innovations. Nowadays luxury online e-commerce face new challenges, as m-commerce or mobile commerce and creation and development of concepts such as ‘Omni-channel’ model of fashion retail (multi-channel e-tail network), ‘Stores of the future’ (technologically advanced shops, Online Showrooms, etc.)
CHAPTER 5: CONCLUSIONS

The chapter includes three sections. In the first section (6.1.), the conclusions are drawn from reviewing the aim of the study, research question and linking back to the literature as well as from revisiting findings of the research. The chapter then turns to the discussion of contributions of the study to the research field and in addition implications of the study for theory as well as practice (section 6.2.). Afterwards, (section 6.3.) limitations of the research are presented and as a result, directions for the future research are recommended.

5.1. Conclusion

The study presents a deep research on e-commerce implementation in luxury clothes industry.

Study was developed based on literature review, which was the basis for the creation of eight propositions. Those propositions were discussed during the research and as a result of comparing findings with the literature reviewed, some of them were in while others were not or were in partly accordance with results of analysis.

The study was successfully built as a qualitative research, analysing data from secondary data collection sources that are 15 interviews, 6 videos and presentation and 12 articles related to Farfetch.com. Then coding was used as a main tool to analyse the gathered data and Nvivo helped to do more efficient coding and reveal the most important findings and theories.

The findings provide a deep understanding of the research question. In other words, it is possible to say that there are three key components, which will help to overcome the problem of keeping exclusivity in Internet ubiquity. Those are:

- Product offer,
- Service,
- Website.

To resume, luxury e-commerce platforms can be considered as a really luxury only having a unique offer and unrivalled product range represented on webpages where customer feels the fashion brand atmosphere and which provide them with sufficient information and many possibilities to make a shopping experience unforgettable, combined with high-
level service from purchase to delivery and return processes. Those are the key success factors which make possible to keep exclusivity even in the ubiquitous Internet marketplace.

The importance of luxury e-commerce both from the side of brands and independent boutiques and from the side of customer is highlighted. Online fashion e-commerce platforms are influencing fashion industry at all and at the same time educate customer. The importance of online brand communities are also important that are evolutionary tools in luxury e-commerce business.

Besides giving answers to the research question and other important aspects of the study, the research provides the study with many important findings about future development of luxury e-commerce and fashion commerce in general. This can serve as a basis for the further research in this field. Moreover, limitations and further directions for this study are presented in next sections.

5.2. Contribution to the field of research and implications

The section is a short introduction to the contribution of the work to the research field, which is separated in two subsection. First subsection is discussion of contributions and implications of the study for theory and the second one is discussion of practical implications.

5.2.1. Contributions to the research field and implications for theory

The literature review performed in previous sections demonstrates that there are many gaps and uncovered problems in it which have been discussed in this research. The main contributions to the field of this research are related to those gaps and limitations of literature, and new theories that are built based on research findings.

Some researchers have indicated that luxury should avoid e-commerce whilst the other researchers have stated that Internet is purely a channel of communications for luxury brands. However, the question of the influence of e-commerce on luxury retailing remains unexplored.

The other limitation discovered during literature review is that there is not any analysis related the connection between the in store and online sales under the same brand and
how they influence each other. Findings of this research give some answers to this question. Two aspects of this question are discussed in the research:

1. Advantages of e-commerce from the side of luxury brands,
2. Interconnection between online and offline luxury shopping.

The most significant advantage given by online presence to luxury brand or independent boutiques is a unique opportunity to become global and to sell their products to international customer. Besides, online is a good tool for developing offline shopping and making brand more known. E-commerce is enabler of physical business, because designers and brands become more popular for global audience, which has a vital importance for new designers and brands from different countries. The offline shopping experience is also influencing online shopping, because once customer knows the product or brand, and already is satisfied with their products bought from physicals stores, he/she will easily become an online client and continue buying these from those brands and designers. Consequently we can say that online and offline retailing models are growing parallel and there is no need to separate online from offline. Reality is all about the omni-channel model that is merging those two.

The other gap identified in the literature is about motivating in-store shoppers to buy from online platforms too. Besides there is a lack of the study about the ways of developing effective strategies targeting different types of consumers. Regarding this theoretical problem, there are also some findings. Firstly, it is very important to mention that for instance, Farfetch.com has an excellent service and still working on developing personalized service. Farfetch.com has different challenges and solutions regarding first time and returning customers. They utilise visitor history and geo-targeting to show a free shipping code to non-purchasing US visitors. Besides, they encourage their first time or new visitors by suggesting free shipping, etc. Secondly, Farfetch.com fosters connections that span the online and offline worlds. Therefore, customers who visit their favourite boutiques in real life, receive special offers, personal treatment, and VIP service.

The last gap founded in the literature is that the researchers mainly study and analyse the webpages of luxury brands and the selling process in that sites, but there is a lack of study regarding the webpages which are selling different luxury brands from different independent boutiques and do not have their own brand. This research provides deeply explained findings about this gap of the literature, because the case study object
Farfetch.com is one of the most successful luxury e-commerce platforms, which is a global community of over 300 independent fashion boutiques. For first selling products in multi-brand platforms is very important especially for new and small brands. Moreover, there are many known brands with their own e-commerce platforms, who are selling also in multi-brand platforms, which is a cause of the main success factor of these platforms. For second there is a key success factor regarding selling in multi-channel e-commerce platform which is providing a chance to sell their products to others (brands) customers, who are not visiting their webpages, or just do not know about their brand. For instance, furfetch.com is a single "portal" where users can easily find products from 35 retailers instead of browsing 35 separate sites and this greatly improve the customer experience, and enable company to advertise the portal properly.

5.2.2. Implications for practice

Due to the globalization and democratization of luxury, fashion brands facing the challenge of using mass marketing strategies innovate in new technologies and online presence. This situation leads to the necessity of a better understanding the rules and behaviour in the e-commerce.

Identifying the key success factors (those with power) as well as the strategies for the future development, the study has a significant contribution to the practical problems in field of this research and strongly influence the development of fashion e-commerce and fashion retailing in overall.

The suggestions and findings presented above might help practitioners in developing strategies for their brand e-commerce business, as well as for the further investments and innovations. For instance, the most important implication to the practice is the developed success model from the analysis. In a nutshell, the key success factors of luxury e-commerce are high qualified team (experts both in fashion and technologies), product range, provided service and webpage. Whereas the product range should be unrivalled and appropriate to exclusivity. This unique offer should be combined with the perfectly designed webpages where customer feels the fashion brand atmosphere and is provided with sufficient information and many possibilities, which make their shopping experience unforgettable, and all this should be associated with high-level service from purchase to
delivery and return processes. These are factors that make possible to keep exclusivity in ubiquitous Internet marketplace.

Another implication of this research is that it provides with many suggestions regarding the management and overcoming the challenges faced while working in the different market situations and customer targets. For instance, there are some suggestions on how brand can involve new customers to their e-commerce platforms or how they should differ their service based on customers’ geography, etc.

Besides, the main directions of the future development in luxury e-commerce business are developed in the study. If brands want to build a sustainable business, profitable in the long-term, with not too many mistakes and too many investments they should know where the future is and where they should go. The future of fashion retail is ‘Omni-channel’ model, that is the integration of online and offline commerce that is the “third” model not a pure e-tailer and not a marketplace, but a multi-channel e-tail network.

In other words, a well-managed and customer oriented service, as well as gorgeous offer and webpage are considered to be the critical components for successfully providing luxury via the Internet.

5.3. Limitations and directions of further research

The intentional focus of this research was to better understand how luxury brands should combine a sense of exclusivity with the potential of the Internet. The findings show that the aim of study is reached, however the study has several limitations, which provide avenues for further research.

Firstly, researchers should continue to explore the problem of keeping exclusivity of product in virtual environment, and mostly concentrate on the question of counterfeit market which is the biggest bother for luxury retailers as by tradition the Internet is associated with cheap imitations and discounts.

Secondly, it is up to future research to analyse the influence of Global Fashion Communities and Online Brand Communities on luxury e-commerce and further development of this sphere. Further research may also investigate the effectiveness of online word of mouth and the social communities on luxury consumers’ purchase intention and brand attitude in general.
Finally, future research can analyse and develop effective strategies targeting Luxury Mobile Commerce (m-commerce) and other directions of future fashion retail, strategies such as ‘Store of the future’, ‘online showroom’, etc. Besides, ‘Omni-channel’ model of fashion retail should be deeply developed as a third model of fashion commerce. It has both practical and theoretical importance, because it tends to be the future of fashion retail.

The analysis of these directions of fashion retail in future is sure to provide a good basis for further practical and theoretical recommendations. Moreover, this study is a good starting point for the further research in these areas.
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