**Aalto University
School of Business**

LUXURY BRAND EQUITY BUILDING IN THE DIGITAL AGE

A literature review

Bachelor's Thesis

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Abstract of bachelor's thesis

Abstract

Luxury brands have been slow to embrace digitalization, partly due to their traditional history and the inherent brand identity challenges of the online environment. In the year 2020, the luxury industry faced a shock in demand due to COVID-19. The pandemic affected their core of brand experiences and sales negatively when in-store retail faced restrictions. Recently, consumers have moved to online channels to fulfill their luxury needs in large numbers, so providing satisfactory luxury online experiences is now more important than ever. The main objective of this literature review is to understand the current academic discussion pertaining to luxury branding, and by doing so, offer managerial implications for luxury brands in their journey towards integrating online channels. Fully integrated brand communications have the power to create even more unique customer experiences that lead to enhanced brand equity.

The findings of this paper reveal that the online environment provides massive opportunities for luxury brands in the long term. Online channels enable luxury brands to create lasting consumer relationships through unique experiences in the different touchpoints, building lasting brand equity. This literature review discusses the main requirements needed for succeeding in this online transformation in terms of communications and sales. The results imply that it is, in fact, possible to transfer superior luxury experiences of physical stores and events to the digital form.

Keywords brand equity, luxury, customer journey, digitalization, e-commerce

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1. Introduction

"Luxury goods are the only area in which it is possible to make luxury margins." - Bernard Arnault, CEO of LVMH (Capital, May 2010)

This thesis reviews literature on luxury brand equity creation (e.g. Leone et al., 2006; Keller, 2009; Bartra & Keller, 2016; Lemon & Verhoef, 2016; Aaker & Joachimsthaler 2000, Kapferer, 2008). Luxury brands are defined by their exceptional brand equity, which is eminently connected to offering unique experiences to consumers. In the luxury sector, marketing is increasingly dependent on innovative experience design (Atwal & Williams, 2009). Unique customer experiences can lead to notable economical rewards (Lemon & Verhoef, 2016), increased loyalty and positive word of mouth, which are integral in the value creation of luxury brands. These experiences in the luxury context have traditionally included live runway shows and unique shopping experiences in brick-and-mortar stores.

Digitalization made salient by COVID-19, has forced luxury brands to re-evaluate their marketing and retail strategies, as most fashion shows and other key events scheduled for 2020 were cancelled or postponed (Deloitte report, 2020). Valued at over one trillion in 2019, luxury personal goods are ranked as the fourth-biggest global consumer goods market currently (Euromonitor International, 2020). The market for personal luxury goods diminished for the first time since 2009, falling by staggering 23% overall (Bain & Company, 2020). Meanwhile, the share of online purchases in the luxury sector rose from 12% in 2019 to 23% in 2020, highlighting the increased importance of digital touchpoints for luxury brands. Bain & Company (2020) predict that online will become the leading channel for luxury purchases by 2025. In accounting literature, brand equity is seen more as a part of the financial value of the brand (Wood, 2000), but in marketing literature, the focus is more on the brand image and strength (Keller, 1993; Aaker & Joachimsthaler 2000; Kapferer, 2008). My review is built around the definitions used in marketing literature. The online presence of luxury brands has positive effects – carefully crafted and uniform digital experiences in all channels enable brands to differentiate themselves from competitors, enhancing brand identity and equity dimensions along the way. Digitalization has made the customer journey more complicated (Bartra and Keller, 2016), and the increased number of customer touchpoints has made luxury marketing strategies demanding for the managers (Okonkwo, 2009). The awareness and consideration parts of the journey are crucial in determining luxury

brand strength, as they lead to purchases and finally, customer loyalty. In-store experiences have traditionally been at the core of the luxury market, as 88% of global personal luxury sales are made in brick-and-mortar stores (Bain & Company, 2020). Even the ongoing pandemic managed to change this dynamic only slightly, as some brands are still reluctant to sell their core products online (Prestini and Sebastiani, 2021). "Some luxury brands hesitate to embrace e-commerce, while others are unaware of how they can manage a digital brand" (Kuo & Nagasawa, 2020, p. 2). Luxury brands' presence in the digital environment requires balancing between answering increasing global demand for the goods and ensuring the brand's unique value and exclusivity, which can be especially challenging in e-commerce and social media channels (Quach & Thaichon, 2017). There seems to be an abundance of research about the traditional consumer experience of luxury brands, but less on their online actions (Lemon & Verhoef, 2016; Liu et al., 2013). This is indicative that there is a gap pertaining to online experiences effectiveness on the equity of luxury brands. This thesis is especially relevant now because online shopping of luxury items has been only accelerated due to the COVID pandemic (Bain & Company, 2020). Given the above-mentioned shortcomings in the field, this thesis seeks to answer the question:

"How can luxury brands enhance brand equity while creating memorable consumer experiences in the digital environment?"

To gain a better appreciation of the existing research on luxury brand equity and experience management, this literature review includes articles found in an EBSCO Business Source Complete database search, limited to peer-reviewed journal articles with keywords including "brand equity", "luxury" and "online experience". I used ABS rankings to guide my choice of articles included in this paper. In addition, I used online articles from credible sources and reports by renowned consulting firms (Deloitte and Bain & Company) to get recent data on luxury sales and ongoing trends. This thesis is structured as follows: First, this paper will define the concept of a luxury brand and related brand equity dimensions through examining relevant marketing and consumer research literature. Second, this thesis identifies luxury brand consumption trends, and the luxury consumer experiences currently while detailing consumer experience goals of different retail channels. Third, this thesis will fulfil the main objective of identifying what are the most effective actions to enhance the consumer experiences of luxury brands online, leading to increased brand equity and sales. The effects of different digital touchpoints are examined through customer journey theory and practical examples.

2. Luxury brand value

This section of the thesis addresses previous research on brand equity and luxury value creation to gain a better understanding of luxury brand equity building. Scholars agree that luxury goods, in their most standardized definition, serve to provide psychological benefits to consumers over their functional capabilities by their unique and exclusive nature, differentiating them from non-luxury goods (Vigneron & Johnson, 2004). Using this definition of luxury, brand equity and identity for luxury brands are detailed next. After that, the concept of brand equity is divided into customer-based equity. The last section of this chapter explores the interconnectedness of these two theoretical concepts, creating a theoretical framework to be used in examining the value-creating touchpoints for luxury brands throughout different channels.

2.1 Brand equity (BE) and brand identity

Realized in the aftermath of the "merger boom" in the 1980s, brands are seen today as one of the most important intangible assets of a firm (Leone et al., 2006). In a general sense, "brands manifest their impact at three primary levels: customer market, product market, and financial market - the combination of these various benefits is often called brand equity" (Keller & Lehmann 2006, p. 740). Following Vigneron and Johnson's (2004) definition of luxury, strong brand identity is integral for luxury brand equity and customer experience. Aaker & Joachimsthaler introduced their renowned brand leadership model in the year 2000. For Aaker & Joachimsthaler (2000), the brand includes a core identity, an extended identity, and a brand essence; crucial for brand positioning and communication - enabling practitioners to cultivate brand equity. Their model has 12 categories of brand identity elements organized around four perspectives: the brand as product, organization, person, and symbol (Aaker & Joachimsthaler 2000, p. 43).

Luxury brand communications revolve heavily around the symbolic value of the brand, which includes heavy use of visual imagery, metaphors, and brand heritage (Kim and Kim, 2020). Brands need to have a core identity that "reflects the strategy and values of the organization", while at least one association of the core dimensions differentiates the brand from others (Aaker & Joachimsthaler 2000, p. 43). Aaker & Joachimsthaler maintain that the core identity should remain constant through time; whereas extended identity should reflect

dominant trends. The latter is used to inform brand communication campaigns and contribute to building lasting brand equity. As such, branding is a strategic marketing endeavour that builds strong equity and lasting consumer relationships.

An extended brand identity can be modified and adapted more easily compared to the core identity, communicating brand personality at a lower risk level (Aaker & Joachimsthaler 2000, p. 45). The extended brand identity aspect is especially helpful in targeting new clientele in the ever-changing world of luxury brand consumption. For a luxury fashion brand like Louis Vuitton, the brand essence could be "Exclusivity", which encompasses components of Louis Vuitton's identity as means of self-expression, uniqueness, heritage, as well as customers who strive for achieving high status in society. A brand essence that is based on "emotional and self-expressive benefits provides a higher-order basis for relationships" (Aaker & Joachimsthaler 2000, p. 48). The symbol of a brand, in this case, could be Louis Vuitton's monogram pattern, which plays a key role in creating and maintaining brand equity. Considering the strategic role of its trademark pattern in terms of brand awareness and heritage, it has managed to stay the same for over 200 years. Identity brands help people express who they are to others (Aaker & Joachimsthaler 2000, p. 67). Carrying a Louis Vuitton bag serves as a status symbol, signaling their position that enables them to purchase products at a high price. The consumers feel satisfaction from participating in the symbolic world of the brand (Kapfrerer, 2008). Luxury brands strive to create special experiences (Atwal & Williams, 2009), creating special emotional ties for the consumers, leading to stronger customer relationships. A value proposition can include "emotional benefits that relate to the ability of the brand to make the buyer or user of the brand feel something during the purchase process or user experience" (Aaker & Joachimsthaler 2000, p. 49).

Aaker's brand leadership model, specifically the identity concept, has been criticized for being simplistic and firm-centric. Kapferer extended the brand identity concept with his brand identity prism model. The framework includes six elements: physique, personality, culture, relationship, reflection, and self-image. "Expressing the brand consistently across all six elements creates brand coherence, which strengthens the connection between the brand and the consumer" (Kapfrerer 2008, p. 180).

See Figure 1 below for an adaptation for luxury fashion brand Louis Vuitton. It has been created from a free-to-use template and uses six dimensions described by Kapferer (2008) combined with Louis Vuitton's brand identity, deciphered from various interviews on the brand.
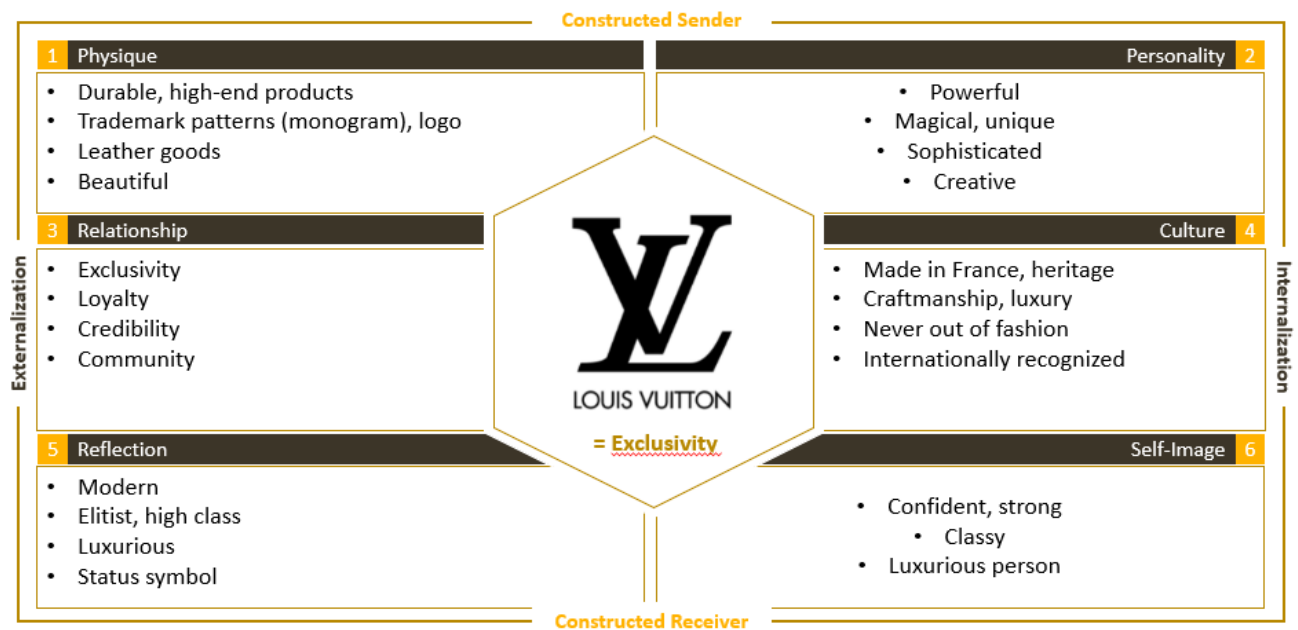

Figure 1. Adapted from Kapferer's Identity Prism (2008) for Louis Vuitton

All brands have physical specificities and qualities – its 'physique', even image-based brands (such as luxury brands). These tangible aspects such as functionality, colors, logo, and packaging help brands to differentiate their products (Kaprefer 2008, p. 182). Many luxury brands have symbols that are easily recognizable by the masses, signaling their strong identity. Personality is built up gradually with communications, also known as brand character (Kapfrerer 2008, p. 183). For example, this personality can be modified and/or strengthened by choosing a new main designer for the luxury fashion house. In Kapfrerer's Identity Prism, "cultural facet refers to the basic principles governing the brand in its outward signs (products and communication)" (Kapfrerer 2008, p. 183). When a consumer buys a Louis Vuitton bag, they are receiving all the benefits associated with the brand, not just a product that provides the means for transporting items. These values are embodied in all products and experiences of the brand. The culture facet is especially important for luxury brands, as it helps differentiate them successfully by referring to their core ideals and set of values (Aaker & Joachimsthaler, 2000; Kapfrerer, 2008).

Brands are often at the crux of transactions and exchanges between people, affecting the relationship dimension of the identity prism (Kapfrerer 2008, p. 185). Past literature has shown the importance of in-store retail customer experience for luxury brands, and the power of enhancing relationships with customers (Dion & Arnould, 2011, Joy et al., 2014). Brands are constantly evaluated by consumers; this is called customer reflection. Brands address their ideal customers in their communications, a result of careful reflection of their own values (Kapfrerer 2008, p. 186). Through attitude towards certain brands, customers develop a certain type of inner relationship with themselves and likeminded consumers. When Rolex fans meet, they are likely to engage in enthusiastic conversation about their favourite luxury watch brand. When a consumer promotes brands, "one pledges allegiance, demonstrating both a community of thought and of self-image, which facilitates or even stimulates communication" (Kapfrerer 2008, p. 187).

Keller and Lehmann (2006) build on the existing brand equity model by Keller (1993), adding attachment and activities to be used alongside the recognized equity dimensions of brand awareness and brand image. Attachment is defined as loyalty towards the brand and activity includes all consumer's consumption activities and involvement with the company and their marketing, as well as other consumers connected to the brand. Brand equity scholars agree that strong brand equity has many notable benefits: for example, contributing positively to brand preference, loyalty, and consumer willingness to pay a price premium (Keller, 1993; Aaker, 1996; Keller & Lehmann, 2006). The price premium is a difference in price that is driven mainly by consumers' brand associations. This is evident when consumers choose a more expensive branded product over others when all the additional attributes are the same (Aaker, 1996; Keller, 2009). Aaker (1996) describes the price premium as "the best single measure of brand equity", while perceived quality is noted to be linked with price premiums and price elasticities. Luxury consumers expect brands to maintain high quality and consistency in their offerings. Now that the concepts of luxury brand identity and equity are formed, this thesis will discuss the current customer-centric views on brand equity.

2.2 Customer-based brand equity point of view (CE)

Keller & Lehmann (2006, p. 740) define a brand as a reflection of the "customer's complete experience with the company". The customer-based brand equity model is linked to the consumer's perception of the brand, which can be generated by marketing programs and activities. This knowledge about a brand affects the customer response to its marketing (Keller, 2009). Brand awareness and image dimensions are crucial when measuring brand knowledge, according to most scholars (e.g. Leone et al., 2006; Keller, 2009 and 2003; Keller & Lehmann, 2006). Brand awareness can be understood as the consumers' ability to recognize certain brands in various situations. The brand image reflects brand associations held in customers' memory, leading to favourable or negative outcomes (Leone et al., 2006). Companies can deliberately associate their brands with people, events, experiences, feelings, and things by strategic marketing communications (Keller, 2009). As Leone et al., (2006: pp.136) say: "Customers need and value brands, but a brand ultimately is only as good as the customers it attracts". These ideas connect seamlessly to the luxury market, where brand status and personality are vital in creating value for the customers. Personality is a part of brand identity that is linked to the brand's emotional and self-expressive benefits (Aaker & Joachimsthaler, 2000). Personality is particularly important for brands that display small physical differences and are displayed in a social setting, making a clear statement about the consumer. One of the main goals of personal luxury items is to act as statement pieces.

The customer decision journey has changed significantly in the digital age, creating multiple paths to purchase (Bartra & Keller, 2016; Keller, 2009). Search engines, mobile browsers, blogs, and brand websites are frequently used by consumers today. The added complexity of the customer journey has resulted in brand equity being determined increasingly from activities that are not controlled by the companies themselves (Bartra & Keller, 2016; Keller & Lehmann, 2006, Keller 2009). Brand communications must be two-way and heavily individualized to achieve brand goals, leading to positive associations. Strong customer equity leads to loyalty (Aaker, 1996), and loyal consumers are the basis for a price premium. Price premium must be maintained for luxury brands to succeed. Achieving and maintaining exceptional customer equity requires reaching the pinnacle of brand resonance (Keller, 2009), a solid target for all luxury brands today. In the next section, the most important dimensions of luxury equity (BE and CE) are compiled and compared, reaching conclusions to understand luxury brand value creation.

2.3 The importance of consumer relationships in luxury brand equity

For over a decade now, customer-oriented branding has acquired increasing attention in marketing research, as detailed in the previous chapter. Customer equity can be defined simply as "the total of the discounted lifetime values (CLV) summed over all the firm's current and potential customers" (Rust et al., 2004, p. 110). These radical changes in the field of marketing have made companies change their approach from product profitability to customer profitability (Rust, 2010). Building long-term relationships with consumers is the basis for success (Aaker & Joachimsthaler, 2000) in the highly competitive market for luxury goods. The idea of CLV can be thought of as an extension of the classic 80-20 rule (or Pareto Principle), which is about identifying company's best assets and using them efficiently to create maximum value (Sanders, 1987; Pareto, 1906). Luxury brands best assets are their loyal consumers, as they are the ones that create the most value for the company.

Today, consumers are understood to be effective co-producers of value and meaning for the companies, advocating for brands, and spreading word-of-mouth (WOM) information. Consumer-to-consumer interactions have become increasingly important for brands, serving to strengthen brand image and spread positive brand messages (Klein et al., 2016). A newer avenue of WOM is consumer-marketers, who can be influenced to gain more loyal followers by carefully targeted WOM-marketing campaigns. Online channels allow unprecedented levels of management and measurement of these actions (Kozinetz et al., 2010). Consumer referrals and shared positive brand experiences increase desirability and relevance within the target audience (Kim & Ko, 2012). Creating brand experiences that lead to favourable word-of-mouth is one of the most important tasks for luxury brand managers now (Klein et al., 2016). The avenues for experience creation have been expanded through digitalization, creating new opportunities for innovation. Undoubtedly, there are many similarities between brand equity and customer equity theories. Both perspectives explicitly underline the importance of customer loyalty to a brand. Both concepts agree on the notion that "value is created by having as many customers as possible pay as high of a price as possible" (Leone et al., 2006, p. 130). The customer equity point of view ignores some benefits of strong brand equity outside the customer market. These advantages include, for example, a smaller cost of loans and attracting better employees (Keller & Lehmann, 2006). Brand equity is a more firm-centric view and emphasizes strategic issues and designing marketing programs that can create and leverage brand awareness and image (Keller 1993; Leone et al., 2006).

The interactive effect of these equity concepts can be understood from examining marketing actions to improve brand equity, as they usually result in improved customer equity as well (Keiningham et al.2005, as referred by Leone et al., 2006). This effect was confirmed in a recent empirical study by Qorbani et al. (2021), showing that improvements in brand knowledge and differentiation has direct effects on brand equity, while affecting customer equity elements indirectly. When the brand equity is strong, it is understandably easier to retain or acquire customers (Leone et al., 2006; Rust et al., 2000). In conclusion, all the reviewed papers agree on the main concepts of brand equity; strong brands and a loyal customer base lead to better results for the company. Most of the recent marketing literature puts more emphasis on the customer side of brand equity, not only because it is easier to quantify in this way, but because it has many other clear benefits as well (Leone et al., 2006). The customer-centric view is a megatrend in marketing and companies use a bottom-up approach in their strategies more often. Luxury brands must shift their focus from sales to maximizing customer lifetime value (Rust et al, 2010) to remain relevant in the long term, as the consumers will decide the winners and losers in the future. Consumer expectations for luxury brands and their different retail channels are discussed in the next chapter, providing an overview of the market currently.

3. Understanding the luxury brand consumer experience

In the luxury market, where customer experience is seen as a key strategic differentiator (Atwal & Williams, 2009; Joy et al., 2014), brand managers should strive to understand their customers on a deeper level. Social relationships and experiences that are built around brands are increasing in importance. Magic and aesthetics are engraved in the principles of luxury experience, brands should offer an affect-rich, hedonic appeal that resonates with the emotions of the consumers (Dion & Arnould 2011). To understand the importance of different consumer touchpoints, the growing demand for luxury and its implications for brand managers are examined first. After that, different luxury retail experiences are described with the goal of understanding the varying consumer needs and expectations related to each channel.

3.1 Answering the growing demand for luxury brands

The luxury sector is an extraordinary example of steady growth in the past 30 years (Bain & Company, 2020), suffering only temporary drops in demand due to financial crises and a pandemic. The steady growth has been enabled not only by widening the price (and brand) spectrum of luxury goods offered, but also by new distribution channels, and the emerging market for used luxury goods and rental services (Dion & Borraz, 2017; Kapferer & Valette-Florence, 2021). The rising demand for online shopping of luxury brands (Bain & Company, 2020; Deloitte, 2020) has forced even the most reluctant brands to implement online shopping possibilities for their customers, resulting in a mass of new clientele. While luxury items have become easier to obtain overall, some brands deliberately price out consumers. Iconic items (for example, Louis Vuitton bags) face regular price increases almost annually without any clear justification (Kapferer & Valette-Florence, 2021). These firms "seek to nurture perceived exclusivity, using strategies such as high pricing of iconic items, together with artificial forms of rarity such as limited editions" (Kapferer & Valette-Florence, 2021, pp. 303, cf. Kapferer, 2015; Solca, 2013). High-end luxury brands that can afford to deliberately price out consumers rely on their customers' loyalty and price insensitivity, one of the core aspects associated with strong brand equity (Keller, 1993; Aaker, 1996; Kapferer & Valette-Florence, 2021). It can be concluded that it is the limited accessibility that gives a brand or product the characteristic of exclusivity (Keller, 2009; Kapferer; Okonkwo, 2009). In this new omnichannel environment, luxury brands must seek to provide unique brand experiences that please existing customers while attracting new prospects at the same time (Klein et al., 2016). The main challenge lies in maintaining high perceived exclusivity while making the items more easily available to the masses. Next, this paper will review the current literature on the various approaches that luxury brands use to reach their important target groups.

3.1.1 Values that define luxury consumer culture

The sales and revenue of the luxury market are broadly correlated with the global economic situation, recently proven by the COVID-19 pandemic. However, there is a distinctive core of loyal customers, who feel a strong need to always improve their value of self (and social image) in the eyes of others by consuming luxury products (Kang & Park, 2016).

Conspicuous consumption is a part of their consumer identity journey, receiving satisfaction from others' responses to their luxury goods. These consumers are most likely to carry out luxury consumption despite any economic or physical barriers (Kang & Park, 2016), making them the ideal customers for all luxury brands. Empirical experiments have shown that there are two characteristics of luxury consumer values that hold true despite cultural differences: luxury products enhance status and the feeling of exclusivity (Kapferer & Valette-Florence, 2021). When noticed by others, luxury products create admiration and status for the consumer. Status maintenance is at the core of luxury brand communications (Kim et al., 2018). Consider, for example, Rolex's slogan "A Crown for Every Achievement", which directly implies that the brand wants to be associated with successful people (and/or that they should buy a Rolex when they achieve something significant in their life, *Crown = Rolex logo*). Rolex is known for being very careful at choosing brand ambassadors that truly reflect its values (Rolex website, 2021).

Luxury consumption has traditionally been the segment dominated by the middle-aged of the upper class, but recently the product market has expanded into different segments (Bain & Company, 2020; Deloitte, 2020). Today's luxury brands seek growth in targeting the ever-expanding clientele, it is not just the niche market for few that could afford these products anymore (Kapferer, 2015). Young consumers' luxury consumption has shown rapid growth worldwide (Bain & Company, 2020; Deloitte, 2020). This means that there is a new group of important consumers today: Millenials and Generation Z. These generations are projected to account for half of the global personal luxury sales by the year 2025 (Deloitte, 2020). Their values and preferences in consumption are somewhat different compared to the traditional core of luxury shoppers. They are considerably more aware of sustainability issues and consider the environmental impacts of their purchasing decisions. Younger generations have set higher expectations for luxury brands, favouring brands that align with their self-image and values (Amatulli et al., 2021). So, it comes as no surprise that luxury brands have been putting more weight on these issues lately (Deloitte, 2020). Many luxury brands have embraced sustainability values in their communications and have highlighted them as core pillars of their corporate strategy, industry leaders LVMH and Kering leading the way (Sun et al., 2021). This has important implications for designing digital branding strategies, as younger consumers are increasingly interested in these issues and are active online. Next, this paper will review the literature on emerging sustainability trends in the luxury market and the ongoing branding advancements.

3.1.2 Sustainability is a growing trend in luxury

Sustainability issues affect all industries today, and the luxury product market is not immune to these changes in consumers' values. Some luxury brands have faced backlash for disposing of their last season's products instead of selling them for a lower price, attempting to maintain high brand equity. These reports have plagued the sector recently, and many luxury brands have understood that they must change their attitudes (Athwal et al., 2019). In this new era of luxury consumption, consumers search not only for uniqueness, but also for authenticity and quality (Danziger, 2021, as referred by Eastman et al., 2021). Sustainable luxury helps to create lasting relationships with younger, more conscious consumers. Purchasing consciously manufactured luxury items allows consumers to express their preferred identities (Kang & Park, 2016; Eastman et al., 2021). This is an especially useful tool in creating strong brand-self congruity, which has proven effects on brand equity and associations. A recent empirical study by Amatulli et al., (2021) suggests that luxury managers can gain a clear competitive advantage from underlining sustainability aspects in their communications, affecting the brands' perceived uniqueness dimensions positively and improving consumer willingness to buy. Thus, there is a clear opportunity here for luxury brands to differentiate themselves in the fashion sector. Luxury brands often emphasize quality in their offerings, making the transition to more sustainable fashion easier (Joy, 2013). Luxury brands offer products that can be passed down for generations if serviced accordingly (for example, a Rolex watch or luggage trunks by Louis Vuitton). Luxury products can be viewed as being more sustainable than their cheaper alternatives simply due to their extended lifecycle through reselling and reuse by consumers (Sun et al., 2021). Luxury brands can gain a clear competitive advantage by emphasizing product durability in their communications, serving as an effective strategy to align sustainability dimensions to their identities. Sustainable durability is achieved by providing extended functional benefits, as well as stylistic benefits, resulting in timeless products (Sun et al., 2021). This is the brand essence of luxury, the fit between unique luxury experience and sustainability is perfect in this sense.

One clear example of sustainability branding in luxury is Prada's Re-Nylon line of clothing and apparel, using recycled materials to produce their ready-to-wear items. A vital component of Prada's heritage and a hallmark of its approach to contemporary fashion, nylon is an emblem of the brand identity (Prada Group, 2021). They have succeeded in maintaining their identity and perceived quality, while adding the sustainability dimension to their

offerings. They communicate their sustainability values in all channels, online and offline (Picture 1). Prada is the only Italian luxury brand that has grown more than the average in its reference sector in 2021, marking a + 20% compared to the previous year (Interbrand, 2021).
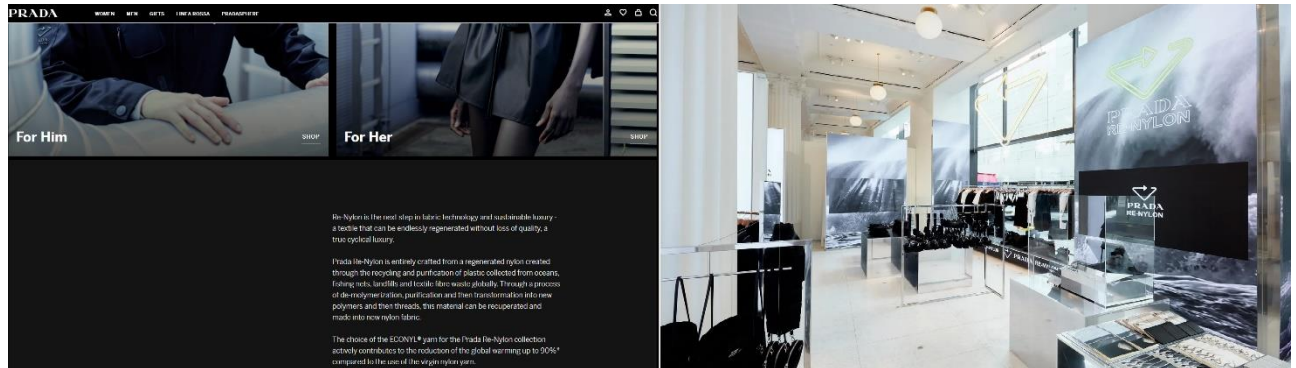
Picture 1: Prada's Re-Nylon story and products displayed in online (prada.com) and offline channels (Selfridges, 2020)

Personal luxury brands have clear advantages to be gained from communicating sustainability clearly in all channels, online and offline. Succeeding in this transformation leads to a better brand image, increased customer equity (Amatulli et al., 2021), and possibly even a reduction of manufacturing costs. In the next sections, this thesis will discuss the different retail channels of luxury brands, as well as practical examples of creating satisfactory luxury experiences for consumers in these outlets.

3.2 The customer experience goals of different luxury retail channels

According to reviewed literature, offline experiences are still an indispensable part of the luxury brand experience (Klaus, 2020). Directly operated stores have an important role in creating consumer relationships, as they build and enhance favourable associations for the brand with exceptional store experiences (Dion and Arnould, 2011, Joy et al., 2014). The line between online and offline experiences has been blurred, and actual purchase channels can be chosen more by convenience than actual preference (Klaus, 2020). No single channel can satisfy all aspects of the luxury experience on its own anymore, seamless integration of different touchpoints in the consumer journey experience is necessary (Bartra & Keller, 2016). To understand the new, digitized environment of luxury experience, it is vital to understand the history and the importance of their in-store experiences first.

3.2.1 In-store retail is the core of the luxury brand experience

Luxury retail stores are designed in a way that immerses customers into the dreamy world of the brand, while store aesthetics and consumers' brand quality perceptions play a powerful role in this process (Joy et al., 2014). These unique experiences affect luxury brand associations positively and contribute to the loyalty dimension of brand equity. The atmosphere of a luxury store usually imitates a high-class private residence, signalling brand status and exclusivity (Debenedetti, 2021), reinforcing the luxury brand identity's core values to consumers. The story (or the myth) of the brand is told to the consumers in these stores through "sales ritual, video, proximity to the ateliers, or images provided in display cases, window displays, and catalogues, anchor luxury in the myth of the founder's aesthetic vision and their lineage, as well as in the world of art, and thereby evoke both singularity and magic" (Dion & Arnould, 2011: pp. 514). Flagship stores suggest similarity between the brand's offerings and prestigious works of art by displaying them side-by-side, creating an aura of non-commercial artworks around their items (Dion & Arnould, 2011). The aim of this carefully crafted theatre is to create adoration in the eyes of the customer, creating strong ties that last a lifetime. These ideas fit right into the current understanding of luxury retail and the customer-oriented setting.

Luxury shoppers want to immerse themselves in the brand story through all their senses, joining in to celebrate their legacy. The delightful luxury shopping experience includes "extraordinary service, unique multi-sensory emotional stimulation conforming to the brand, and a feeling of personal importance and assurance" (Kauppinen-Räisänen et al, 2020: pp.1). Social dynamics are an important part of offline luxury retailing encounters. Store managers intimidate consumers to determine if they are legitimate visitors or not by using social and physical cues (Dion & Borraz, 2017). These power cues can be seen in luxury stores where a doorman is always present at the entrance. The customers that feel like a legitimate part of the brand's world are the important core of luxury consumers (Pareto's 20%). These tactics are deeply rooted in the traditional ideas of luxurious exclusivity, but luxury brands could benefit from making their stores more welcoming for new clientele (Debenedetti, 2021). Millennials appreciate inviting and inclusive shopping experiences (Deloitte, 2020), and luxury brands seek new solutions to cater to their needs.

3.2.2 Pop-up stores are the more friendly entry point for new customers

Pop-ups are especially valuable in the democratization of luxury sector because they offer a more approachable access to these brand worlds. Pop-up stores offer friendly, and up-to-date interactive environments (Lassus & Freire, 2014). These stores can be seen as displaying the extended identity (Aaker & Joachimsthaler, 2000) of the luxury brand, as they implement additional aspects to the luxury brands' exclusive identity in the form of informality and friendliness. They have successfully developed these new behavioural patterns and sales techniques targeted at younger customers (Lassus & Freire, 2014). The main goal of pop-up stores is to create special brand experiences while increasing positive WOM within existing and new target groups simultaneously (Klein et al., 2016). Pop-up stores can be seen as events from the marketing communication viewpoint, their launches are usually reported by various media and online blogs (Lassus & Freire, 2014). Pop-up stores are one of the more recent examples of integrating offline and online touchpoints for luxury brands, as the brand experiences are communicated in both channels extensively. The stores usually feature built-in online capabilities, such as detailed brand and product information by reading QR-codes.

As proven by previous marketing literature, positive experiences lead to increased customer equity (Leone et al., 2006; Keller, 2009; Keller & Lehmann, 2006). The hedonic nature of pop-up shopping and its unique atmosphere stand to create valuable WOM while cultivating strong experiences that enhance the brand image for all visitors (Klein et al., 2016). Pop-ups play a part in enhancing the story of the luxury brand, through its special one-off nature (Dion & Arnould, 2011). They contribute to the consumer attraction towards the brand world by creating unique shopping atmospheres with a lower cost compared to normal brick-and-mortars. Pop-up stores can serve as a tool to complement traditional luxury brand retail, attracting loyal customers from different demographics (Klein et al., 2016). Pop-ups allow less experienced consumers to proceed with luxury initiation rite in a less frightening manner, starting the journey of becoming loyal customers of luxury brands (Lassus & Freire, 2014). Successful pop-up store events help create brand resonance by offering a special way of experiencing the luxury brand world for new target groups. In addition to the one-off atmosphere, pop-up stores can offer value for more established luxury consumers by displaying limited edition items and special in-store customization options.

3.2.3 Online luxury retailing experiences are increasingly important

Luxury brands strive to create exceptional web store experiences for the consumers today (Okonkwo, 2010, pp. 112). Brand websites must be designed to embody the brand vision, representing rich accounts of history and heritage to resonate with consumers (Keller, 2009). Luxury brands can utilize web atmospherics in their web store design, with the goal of transferring a unique atmosphere through virtual space (Okonkwo, 2010, pp.119-120). This atmosphere can be created by replicating visual experiences from their offline stores and transforming them into the online environment. Luxury brands are expected to provide thoughtful brand and product information in addition to functionality (Kim & Kim, 2020) while signalling their exclusivity and craftsmanship by pure design elements. As noted in the introduction, the consumer interest of online purchases in the luxury sector saw an unprecedented rise in 2020 (Bain & Company, 2020). This change in consumer preferences supports the notion of democratization in luxury consumption, as online shopping is available to all despite their status or location. Online shopping provides consumers with easier access to product and brand information and a chance to buy exclusive products without the pressures associated with visiting a physical store (Fazeli et al., 2020). Research on online luxury purchasing is still at an early stage compared to in-store retail, as only a handful of studies focus on the unique experiences that luxury brand web stores can provide to shoppers (Liu et al., 2013).

The crucial factors for the in-store luxury consumers revolve around the special shopping experience and immersing themselves in the world of the brand (Kauppinen-Räisänen et al., 2020, Dion & Arnould, 2011). The importance of service quality for luxury brands online is as crucial to their strategy as it is in the offline context, considering that the overall consumer experience would suffer from any disintegration. The defining elements for a pleasant luxury online shopping experience are "convenience, price, product availability, online shopping attitude, and online trust" (Liu et al., 2013, pp. 895). E-commerce has a crucial role in the consumer decision journey as its elements influence many stages, being especially important in the consideration phase (Klaus, 2020; Deloitte, 2020; Bartra and Keller, 2016).

A recent study by Kim & Kim (2020) underlined the alarming gap between offline and online consumer experiences of luxury fashion brands. Surprisingly, online luxury shoppers seem to be prioritizing utilitarian aspects over hedonic attributes currently (Kim & Kim, 2020).

These consumer priorities could be explained by the lacking browsing and transaction dimensions of luxury online retail now; they appear to fulfil only rudimentary requirements in most cases. Kim and Kim (2020) suggest that luxury brands should focus on three aspects to increase consumer satisfaction in their web stores: transaction capabilities, company trust, and product presentation. These improvements are relatively easy to accomplish and should be the focal points in developing luxury websites further, as they have a noticeable effect on the overall consumer experience.

In-store luxury shoppers find great delight and value by inspecting products themselves before final purchase decision, feeling the quality and uniqueness of the items physically (Okonkwo, 2009; Ranfagni & Runfola, 2020; Liu et al., 2013). In their study, Beuckels & Hudders (2016) presented a group of respondents with a pair of luxury shoes with the possibility to inspect the product by zooming in, use 360° technology to look at the details and adapt the colours, then comparing the results with another group that was presented a non-interactive version. The group that had used interactive functions "perceived higher values of quality, hedonism, uniqueness, and the extended self" (Beuckels & Hudders, 2016, pp. 141). These are some of the core dimensions of the general understanding of luxury experience, providing important managerial implications that are useful in crafting online shopping experiences that result in increased brand equity. Customers demand more from luxury online shopping experiences and luxury companies that lag in development will suffer in terms of consumers' attitudes towards their services, negatively affecting their brand equity. Only time will tell if consumers return to physical stores in large numbers like before the pandemic, but it seems like the change in consumer preferences is permanent (Klaus & Manthiou, 2020). Therefore, luxury brand managers should focus on creating seamless brand experiences between the online and offline worlds that they build in the future. In the next section, this thesis will highlight ways of creating memorable experiences for luxury brand consumers, as well as practical examples for online luxury world-building and communication strategies, creating enhanced and lasting brand equity.

4. Creating memorable luxury brand experiences online

Now that this thesis has introduced the most important drivers for luxury brand equity and the emerging trends of luxury consumption in different channels, it is time to focus more on the customer experiences online. This section details how these outlets can be used to build lasting brand equity, discussing them from both theoretical and practical perspectives. Luxury marketing has become increasingly complex, being associated not only with exclusivity and status, but also with attempting to sell unforgettable experiences (Atwal & Williams, 2009; Keller, 2009). The following chapters will introduce the drivers of positive luxury experiences online and apply itself on the question of these activities as an instrumental part of modern brand equity building. This section uses the theoretical framework of the customer decision journey with different touchpoints, first introduced by Bartra and Keller (2016). For an excellent consumer experience, marketing literature suggests that the consumer decision-making journey should be impeccable. Batra and Keller (2016) suggest that consumers go through many different stages, each stage reflects how consumers encounter the brand. In terms of awareness, luxury fashion brands have no problems, as they invest heavily in brand communication campaigns. Through brand communication campaigns and strong experiences in physical stores, consumers not only have high awareness levels, but they are emotionally locked-in with the brand (Atwal & Williams, 2009).

Once consumers move down the customer journey (Batra and Keller, 2016), they are nudged into different stages. When consumers enter digital channels to search for their preferred garments encountered in various channels, the disintegration of physical and online dimensions of luxury brands is seemingly noticeable and might affect the brand experience negatively (Kim & Kim, 2020). The consideration phase is argued to be crucial in the literature addressing consumer experience (Lemon & Verhoef, 2016). What we know from this line of literature is that the better the functionality of the webpages, the better the experience and the smoother the consideration part for luxury consumers (Kim & Kim, 2020; Klaus & Manthinou, 2020). Website performance and functionality have the potential to affect brand resonance and equity through engaging communication and information sharing (Keller, 2009). One of the main challenges of the luxury brands online is replicating the fully sensual experience that consumers expect from the physical stores and events (Okonkwo, 2009; Ranfagni & Runfola, 2020; Liu et al., 2013). These sensations usually include touching, smelling, and seeing the products up close. Some brands have found solutions to

address these needs online by offering advanced technology to inspect their products online (Beuckels & Hudders, 2016). The awareness and consideration parts are crucial in determining luxury brand strength, as they lead to purchases and ultimately, customer loyalty. The framework below is an adaptation of research on integrated marketing communications, modified to fit into the luxury brand equity dimensions recognized in this paper.
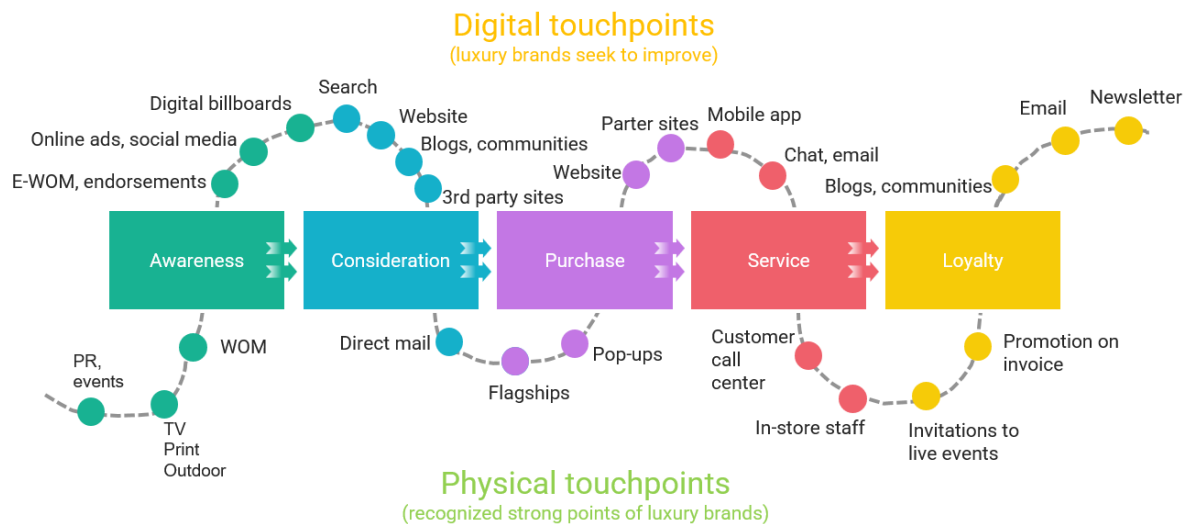

Figure 2. Adapted from Bartra and Keller's (2016) Customer decision journey, modified for luxury brands

This literature review has pointed out the gap between luxury brand experience online and offline (Kim & Kim, 2020; Klaus & Manthinou, 2020). As mentioned, most luxury brands are doing well in their physical touchpoints and lacking in their online actions. The next chapters aim to offer solutions for luxury brand managers in their journey to a seamless omnichannel experience by integrating their sales and communications in digital channels accordingly. First, current trends and advancements in digitalization of luxury brands are examined. Second, different social media marketing actions effects on consumer journey and brand equity are addressed. Third, the importance of online communities and their effect on consumer loyalty and consideration are discussed. In the end, luxury brands' activities in different digital touchpoints are compiled into a table (see Table 1, page 26), which provides managerial implications that are useful in enhancing customer experiences online, leading to the improvement of the recognized luxury brand equity dimensions.

4.1 Ways of evoking positive emotions towards the brand online

Luxury brands' unique value characteristics affect the way brand equity is created and marketing strategies are conducted in the digital environment. The integration of luxury branding within the internet is not an easy task, and it requires intricate strategies to work out (Okonkwo, 2009). Customers' emerging needs for online experiences have been answered partly due to the COVID pandemic, as it has forced even the more reluctant luxury brands to adopt online retail (Klaus & Manthiou, 2020). For example, Prada did not have a corporate website until 2007, pointing out earlier attitudes towards integrating internet technology in the luxury sector. Prada reported a 24% drop in total revenue while their online business grew by 200% in the year 2020 (World footwear, 2021), highlighting the change of customer (and company) attitude towards luxury online experiences. Retaining the perceived exclusivity dimension of luxury brands is especially difficult online, as the internet is available to the masses (Okonkwo, 2009). Overexposure to the brand is a risk to consider, it is challenging to maintain a perception of limited supply when most products are always available online.

Brand information and brand knowledge for younger consumers are mainly received from digital platforms (Keller, 2003). There are clear geographical differences in the online strategies of the top luxury brands, as their online presence is noticeably stronger in developed markets. In emerging markets, the orientation towards the integration of online and offline channels is usually lacking compared to their Western counterparts (Ranfagni & Runfola, 2020). Luxury brands' expansion to developing markets is still at an early stage and the possible technological limitations of their consumer base might restrict the adoption of omnichannel communication. In addition, a study by Godey et al. (2016) implied that even though the social media marketing efforts of luxury brands currently are almost uniform across markets, consumer responses are reportedly positive despite the location. These are important managerial implications, as it suggests that luxury brand managers could use the same communication framework in all markets with only minor changes locally.

To succeed in creating an online luxury experience, it is most important for the brands to gain an understanding of the extent of the online world (Okonkwo, 2009). Today, the average consumer can effortlessly connect to thousands of people with shared interests through digital platforms. Instead of just receiving and interpreting messages, consumers have the power of deciding "brand's legitimacy, endorsing them (or not), spreading this endorsement (or criticism) and generating discussions about the brand while influencing millions around the

world" (Okonkwo, 2009, pp. 309). Diet Prada (username: diet_prada) on Instagram is a great example of this phenomenon, their page is focused on reviewing runway shows of luxury brands, as well as criticizing them for any wrongdoings without hesitation. The page 2.9 has million followers currently, most of them are avid luxury fashion consumers whose opinions have the power to affect brand equity and associations meaningfully.

The luxury industry has recognized that its future success depends on its relationship with emerging young and tech-savvy consumers (Deloitte, 2020). Therefore, digital content marketing has become a promising means to which luxury brands can spur desirability via generating and distributing appealing content online (Kim & Ko 2012). Xie & Lou's (2020) study identified three key variables that are special to digital content marketing of luxury brands: brand prestige, exclusivity, and customer intimacy. While most non-luxury brand communications revolve around promoting sales, luxury brands communicate for the purpose of creating dreams and strengthening images (Kapferer & Bastien, 2012). The goal of luxury content marketing is to create experiences that make intangible profits visible and reveal the brand's depth and substance to the consumers. As suggested by Keller (1993), strong brand image and awareness are connected to more favourable reactions to brand communications, resulting in enhanced brand equity.

4.2 Presence in social media directly from the luxury brands

Social media activities provide luxury companies an opportunity to educate consumers, provide special experiences, and can act as a tool to reduce prejudice towards a brand (Kim & Ko, 2012). Luxury brands' surge to social media platforms began in 2009, Gucci spearheading the change with their multicultural social network site "Guccieyeweb.com" that targeted the digital generation. Fast-forward to 2021, traditional luxury brands like Chanel, Louis Vuitton, Gucci, and Dior all have an audience size of more than 60 million followers each across different social media platforms (Statista, 2021).

Carefully crafted social media marketing (SSM) activities are integral for maintaining the long-term profitability of luxury brands. SMM activities stand out with their effectiveness in the marketing communications mix of luxury brands, strengthening brand-consumer relationships and inciting purchase intent (Kim & Ko, 2012). Different social media channels have different strengths, thus understanding which channels are most convenient for the chosen communication goals at the time is important. For example, Twitter is useful for

commenting on live events, while Facebook is a great platform for posting information and promotions (Kim & Ko, 2012), and Youtube seems to offer attributes of both in one package. Kim & Ko (2012) recognized five dimensions for satisfactory luxury brand SSM activities: entertainment, interaction, trendiness, customization, and WOM. Godey et al. (2016) continued research on these dimensions and found that entertainment, interaction, trendiness, customization, and word-of-mouth all contributed positively to brand equity. SMM activities have proven to firmly affect consumer responses, leading to increased loyalty for luxury brands (Kim & Ko, 2012; Godey et al., 2016). In addition, Godey et al's (2016) results suggested that SMM activities of pioneering luxury brands (Burberry, Dior, Gucci, Hermès, and Louis Vuitton) have all resulted in a significant increase in the two main dimensions of Keller's (1993) model of brand equity: brand awareness and brand image.

Recent findings by Xie & Lou (2020) demonstrate that consumers' perceived experiential value, unique value, social value, and functional value in social media content advertising are all positively related to brand exclusivity, which is then positively associated with brand loyalty. Offering customers branded content online that conveys affective and one-of-a-kind brand experiences can result to increased perceived brand exclusivity. Luxury brands can effectively increase their online presence by carefully targeted celebrity endorsements to grab the attention of the masses, including non-followers (Godey et al. 2016). These endorsements play a role in consumers' identity expression. In order to incorporate brands into their identity, brand and celebrity images posted online must be appealing and feel congruent to consumers (Song & Kim, 2020). These celebrity endorsements can reinforce brand messages and identity, providing authenticity and positive brand associations. Official brand pages on social media channels are useful in connecting with the broader audience, while fans and followers receive more personalized communication (Song & Kim, 2020).

Liu et al., (2021) investigated the impact of a luxury brand's social media marketing activities on customer engagement. They used "Big Data" that spanned a 60-month period on Twitter, analyzing tweets from the top 15 luxury brands, chosen by their follower count at the time. Their results imply that emphasizing entertainment, interaction, and trendiness dimensions of social media marketing, in fact, leads to more positive experiences and enhanced customer equity. These notions are concurrent with earlier results by Kim & Ko (2012) and Godey et al., (2016). Entertainment activities that provide engaging and fun content build interest in the brand, leading to more organic luxury brand-related content sharing with other consumers (Liu et al., 2021). To increase interaction, brands could offer various opportunities for the

fans to contribute their ideas in the form of contests or polls. The trendiness dimension can be maintained by keeping followers up to date on product launches, as well as live-streaming runway shows and photoshoots. For example, Louis Vuitton posts videos of their runway shows on Facebook, offering all fans of the brand a chance to enjoy these events digitally (Kapferer, 2012, referred by Godey et al., 2016). Many luxury brands have put in a lot of effort during the COVID pandemic to create these enhanced customer experiences online, and streaming runway shows has become more common.

Facebook allows luxury companies to communicate with consumers. Brand fan pages affect customer-brand relationships, social networking sites have the built-in ability to measure these effects as well (Jahn & Kunz, 2012). Fan pages are mainly brand-driven channels, differentiating them from traditional brand communities by design. Providing hedonic and informative content are the main drivers that contribute to brand fan page success (Kefi & Maar, 2020; Jahn & Kunz, 2012; Liu et al., 2021; Godey et al., 2016). Followers can engage in brand fan pages actively or passively, while hedonic and informative content contribute most to active participation. Both active and passive participation were proven to be important drivers in creating and maintaining a consumer-brand relationship (Kefi & Maar, 2020). Actively participating users obtain unique value from these forums, allowing consumers to express themselves online (Song & Kim, 2020). Brand likeability is strongly connected to engagement motivation, while hedonic motivations are also significant (van Heerden & Wiese, 2021). Highlighting hedonic aspects of luxury brand pages are found in almost all research on the subject, providing useful managerial implications. Even though all luxury fan page members may not be paying customers yet, the effect of customer lifetime value (CLV) should be considered in all touchpoints. Luxury companies can gain valuable online and offline word-of-mouth from these participants while cultivating important relationships for the future (van Heerden & Wiese, 2021). Luxury SSM activity researchers agree that these channels are especially effective in strengthening customer-brand relationships and providing valuable data by engaging with consumers (e.g. Kefi & Maar, 2020; Jahn & Kunz, 2012; Liu et al., 2021; Godey et al., 2016). Next, this thesis will discuss consumer-to-consumer luxury brand communities and the unique value they provide to the brands and consumers.

4.3 Consumer-to-consumer communities online and value co-creation

Luxury brand marketers seem to have noticed the underlying potential of consumer-driven brand communities in social media (Kim & Lee, 2019). In these platforms consumers can exchange ideas and evaluations of brands and their activities (Liu et al., 2021), resulting in unique experiences and positive effects on brand equity. Research on brand communities universally implies that the experiences that brand communities create lead to enhanced customer relationships (McAlexander et al., 2002; Muniz & O'Guinn, 2001; Laroche et al., 2012). An empirical study by Kim & Lee (2019) on luxury brand communities in social media took the concepts of integration and interactivity as their theoretical foundation in studying these communities. Integration is linked to the level of engagement in the community, which is enhanced by participating in community meetings/conversations (interactivity). Perceived interactivity showed positive outcomes for attitudes towards the luxury brand, as well as affecting loyalty and willingness to buy (Kim & Lee, 2019). Positive brand experiences and interactions in these social media communities improve the participants' brand loyalty. Luxury brands have a lot to gain from interacting with these special communities, sharing their unique values and experiences with these community members while engaging and contributing to the ongoing conversations.

Brand community researchers agree that one of the main functions of a brand community is to make customers loyal to the brand (McAlexander et al., 2002; Muniz & O'Guinn, 2001). Brand communities directly affect the most important components of brand equity of luxury brands: perceived quality, loyalty, awareness, and associations (Muniz & O'Guinn, 2001, pp. 427). Muniz & O'Guinn (2001, pp. 415) also note that "brand communities are most likely to form around brands with a strong image, a rich and lengthy history". The aforementioned characteristics hold true to most successful luxury brands, so it comes as no surprise that these brands have had online communities formed around them. Online channels also archive information by design, these communities represent an aggregation of collective expertise on individual brands (Laroche et al., 2012). Consumers can use their communities to search for rare brand information that might not be readily available anywhere else. Luxury consumers have a special interest in searching designer archives, actively widening their brand awareness. This helps luxury brands to distribute information in a form of earned publicity, without any extra communication cost.

Traditional communities and brand communities have many similarities, as both exhibit forms of shared consciousness, rituals, and sense of moral responsibility (Muniz & O'Guinn, 2001, McAlexander et al., 2002). A special trait about brand communities is that their members feel an important connection to the brand itself, while forming even stronger ties with other members in the community (Muniz & O'Guinn, 2001). They view the uncomprehending outsiders as ignorant, failing to understand the real value of the brand and the community. Brand community members (or fans) are known to perform certain rituals when meeting likeminded people. These rituals involve engaging in conversation with strangers due to their shared consumption preferences (Muniz & O'Guinn, 2001, McAlexander et al., 2002). A great example of this from luxury brand community members is complimenting others on their outfits that display certain designers, creating pleasant and memorable experiences around the consumption. Both online and offline exchanges of this type enhance brand relationships. These interactions function to validate members of the brand community and perpetuate shared consciousness, one of the traditional markers of a strong community (Muniz & O'Guinn, 2001).

The status members obtain from becoming an insider in these communities adds value to the consumption experience and results in more informed brand advocates. These consumers can serve as brand missionaries and voluntarily carry the brand messages outside the community, online and offline (McAlexander et al., 2002). McAlexander et al., (2002) took a perspective that customer experience is the source for meaningful brand communities. Conversations about consumption experiences can strengthen consumer-to-consumer relationships, enhancing appreciation for the brand (Muniz & O'Guinn, 2001; McAlexander et al., 2002). Shared consumption experiences can be created in the form of brand celebration events, such as invitational parties or live streaming on social media. Results of structural equation modeling by Laroche et al., (2012) concluded that online brand communities share the same benefits as their offline counterparts in a later study. Online communities proved to positively influence the shared consciousness, shared rituals, and sense of moral responsibility, validating previous brand community research by McAlexander et al. (2002), Muniz and O'Guinn (2001) in the context of social media. Community insiders and active brand ambassadors are crucial in the consideration phase of the customer journey, providing helpful tips and information about luxury brands and their products. They have the power to influence purchase decisions and affect the loyalty components of brand equity, before and after purchase actions.

4.4 Recommended actions for better overall luxury brand experience

One of the main objectives for this thesis was to recognize the weaknesses and strengths of the omnichannel luxury brand experience currently, while connecting them to brand equity theory. Luxury brands should aim to incorporate their online actions more closely to the overall brand experience, in order to facilitate consistency for the consumers (Kim & Kim, 2020). A summary of recommendations to improve luxury brand online consumer experience in different digital touchpoints (Bartra & Keller, 2016) are presented in Table 1 below. The underlined benefits are related to recognized brand equity dimensions such as increased brand awareness, associations, and loyalty.

Benefit(s)	Reference(s)	Example(s)
Improved web store experiences, smoother consideration phase	Kim & Kim, 2020; Beuckels & Hudders, 2016	Web store functionality, including appealing presentation, more payment options, information etc.
Increased awareness from social media	Kim & Ko, 2012; Godey et al., 2016; Song & Kim, 2020	Engaging online communications and advertising, congruent celebrity endorsements
Improved brand identity and strength	Kapferer & Bastien, 2012; Xie & Lou, 2020; Godey et al., 2016	Communication online through images of dreams and exclusivity, special events, streaming runway shows for everyone
Better consumer relationships and loyalty dimensions	Kim & Lee, 2019; McAlexander et al., 2002; Muniz & O'Guinn, 2001; Laroche et al., 2012	Sharing brand history, asking online community members to participate, creating polls and asking questions
Increased organic brand content sharing and positive WOM	van Heerden & Wiese, 2021; Liu et al., 2021; Kefi & Maar, 2020	Providing entertaining, hedonic content in online channels, creating viral content by researching consumer needs
Enhanced perceived value and increased customer equity	Amatulli et al., 2021; Kang & Park, 2016; Eastman et al., 2021	Prada's Re-Nylon; Emphasizing quality, heritage, and sustainability of luxury offerings

Table 1. Recommended actions for better online (and omnichannel) luxury experience

5. Discussion

This literature review discusses how the luxury brands unique offline experiences can be transferred to the digital environment successfully, resulting in enhanced brand equity and loyalty. Luxury brands' e-commerce and online value creation remain an understudied subject, even though digitalization is an increasingly important subject in the field of marketing (Quach & Thaichon, 2017). The review sought to answer the research question by detailing the most important luxury brand consumer experience touchpoints, as well as their current strengths and weaknesses in the brand experience altogether. The current research implies that online touchpoints have become an integral part of successful (luxury) brand consumer journey (e.g. Godey et al., 2016; Bartra & Keller, 2016), while showing that it is, in fact, possible to transfer these superior offline experiences to the digital form. The main drivers for better luxury brand experiences online are, based on the reviewed literature: added functionality and atmosphere to web stores (e.g. Kim & Kim, 2020; Beuckels & Hudders, 2016, Okonkwo, 2009), engaging and brand identity congruent social media advertising (Kim & Ko, 2012; Godey et al., 2016; Song & Kim, 2020), presenting unique events to a wider audience online (Kapferer & Bastien, 2012; Xie & Lou, 2020; Godey et al., 2016), interaction with online brand community members and active participation in brand celebration (Kim & Lee, 2019; McAlexander et al., 2002; Muniz & O'Guinn, 2001; Laroche et al., 2012) and signalling brand sustainability dimensions in communications (Amatulli et al., 2021; Kang & Park, 2016; Eastman et al., 2021). This literature review implies that these aforementioned online elements are linked to improved brand associations and awareness, as well as affecting consumer relationships and loyalty positively.

Theoretical implications of this research include a better understanding of luxury branding in the digital age. Today, luxury brand managers should not focus only on creating the best physical experiences, but they must consider all physical and virtual contacts of the brand simultaneously to maximize brand equity (Dion & Arnould, 2011). Successful integration of online and offline experiences is a great competitive advantage for any luxury brand, and the importance will only be heightened in the future as digitalization advances in great strides. Some luxury brands (for example, Prada and Louis Vuitton) have embraced e-commerce and succeeded in linking their offline and online experiences while reaching younger consumers more effectively. This can already be seen in their increased popularity and a noticeable rise in online sales during the COVID-pandemic (Interbrand, 2021; World Footwear, 2021).

5.1 Limitations and future research

This thesis manages to answer the main research question, but naturally, some limitations exist. The empirical studies used in this thesis were predominantly focused in one cultural setting (for example, focusing on Western countries), which can naturally affect the implications. Additionally, some of the articles study a specific brand (or a few leading brands in luxury) in a particular digital context like Facebook or Twitter. This leads to the question of whether the results can be generalized to involve all luxury brands and online experiences in general. Some literature analyzed in this thesis was not perhaps quite up to date, as social media and the digital environment are developing even faster than ever. Consumer expectations and attitudes might have changed in the process. The e-commerce and websites of luxury brands have evolved significantly, adding more functionality and smoother visuals, as well as creating online enhanced experiences through gamification and videos (For example, see Louis Vuitton website in 2021).

There are a few streams of research that seem interesting and applicable to the theories represented in this thesis. Future research could identify more effective online channels that affect building luxury brand equity. First, the emergence of second-hand shopping experiences of luxury items might influence their brand equity indirectly. Also, there is a growing resell market for new limited-run luxury goods, online and offline. How does reselling exclusive and limited-edition items affect the brand equity and the customer experience? Secondly, emerging digital trends in luxury, such as digitally purchased luxury items in games and NFT (non-fungible token) fashion items. Virtual fashion items have not been researched yet, at least to my knowledge. Finally, the differences in consumer attitudes towards luxury brands could be researched further by comparing physical runway event experiences and their online counterparts. It would be interesting to know how the chosen medium affects luxury brand equity and the consumer evaluation of the brands.

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