CREATING A SUPERIOR CUSTOMER EXPERIENCE IN ONLINE LUXURY STORES

A Literature Review
Abstract

To date, the luxury industry has been very cautious to fully take advantage of the cyber-space and shows low commitment to embracing the digital tools present online. In controversy, luxury customers are more and more interested in shopping in the online environment and are looking for an outstanding experience whilst visiting the luxury webstores. Thus, one intriguing question is whether luxury brands should sell their products online and whether the features that make these goods and the overall customer experience superior in the offline store can be replicated online.

Despite the doubts, e-retailing of luxury goods does not affect consumers’ perceptions of the uniqueness of the products and thus does not decrease the brand desirability. The creation of the superior customer experience is possible in the digital environment through the use of several techniques and tactics. This literature review discusses all the qualities needed in this creation process one at a time, going through every component of a conceptual model of customer experience introduced by Verhoef et al. (2009), which is used as a framework in the study.

Keywords  Online luxury stores, customer experience, online retailing
Table of Contents

1. Introduction

2. Customer experience on- and offline

3. Luxury brands in the online environment
   3.1 Luxury brands have been slow to engage in online retailing
   3.2 E-retailing of luxury goods does not have an impact on the perceptions of the exclusiveness of the brand

4. Creating a superior customer experience in online luxury stores
   4.1 Creating an exclusive web store atmosphere
      4.1.1 Web atmospheric cues can create an extraordinary atmosphere to the online store
      4.1.2 Luxemosphere tactics can lift the online customer experience to the maximum
   4.2 Composing a strategic assortment of online luxury stores
      4.2.1 The role of the website, the online luxury customer and the product assortment
      4.2.2 E-mass customization is a way to preserve the uniqueness of luxury goods
      4.2.3 Maintaining trust in online luxury stores
   4.3 Considering the price in online luxury stores
      4.3.1 Price display does not decrease the perception of the luxury brand’s exclusiveness
      4.3.2 Improving price expectations by cues like product descriptors
      4.3.3 The discount dilemma
   4.4 Improving the online service interface through e-service quality
   4.5 Enhancing the customer experience through social interaction
      4.5.1 Social presence on luxury web stores can lead to improved trust towards the brand
   4.6 Focusing on brand perceptions to improve customer experience
      4.6.1 Creating a brand experience in the online environment
      4.6.2 Corporate level brand experience has a limited effect on customer experience
   4.7 Providing a consistent customer experience in multiple channels
   4.8 The conceptual model of customer experience in online luxury stores

5. Conclusions

References

Appendices
1. Introduction

As e-commerce is currently the fastest growing sales channel (Bain & Company, 2014), online retailing continues to be an important research topic with all of its aspects. Since consumers are more and more interested in experiencing online shopping in an entertaining and interesting way (Bjorn-Andersen & Hansen, 2011), websites are constantly developing in order to be more appealing and functional for their customers (Diaz et al., 2016). Online stores are especially important within the luxury sector since they enable the communication of brand image and equity (Keller, 2009) as well as “serve as a gateway to the luxury brand’s online presence” (Shen et al., 2016).

Despite this, for some time there has been extensive discussions among both executives and researches, whether luxury brands should be sold online or not (Kluge & Fassnacht, 2015). Drawing on existing literature, some tend to fear that the Internet does not serve all the right qualifications prestige luxury brands would need, and thus that the luxurious value of these brands would diminish. Nevertheless, going online is inevitable today, and online strategies are strengthening the luxury brands instead of weakening them (Hennings et al., 2012).

According to Okonkwo (2010, pp.114), online luxury customers are looking for an outstanding experience which will appeal to their senses and blow their minds away while visiting the online luxury stores. In general, a superior customer experience can provide extensive value for companies and is a key objective of many brands as well as an interesting research area in today’s digital world (Verhoef et al., 2009). This applies especially to the luxury sector and thus one intriguing question is whether the features that make luxury products and the overall customer experience superior in the offline store can be replicated online (Shen et al., 2016). The purpose of this literature review is to examine this by composing a comprehensive and clear model on how to enhance the customer experience in an online, luxury setting, using a conceptual model introduced by Verhoef. et al (2009) as a framework. Thus, the primary research question is:

*How can luxury brands create a superior customer experience in their online luxury stores?*

Other research questions that support the main problem are:

*Should luxury companies sell their products online?*

*What is the definition and what are the components of customer experience?*
This thesis studies 26 academic journals and one book in order to understand customer experience in an online luxury context. The objective is to use the Verhoef. et al (2009) model as a framework, and re-compose it in a new, online-orientated setting. The method used is a qualitative analysis in order to combine all the previous research of online-retailing of luxury goods together. All the articles were gathered from the Finna database, and only the top-ranked, recent journals were chosen to fulfill the research.

The thesis proceeds as follows: First, the definition of customer experience and the conceptual model by Verhoef et al. (2009), which is used as a framework in the thesis, are introduced. Next, the thesis moves on to define fundamental characteristics of luxury brands and to discuss whether luxury goods should be sold online and what are the key concerns while doing so. Finally, according to Verhoef’s. et al. (2009) model’s determinants, the different ways on how to create the best possible customer experience in online luxury stores are introduced and discussed further.

2. Customer experience on- and offline

The concept of customer experience has recently become “one of the major buzzwords in marketing” (Lemon & Verhoef, 2016). Customer experience refers to the “internal and subjective response customers have to any direct or indirect contact with a company (Meyer & Schwager, 2007). It is a multidimensional concept which includes the customer’s emotional, cognitive sensorial, behavioral and social responses to a firm’s offering (Verhoef et al., 2009). The concept consists of functions like customer service, advertising, packaging, ease of use and product and service features – practically everything associated with the interaction between the brand and the customer (Meyer & Schwager, 2007).

Several companies declare that their most powerful asset whilst competing in the market is the extraordinary customer experienced provided for their clients (Verhoef et al., 2009). That is not a matter of surprise, since a unique customer experience can lead to notable economical revenues (Lemon & Verhoef, 2016), enhanced customer loyalty as well as word of mouth.
As the world changes due to the digital revolution (Okonkwo, 2010, pp.1), so does the concept of customer experience. The definitions of online customer experience vary, and there clearly remains some greenfield area in the examination of the concept (Lemon & Verhoef, 2016). Rose et al. (2012) define the online customer experience as “a psychological state, manifested as a subjective response to the e-retailers website”. In this definition, the focus clearly remains on the website of the brand. Trevinal and Stenger (2014) offer a different, more holistic approach calling the concept “an online shopping experience, which is a complex, holistic and subjective process resulting from interactions between consumers and the online environment.”

When it comes to luxury, creating a positive customer experience becomes critical. First of all, the luxury market is driven by experiences created in the consumption activity, and as the differentiation from competitors seems harder and harder to achieve, the innovative experience design will become a crucial part of the luxury brand marketing (Atwal & Williams, 2009). Furthermore, Okonkwo (2010, pp. 111) argues that the foundation of the online retailing of luxury goods is to create an extraordinary online experience for all consumers visiting the brand website. Keeping the focus on improving this experience is the most important objective all luxury brands should have.

The conceptual model capturing the determinants of customer experience by Verhoef et al. (2009) can be found from Appendix 1 and as a summary from Table 1. The model captures 7 different components which all affect the creation of a distinctive customer experience. In addition to this, the model takes into account the external factors that additionally relate to the experience. Those determinants are situation moderators like culture and location, consumer moderators like socio-demographics as well as the past experience the consumer has with the brand. This thesis is limited to researching only the 7 main components that directly affect the experience, leaving the external determinants out. The 7 main determinants of customer experience introduced by Verhoef et al. (2009), which are researched in this thesis, are the following:

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Atmosphere</td>
<td>The retail atmosphere is composed of design-related features as well as different sensory-affecting factors.</td>
</tr>
<tr>
<td>Assortment</td>
<td>Assortment can be captured as the selection of the retail products - it is crucial to define what are the products that are sold in the store: the variety, quality as well as the uniqueness of these goods.</td>
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</table>
Price is one of the traditional components of the marketing mix and remains as a significant force of decision making from the customer’s perspective. Promotions and loyalty programs are some key features of the price dimension.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
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<tbody>
<tr>
<td>Service interface</td>
<td>The dimension of service interface considers the technology present in the store like self-service technologies as well as service persons using the technology, in addition to customization possibilities.</td>
</tr>
<tr>
<td>Social environment</td>
<td>The social environment dimension focuses on the social aspects of customer experience. To begin with, the component includes social interaction including reference groups and service personnel, as well as virtual communities built by the brand or consumers.</td>
</tr>
<tr>
<td>Retail brand</td>
<td>One interesting aspect of the customer experience is the customers’ perceptions of the brand and how these perceptions and customer experience reinforce one another.</td>
</tr>
<tr>
<td>Customer experiences in alternative channels</td>
<td>The experiences customers get from all the retail channels the brand is present at affect naturally also the channel involved.</td>
</tr>
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</table>

3. Luxury brands in the online environment

The Cambridge online dictionary defines luxury as “something expensive that is pleasant to have but is not necessary”. Luxury brands are one of the finest examples of branding (Keller, 2009) and the concept has been even compared to a culture with its own identity (Diaz et al., 2016). Key characteristics often associated with the perception of luxury are quality and uniqueness (Beuckels & Hudders, 2016) as well as exclusivity and prestigiousness (Kapferer & Bastien, 2012; Okonkwo, 2009). Furthermore, scarcity and limiting the accessibility of the goods are one of the well-known features of luxury goods (Kluge & Fassnacht, 2015).

One of the key factors defining luxury brands’ success is their ability to create value for their customers – value that is superior compared to non-luxury brands (Vigneron & Johnson, 2004). Consumer value refers to “a consequence of consumers’ perceived benefits” (Yoo & Park, 2016) and
the key values luxury brands address include financial, functional, individual, social dimensions (Hennings et al., 2012).

The consumption of luxury goods often relates to hedonism and the individual’s need to express oneself through the product’s uniqueness and quality, distinguish oneself from others as well as represent oneself socially (Vigneron & Johnson, 2004.) Through the in-store design, customer service and overall atmosphere, the consumption of luxury goods provides the customer a superior experience, which is one of the key objectives all luxury brands should have (Okonkwo, 2010, pp. 112). Next, a more explicit look will be taken to study luxury brands in the online environment.

3.1 Luxury brands have been slow to engage in online retailing

To date, the luxury industry has been very cautious to fully take advantage of the cyber-space (Kluge & Fassnacht, 2015) and shows low commitment on embracing the digital tools present online (Okonkwo, 2009). The truth is, there are multiple challenges in the relationship between the luxury industry and the Internet as luxury has been “built on the foundation of certain principles that cannot be ignored or compromised” (Okonkwo, 2010, pp.13). Drawing on existing literature, the question of whether or not to sell luxury goods online has been an on-going debate among both executives and marketing scholars, and several academic publications have handled the controversies of the relationship between luxury and the Internet.

Firstly, luxury brands provide their customers with additional value compared to non-luxury brands (Vigneron & Johnson, 2004), but this can be hard to communicate and present in the online environment, since brand differentiation from competitors through store display, personal selling and service is much more difficult on the brand’s web store than in traditional stores (Okonkwo, 2010, pp. 14). Furthermore, luxury goods are sensory in nature, and selling them involves many human senses like touch and smell which are however regarded incompatible with the Internet (Kapferer and Bastien, 2012).

Secondly, luxury goods manufacturers often constrain the accessibility of their products through selective distribution and limited production (Kluge & Fassnacht, 2015) which has been seen as an important way to preserve the perceptions of their exclusivity and quality (Keller, 2009). As the Internet is often regarded as a mass-medium available even for a large audience (Okonkwo, 2009),
luxury brands fear they will become too accessible and lose their unique and exclusive brand image due to the online sales. (Bjorn-Andersen & Hansen, 2011). This phenomenon has been referred as “the internet dilemma”, which describes the “apparent mismatch between a luxury brand’s concept of exclusiveness and the mass medium Internet” (Kapferer & Bastien, 2012).

Finally, taking the consumers’ perspective, buying luxury online can also be related to financial risks and the possibility of purchasing counterfeits (Hennings et al., 2012), since due to some misconceptions, the Internet has been a victim of possessing these qualities (Okonkwo, 2009).

3.2 E-retailing of luxury goods does not have an impact on the perceptions of the exclusiveness of the brand

Regardless of the possible challenges luxury brands might face online, the manufacturers of the goods should not shy away from all the opportunities the digital world can offer them (Kluge & Fassnacht, 2015). The lift in online browsing, as well as digital sales within the luxury industry, is forcing these brands to embrace the online environment (Diaz et al., 2016).

Being only present is not enough – luxury brands should not only communicate but also sell their products online as the Internet can be seen as a complementary channel for offline retailing (Okonkwo, 2010, pp. 216). The participation to e-retailing is not diminishing the luxury brand value, but strengthening it (Hennings et al., 2012), and luxury brands can be successfully positioned also on the web (Okonkwo, 2009). Furthermore, selling luxury goods online does not have an impact on the consumers’ perceptions about the uniqueness of the goods and thus does not decrease the brand desirability (Kluge & Fassnacht, 2015). For this reason, the question is no longer whether to sell luxury online, but in turn, how to sell them there. (Beuckels & Hudders, 2016). Through the use of a right, integrated digital strategy, the Internet can offer luxury brands multiple benefits and opportunities (Diaz et al, 2016).

Firstly, a website can offer luxury brands a chance to differentiate themselves from competitors as well as enhance brand identity (Kim et al., 2013). Secondly, using the net as a distribution channel can help the brands to increase their revenues in terms of conquering new markets and new customers with a higher share of margin and lower costs (Chevalier and Gutsatz, 2012 see Kluge & Fassnacht, 2015).
Finally, if luxury managers manage to replicate the exclusive customer experience that is present offline also to the digital world, the internet can be a solution to decreased sales (Hyensoo et al., 2015). Digital technologies are evolving continuously and provide luxury brands with tools to create a persuasive website to attract their consumers, making their online customer experience superior. (Diaz et al., 2016).

There are many e-business strategies that can help the luxury industry to fully take advantage of the internet without compromising luxury’s key qualities (Okonkwo, 2009). The tools and tactics of how to create the superior online customer experience on a luxury brand website are studied in the following sections, where all the traditional components of the Verhoef et al. (2009) conceptual model are discussed in a new, online context.

4. Creating a superior customer experience in online luxury stores

According to Okonkwo (2010, pp. 112), one of the only missions luxury brands should have online is the creation of the best possible web experience for their customers. The main focus should be headed to the brand website, which represents the heart of a luxury brand’s digital presence (Keller, 2009). The experience the brand websites should provide should be something that appeals to consumers’ senses, enhances their mood and manages to overwhelm them comprehensively (Fassnacht et al., 2013; Hennings et al., 2012; Okonkwo, 2010).

Several luxury brands have already discovered the potential of the web and utilize it to create exclusive customer experiences (Hyensoo et al., 2015), whereas others still lack the knowledge on how to build a successful e-retailing strategy (Hennings et al., 2012; Okonkwo, 2009). To the writer’s notice, the academical literature lacks a composition of a conceptual, comprehensive framework of the online customer experience of luxury brands, which what so ever, would be beneficial for brand managers. The next section discusses one at a time all the determinants of the Verhoef et al. (2009) model of customer experience in the context of online retailing of luxury goods.
4.1 Creating an exclusive web store atmosphere

The first determinant of the Verhoef et al. (2009) model is atmosphere. This component builds up from features like store design, scents, temperature and music. In the digital environment, factors like website design and sensory-appealing tactics stand out while examining the existing literature.

Hedonism, prestige and exclusiveness are qualities that often embody luxury brands (Kapferer and Bastien, 2012; Vigneron and Johnson, 2004), and those features are often enhanced in physical stores through store design, assembly and especially via the general atmosphere. The in-store atmosphere often appeals to human senses like touch, smell, feel and visuals, which are considered essential in selling luxury goods (Okonkwo, 2009). Thus, one key question is how the superior offline atmosphere can be transferred to the digital world. There are several tactics like webatmospherics and luxemosphere, that help the creation of a luxurious atmosphere also in the online environment. These characteristics are discussed further in the following sections.

4.1.1 Web atmospheric cues can create an extraordinary atmosphere to the online luxury store

Creating an attractive and extraordinary store environment is one of the ways luxury brands can distinguish themselves from mass-produced fashion brand stores not only offline but also in the digital environment (Hyensoo et al., 2015). Luxury brands are expected to arise the feeling of uniqueness and exclusivity (Keller, 2009), and those features need to be reflected in the design of their websites. (Diaz et al., 2016). One way to create an extraordinary online store environment is through web atmospherics - the strategy of creating a unique atmosphere to the virtual space (Okonkwo, 2010, pp.119-120). Web atmospherics includes all the information cues used to create an online store atmosphere which can include the design of the web page, descriptions of products as well as icons, colors and music, to begin with (Eroglu et al., 2003).

The quality of web atmospherics affects significantly the success of online retailing (Eroglu et al., 2003) and has an effect on consumers’ response to the site, including their revisit intentions, purchase intention and attitudes towards the brand (Hyensoo et al., 2015). Two main types of web atmospheric cues have been conceptualized: high task-relevant cues and low-task relevant cues (Eroglu et al., 2003).
Table 2. Web atmospheric cues (Adapted from Hyensoo et al. (2015)).

<table>
<thead>
<tr>
<th>High task-relevant cues</th>
<th>Low task-relevant cues</th>
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<tbody>
<tr>
<td>related to consumer’s shopping goals</td>
<td>make the completion of the shopping task more pleasant</td>
</tr>
<tr>
<td>Site descriptors</td>
<td>Website design &amp; entertainment elements that affect the overall vision of a website, like persuasiveness and the design of the home page</td>
</tr>
<tr>
<td>amount, accuracy and form of the information</td>
<td></td>
</tr>
<tr>
<td>Convenience</td>
<td>Interactivity</td>
</tr>
<tr>
<td>efficient browsing and transaction process</td>
<td>social interaction and two-way communication</td>
</tr>
</tbody>
</table>

High task-relevant cues are related to consumer’s shopping goals and comprise all verbal or pictorial site descriptors, such as product descriptions and information about delivery (Hyensoo et al., 2015). All luxury brands should provide customers with adequate product and brand information through all channels (Keller, 2009), in addition to pure design elements. Some product descriptions have the ability of re-positioning the luxury brand in the eyes of the customer and thus advance the decision-making process (Bhaduri & Standforth, 2016). The quality of the descriptors is measured by the amount, accuracy and form of the information (Hyensoo et al., 2015).

Furthermore, the user experience of the website has to be pleasant - another high task-relevant cue on luxury websites is convenience, which refers to the atmospheric cues that reduce consumer time and effort, such as an efficient payment and return policy (Hyensoo et al., 2015). Today’s luxury client is convenience-driven and values the efficiency of the transaction process (Liu et al., 2013; Okonkwo, 2010, pp.266-267) which makes this dimension especially crucial. What is more, convenience is considered an important attribute of the e-service quality of luxury goods (Kim & Kim, 2018).

Low task-relevant cues, in turn, include qualities like website design, entertainment, interactivity and other features that make the completion of the shopping task more pleasant (Hyensoo et al., 2015). Both entertainment and website design have also been recognized as important dimensions of the e-service quality of luxury goods (Kim & Kim, 2018). Interactivity plays an important role too since luxury consumers desire for a website that involves both two-way communication and social interaction (Bjorn-Andersen & Hansen, 2011) and expect to find the same level of engagement from the websites that is present on social media (Okonkwo, 2010, pp. 220).
Website design is arguably the most important part of low task-relevant cues since a design of the site is a crucial factor defining the success of e-retailing and a critical determinant of online store differentiation (Türk et al., 2012). Website design includes all the elements that affect the overall vision of a website, such as color, image, layout and fonts (Okonkwo, 2010, pp.124-129), and key concerns within this cue relate to the persuasiveness of the website and the design of the luxury home page.

Diaz et al. (2016) argue that luxury brands ought to include the concept of persuasiveness to the design of their websites in order to attract consumers and to arise perceptions of the brand’s uniqueness. Consumers often make decisions based on their first impressions (Kim and Fesenmaier, 2008) and thus the persuasiveness of a luxury brand website is a crucial determinant of this impulsive decision-making process (Diaz et al., 2016). Six components – usability, informativeness, credibility, involvement, visual design and reciprocity can be used to add the persuasiveness of the site (Kim & Fesenmaier, 2008).

The second important factor of the design dimension is the design of the home page, which is an indispensable part of a website (Keller, 2009). According to an empirical study performed by Kluge et al. (2013), the design of luxury home pages differs from conventional ones in four ways: luxury brands tend to use a horizontal navigation bar, a larger full-screen space as well as darker background colors in addition to a remarkable reduction of different components on the site. Okonkwo (2010, pp.128) states for her part that a luxury home page ought to have a high visual impact as well as information about the newest developments in the brand’s world. Applying these qualities to the design of the home page leads to higher perceptions of conspicuousness and uniqueness of the brand as well as attracts the attention of luxury customers and motivates them to shop online (Kluge et al., 2013; Okonkwo, 2010, pp.128).

Hyensoo et al. (2015) emphasize that the most powerful web atmospheric effect can be pursued when both low and high task-relevant atmospherics are working seamlessly together. In other words, the customer experience should involve information which is communicated in an efficient, interactive way in the convenient webpage that provides an aesthetic experience through pleasant website design.
4.1.2 Luxemosphere tactics can lift the online customer experience to the maximum

In addition to web atmospherics, another atmospheric tactic has been conceptualized, involving particularly the luxury sector. Luxemosphere is “the prestige atmosphere that every luxury brand’s website aims to attain both online and offline.”, coined by Luxe Corp’s analysts (Okonkwo, 2010, pp.121). The objective of luxemosphere is to build a magnificent universe online by transforming the unique and exclusive characteristics the brand uses offline also to the virtual environment. (Okonkwo, 2010, pp.121).

Luxemosphere is a strategy for sensory communications, which is important for luxury goods as they are considered sensory in nature (Keller, 2009). The key notion of luxemosphere is to use sensory technics like visual animations, audio elements as well as methods that enhance the feeling of movement, that all apply to the human senses, elicit emotions and stimulate the mood (Okonkwo, 2010, pp. 121). In accordance with Okonkwo, Hennings et. al (2012) argue that a multi-sensory experience can be transmitted to the online environment by using visual tools, music, videos, 3D product presentations and interactive media. The combination of these elements can lead the consumer to immerse in a splendid, unique virtual universe which can result in an improved brand image as well as memory recall (Okonkwo, 2010, pp.123).

Okonkwo (2010, pp. 124-146) states that the concept of luxemosphere includes five elements that should be applied to the website – visuals, sound, flavor, scent and touch. Visual elements luxury brands can utilize include different high-resolute images and the use of different colors, graphics and shapes as well as the overall design and the display of the website (Kluge et al., 2013). The investment on the visual side of the webpage is critical since sight is one of the most important senses that can interest the consumers towards the brand and capture their attention (Kim & Kim, 2018). Sound elements like music, songs and speech are also an important part of the shopping experience due to their ability to create a special ambiance and increase the emotional bond towards the brand (Okonkwo, 2010, pp.130). Working together, visuals and sound are capable of creating a magnificent virtual brand experience (Cleff et al., 2018). In addition to visuals and audio, also flavor and scent can be applied to a webpage by means of describing words, images and videos (Okonkwo, 2010, pp. 129-137). These kinds of message cues can have a crucial impact on the customer’s perception of the brand (Bhaduri & Stanforth, 2016).
Touch, the final one of the human senses, plays also an important role in creating the superior web store atmosphere, luxemosphere. The integration of some specific elements can lead to the sense of touch on a website (Okonkwo, 2010, pp. 137). Although the goods online cannot be physically touched, there is the possibility to arise the sense of touch through the use of motion and interactivity (Beuckels & Hudders, 2016; Okonkwo, 2010, pp.137). Image interactivity refers to “website features that enable the creation and manipulation of product images to simulate or surpass actual experience” (Fiore & Jin, 2005). In other words, this refers to the use of zoom-in functions, color swapping, interactive flash, 3D and other innovative technologies which help to present the product as it was in the offline environment (Beuckels & Hudders, 2016; Okonkwo, 2010, pp.141). Furthermore, image interactivity leads to the feeling of telepresence which can be captured as the feeling of being there with the physical product, not via the Internet (Fiore & Jin, 2005).

Image interactivity technologies can help luxury brands to preserve their unique characters in the online environment. The way a product is presented affects consumer expenditure on the brand (Kim & Kim, 2018). What is more, an interface using image interactivity can help to stimulate more positive emotional responses in a customer and simultaneously decrease the response to negative feelings (Overmars & Poels, 2015). Furthermore, the results of a study conducted by Beuckels & Hudders (2016) indicate that image interactivity leads to higher perceptions of quality, exclusivity, extended self as well as hedonism among luxury goods consumers due to a higher perceived telepresence.

### 4.2 Composing a strategic assortment of online luxury stores

The second determinant of Verhoef et al. (2009) model is assortment, which includes features like variety, uniqueness and the quality of the products. Drawing on existing literature, customization options, identifying what products to sell online and enhancing the trustworthiness of the brand are matters that are arguably crucial in enhancing the online customer experience of luxury goods through assortment. Furthermore, another notable observation is that online luxury customers might express different purchase behavior and value different qualities in products than the ones shopping in brick-and-mortar stores (Liu et al., 2013).
4.2.1 The role of the website, the online luxury customer and the product assortment

Identifying the role of the web page is an intriguing issue for luxury brand companies. The selection process should follow the e-strategy of the brand – from time to time the website might function as the main distribution channel whereas sometimes it only acts as a window to the brand and its offering (Okonkwo, 2010, pp.225). Furthermore, Baker et al. (2018) state that deciding the purpose of the website – whether it is for selling or only branding – is one of the key strategic decisions luxury brand managers have to take.

A key notion while planning the assortment of an online store is that the revolution of the Internet has not only changed the retailing business, but also customer preferences (Maheshkar, 2017). According to Okonkwo (2010, pp.262), the online luxury customer does not differ from the offline one in a significant way, but the online clientele might embody different characteristics on account of the specificities of the Internet. These customers are international and convenience-driven – which is also why convenience is an important attribute of the e-service quality of luxury goods (Kim & Kim, 2018). In controversy, Liu et al. (2013) make a wider distinction in this comparison and argue that the online luxury customer is driven by different motivational factors than the offline one. According to them, these clients are more price-conscious and value both the range of product variety and product availability.

Building on these findings, the assortment of the online luxury stores should be designed to suit the needs of the clientele – the product selection should be available for everyone, conveniently displayed and extensive enough. Product variety refers to “the depth or breadth of product assortment” (Simonson, 1999 see Maheshkar, 2017) and can indeed improve the overall customer satisfaction and loyalty (Terblanche & Boshoff, 2006). Furthermore, the open access both to the e-store and to the product selection is important and does not dilute the customer’s perception of the brand’s exclusiveness, which has sometimes been the fear of luxury brand managers (Okonkwo, 2010, pp.228). Another notable observation is that besides the customer preferences, the online strategy of the luxury brands should always be dependable of the product characteristics: sales volumes, product complexity as well as the question of technical or symbolic luxury are features that all need a unique strategy of their own (Baker et al., 2018).
4.2.2 E-mass customization is a way to preserve the uniqueness of luxury goods

One worthwhile consideration while planning the assortment strategy is that the online luxury client is demanding of personal attention and expects highly personalized experiences with brands, both online and offline (Okonkwo, 2010, pp.175). As the Internet is often regarded as a mass-medium available even for a large audience, offering a personalized experience and simultaneously keeping the perception of the brand’s uniqueness can be difficult (Bjorn-Andersen & Hansen, 2011). One solution to the so-called “internet dilemma” (Kapferer & Bastien, 2012) could be the mass customization of products, which can help to personalized the relationships between the luxury brands and the consumers (Bjorn-Andersen & Hansen, 2011). Mass customization is the strategy of providing individually tailored services or products to clients - letting the customer recreate the product as pleased through attaching personal initials and colors to a product, for instance (Yoo & Park, 2016).

The mass customization of luxury goods can offer multiple benefits for both the retailer and the client. According to Okonkwo (2010, pp.176), product customization and personalization should be included in the online shopping experience of luxury goods since it is a cost-effective way to strengthen the relationship between brand and its customers. In addition to this, the customization programs can offer the customer additional value and benefits which include functional benefit, a pride of authorship, the process benefit of self-design and perceived uniqueness (Yoo & Park, 2016). As customization “lies at heart of luxury” (Kapferer & Bastien, 2012), providing an individualized and customized offering can create a premium, luxurious interaction that consumers desire (Kim & Kim, 2018). Hence, the e-customization tools can be used to improve sales and enhance customer loyalty and brand affiliation (Okonkwo, 2010, pp.176).

4.2.3 Maintaining trust in online luxury stores

In contrast to the clientele in the digital environment, the clients who prefer shopping in traditional luxury stores are more aware of the risks present on the online environment (Liu et al., 2013). Maintaining trust is a key objective of e-commerce, especially within the luxury sector since these brands are still struggling with issues like counterfeits (Maheshkar, 2017). For some time, the Internet has been stigmatized to be a marketplace for these counterfeits as well as discounted products, which has affected some customers’ perceptions of the trustworthiness of luxury goods (Okonkwo, 2009).
Nevertheless, maintaining trust can, as a matter of fact, be a way to position the luxury brand over the others – providing a secure, trustworthy online experience is an exceptional service that other brands might not serve (Baker et al., 2018). Moreover, focusing on improving the level of reliability on a website could be a way to target new clients or guide offline customers to purchase also online (Liu et al., 2013). Ways to improve the authenticity of the products include adding company information to the website as well as providing features like terms of use, privacy policy and security certifications (Kim & Kim, 2018).

4.3 Considering the price in online luxury stores

Price, which is the third determinant of the Verhoef et al. (2009) model, has always had a significant role in the marketing of luxury goods since a high price is often related to the perception of the product’s quality, exclusiveness and uniqueness (Aiello et al., 2018). Matters such as loyalty programs and promotions stand out while examining the existing literature of this dimension. In the digital context, particularly the online price display and the dilemmas with discounts seem to have a special impact on the luxurious customer experience. According to Aiello et al. (2018), the digital revolution has had an impact on how companies set prices and how customers respond to them. For instance, on online stores the price of the luxury good is valued as a more critical component than while buying it offline (Maheshkar, 2017), which makes the topic worth examining further on.

4.3.1 Price display does not decrease the perception of the luxury brand’s exclusiveness

According to Aiello et al. (2018), the price is an essential component of luxury web stores due to the high level of clarity that characterizes these stores, whereas physical shops tend to be more crowded which makes the prices of the goods seem less visible. In other words, retailers don’t have a place to hide their prices in on the online environment.

Price display has generally been considered as a bad practice within the luxury industry (Parguel et al., 2016). However, a study conducted by Kluge & Fassnacht (2015) shows that making luxury goods accessible online and displaying their prices there does not affect the consumer’s perception of the brand’s scarcity and thus does not decrease brand desirability, which often has been the concern of luxury brand managers. Parguel et al. (2016) build up to the claim by arguing that price display may
actually have a positive influence on the customer’s perception of luxury, more specifically on perceived conspicuousness and exclusivity of the brand, which might shift to loyalty and desirability in turn.

4.3.2 Improving price expectations by cues like product descriptors

“Expected price” refers to the manner of customers evaluating the product price according to contextual variables or cues like the store atmosphere and product descriptions as well as their previous experiences with the brand, like a past-paid price (Kalwani et al., 1990). These cues and variables can help the customer to position the brand better and thus advance decision-making (Bhaduri & Stanforth, 2016). Furthermore, the cues are particularly important for luxury brands in the online environment where the product attributes can be difficult to understand since a cue can act as an indicator of product quality and value (Teas and Agarwal, 2000). The impact the message cue has on the expected price is particularly significant among customers who are highly knowledgeable and involved within the brand sector (Bhaduri & Stanforth, 2016).

Cues can include qualities such as brand name, country of origin, packaging and retail environment, to begin with (Teas & Agarwal, 2000). Cues that help the decision-making particularly in the digital world, which lacks traditional components like the possibility to feel and touch, include product descriptions, because a way in which a product is described can have a crucial effect on the prices consumers expect to pay (Bhaduri & Stanforth, 2016). These descriptors can be verbal or pictorial and the quality of them is measured by the amount, accuracy and form of the information (Hyensoo et al., 2015). For instance, the message cues like “handcrafted”; “emerging designer”, “curator” and “artisan made” are descriptors that have proven to yield in increased expected prices within the luxury sector (Bhaduri & Stanforth, 2016).

4.3.3 The discount dilemma

In the early days of the web, one of the misconceptions of the Internet was the perception of it being a marketplace for price-discounted products only (Kluge & Fassnacht, 2015). Nevertheless, that is still the perception of not only some companies, but also customers. This fights against the core characteristics of luxury brands, that traditionally possess few markdowns and discounts (Keller, 2009).
Following the rise of the digital revolution, the issue of price discounting has however been an ongoing debate within the luxury industry as well (Okonkwo, 2010, pp.249). Nevertheless, the discounting-issue should be addressed carefully: According to Yang et al. (2016), the negative impact the discounted products might have on brand image is particularly strong within the luxury brand sector. The damage the price-reductions can have on the brand image applies especially to customers with high NFS, need for status.

Thus, the ideal objective of luxury brands would be to avoid clearances (Okonkwo, 2010, pp.251). Sometimes the discounting is, however, a necessity in order to clear inventories or to respond to consumer needs - luxury customers tend to compare prices and search for discounts while shopping online (Liu et al., 2013) and the price itself is usually a strong motivator for customer to purchase from online shops (Maheshkar, 2017). In these situations, the discounting should follow discreetness in order to preserve the dream and the exclusiveness of the luxury brand, for instance by presenting the sales in a way that blends with the rest of the webpage (Okonkwo, 2010, pp.226). Furthermore, Yang et al. (2015) argue that one way to avoid the negative impact of the clearance could be to target the special offers exclusively to customers with a low need for status whilst focusing on maintaining relationships with the most exclusive customers with high NFS.

4.4 Improving the online service interface through e-service quality

Service interface is the fourth determinant of the Verhoef et al. (2009) model. Whilst going through existing literature regarding this dimension, matters such as technology-based delivery systems, service quality, co-creation and service persons stand out.

Luxury brands need to recognize the strategic value of creating superior customer experiences through service interactions on their websites (Kang & Lee, 2018). Thus, websites are constantly evolving to be functionally more persuasive due to the dynamic new technologies present there (Diaz et al., 2016). According to Okonkwo (2010, pp. 226), building a website that highly engages the customers requires the implementation of web-elements and e-tools both in the front-office interface as well as in the back-office sector.
In the digital environment, a concept that highly determines the success of the service interface is the e-service quality along with its dimensions. Service quality is a key determinant of the success of managing both traditional and online stores and has a crucial impact on achieving objectives like trust, satisfaction and loyalty among customers (Türk. et al., 2012). As the superior service quality in offline stores is a competitive asset of luxury brands, it is crucial to ensure the adequate service quality also in the digital environment (Kim & Kim, 2018). According to Türk et al. (2012), a high-class e-service quality is a key success factor for luxury brands.

One way to define the concept of e-service quality is by describing it as “the ability to deliver e-services continuously with sustainably superior quality over a long period that customers require, perceive and appreciate, and the ability to manage and maintain their satisfaction and loyalty to retain them as customers.” (Stamenkov & Dika, 2015). From the consumers’ perspective, e-service quality covers the quality of the service customers receive across online channels (Blut et al., 2015). The dimensions of e-service quality have been an on-going debate within the academic literature (Blut et al., 2015). Nevertheless, Kim & Kim (2018) identify 7 key dimensions that affect the customer experience through service quality specifically within the luxury industry:

Table 3. Conceptualization of E-service quality for luxury brands (Adapted from Kim & Kim (2018)).

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Browsing dimension</td>
<td>The browsing dimension relates to the functionality of the website - it includes attributes which ease the browsing and navigation on the site, helping the consumer find information and desired products as conveniently as possible (Kim &amp; Kim, 2018). Convenience refers to the atmospheric cues that reduce consumer time and effort and is one of the high task-relevant cues of web atmospherics (Hyensoo et al., 2015). Okonkwo (2010, pp.161-169) introduces the concept of competence for her part, which is also linked to the functionality of a website. Competence builds up from the efficiency of different website elements as well as navigation, speed, security and efficient software.</td>
</tr>
<tr>
<td>Transaction dimension</td>
<td>The transaction dimension is critical in finalizing the purchase decision. It includes all the attributes that contribute to making the purchase reliable, simple and safe – including shipping and handling information, packaging information, alternative order methods as well as other attributes that enable simply and secure transactions (Kim &amp; Kim, 2018).</td>
</tr>
</tbody>
</table>
According to Keller (2009), all brands should provide sufficient information for their customers in order to build trust.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company and trust dimension</td>
<td>The company and trust dimension enhance the creation of a positive and trustworthy relationship with the customer since providing company information decreases consumers’ perceived risks (Kim &amp; Kim, 2018). Thus, maintaining trust is a key objective of e-commerce (Maheshkar, 2017) and could be a way to target new clients or guide the offline customers to purchase also online (Liu et al., 2013). Trust attributes include factors like terms of use, privacy policy and security certifications (Kim &amp; Kim, 2018).</td>
</tr>
<tr>
<td>Personalization dimension</td>
<td>The personalization dimension relates to personal service and is associated with giving customers personalized attention and considering their specific needs (Kim &amp; Kim, 2018). The internet serves one of the best possible opportunities to provide the luxury customer with highly personalized services and the integration of some e-customization tools can lead to improved sales as well as brand loyalty and affiliation. (Okonkwo, 2010, pp.175-80, pp. 226). The dimension includes attributes like personalized marketing, return and exchange policy as well as order status tracking. Further on, more distinctive services include interactive shopping aids, gift wrapping services as well as customization options (Kim &amp; Kim, 2018). According to Kang &amp; Lee (2016), offering customers customization possibilities is one of the key aspects of service interface design.</td>
</tr>
<tr>
<td>Product presentation dimension</td>
<td>The way a product is presented affects consumer expenditure on the brand and is thus an important component of the e-service quality (Kim &amp; Kim, 2018). This dimension includes attributes that enhance product presentation such as written descriptions, visual product presentation as well as more advanced implementations like 3D rotation and video presentation. One way to present the product online in a way that elicits emotions is through image interactivity, which enhances the sense of touch in a consumer (Beuckels &amp; Hudders, 2016).</td>
</tr>
<tr>
<td>Website design dimension</td>
<td>The website design dimension covers the aesthetic features of the online store. Elements such as fonts, color schemes, graphics and background</td>
</tr>
</tbody>
</table>
music, which were described further in chapter 4.1, have proven to have a positive impact on shopping pleasure, satisfaction as well as purchase intentions of customers (Okonkwo, 2010, pp.124-134). Website design is one of the low task-relevant cues of web atmospherics (Hyensoo et al., 2015) and it is a crucial factor in defining the success of e-retailing (Türk et al., 2012).

| Entertainment dimension | The entertainment dimension is related to the hedonic features of the website that aim to enhance positive brand impressions (Kim & Kim, 2018). The luxury market is highly driven by hedonic consumption (Kim et al., 2013), and for some luxury customers, the reasoning for online shopping is the enjoyment and happiness it provides (Liu et al., 2013). A retailer blog, style trend info, as well as social networks, are attributes that affect the entertainment dimension of the e-service quality (Kim & Kim, 2018). |

Luxury consumers expect superior service while shopping online (Okonkwo, 2010, pp. 226), and heading the focus on these dimensions would improve the e-service quality of luxury brands on a significant level (Kim & Kim, 2018). Nevertheless, against customers’ high expectations, unfortunately, the majority of the luxury brands still underperform in providing efficient e-service quality for their customers (Kim & Kim, 2018). This would, however, be a crucial factor in enhancing the online customer experience through the service interface component.

4.5 Enhancing the customer experience through social interaction

Customer experience is highly influenced by the social interaction and environment, the fifth determinant of the Verhoef et al. (2009) model. Whilst the majority of academic literature has focused on studying the relationship between the customer and the salesperson, this fifth determinant shows that also the interactions between customers can have a crucial impact on the service experience. These interactions, as well as the perceived social presence of a website, are arguably the major concerns in creating the luxurious online customer experience through social interaction.
Luxury brand customers no longer establish their perceptions about a brand merely based on the features found from the brand’s website—instead, the information is searched on a 360° basis where customers discuss, obtain and share knowledge on brands online before making a purchase decision (Hennings et al., 2012). Furthermore, the importance of the opinions of fellow customers is becoming more and more important among luxury brand consumers (Okonkwo, 2010, pp.220. The opinions and information between customers are usually shared via brand communities, which are an important asset in influencing and understanding consumers (Kim & Lee, 2017. What is more, brand communities can serve as a tool for value co-creation as well as help to build profound relationships with customers (Quach & Thaichon, 2017).

Although the maintenance of online brand communities and other social platforms is crucial for luxury brands, the focus on the brand’s own website and its social aspects is equally important, since the websites serve as a gateway to the brand’s online presence (Shen et al., 2016). Luxury consumers desire for a website that involves both two-way communication and social interaction (Bjorn-Andersen & Hansen, 2011) and expect to find the same level of engagement from the websites that is present on social media (Okonkwo, 2009, pp. 220).

4.5.1 Social presence on luxury web stores can lead to improved trust towards the brand

Social commerce is the act of combining commercial and social activities on a website by the use of social technologies (Lu et al., 2016). The social technologies aim to make the purchase experience more social in nature as well as to increase the degree of social presence on the site (Lu et al., 2016), which refers to the “perception of personal, sociable, sensitive human elements of a website” (Gefen et Straub, 2003).

According to Burke (2002), especially fashion-related products which are considered as a more of a symbolic luxury, will benefit from a socially-rich website containing tools that improve the interactivity between the brand and the consumer. In accordance with Burke, also Hassanein & Head (2005) emphasize that the level of social presence is more of an important asset when it comes to hedonic shopping motives. Furthermore, Ogonowski et al. (2014) stress the importance of social presence in purchase situations that involve a great need for trust. Based on these studies, social presence is arguably particularly an important asset for luxury brands, since hedonic and symbolic
consumption behavior which requires trust towards the seller is regarded as a key quality of luxury consumption (Kim et al., 2013).

Social presence is composed of three dimensions: social presence of the web, perception of others and social presence of interaction with sellers (Lu et al., 2016). The first dimension, social presence of the web, may be defined as the sense of human warmth and sociability present on a website (Hassanein et Head, 2005). The use of socially rich descriptions and pictures, as well as personalized greetings and human and audio video, are qualities that increase the level of social presence on this dimension (Baker et al., 2018; Hassanein & Head, 2005).

The second dimension, perception of others, refers to the awareness of other buyers (Lu et al., 2016). As customers rely more and more on the opinions of fellow consumers while purchasing online, this dimension is a critical determinant of their purchase behavior (Okonkwo, 2010, pp.220). The perception of other buyers can be enhanced through a few applications: social proof like the option of “customers who bought this also bought”, a recommendation or a review system as well as “share” and “like” -buttons (Lu et al., 2016).

The final dimension, social presence of interaction with sellers, is formed through technologies that enable the communication between the customer and the brand (Lu et al., 2016). If luxury brands manage to replicate the sales associate interaction present offline also to the online environment, the online customer experience is improved on a significant level (Baker et al., 2018). This can be applied for example through face-to-face video chats or live customer support via messaging (Ogonowski et al., 2014). Another way to improve this co-presence is through avatars, also known as virtual customer service agents, who enable the creation of classical service elements to the web, which can lead to improved customer satisfaction and produce hedonic and social value (Kim et al., 2013).

Social presence has become one of the most important design objectives for online social interactions (Hassanein and Head, 2005) since a perception of social presence on a website can lead to higher level of arousal and pleasure in customers (Kang & Lee, 2016) as well as improve trust towards the seller (Lu et al., 2016). The higher the level of social presence is, the better the website succeeds in addressing the needs of its customers (Gefen & Straub., 2003).
4.6 Focusing on brand perceptions to improve customer experience

In order to fully comprehend all the dimensions of the Verhoef et al. (2009) framework, the relationship between the customer’s perception of a brand and the customer experience should be considered since according to this model, the customer’s brand perceptions can have a profound effect on their overall customer experience. Thus, the fifth component of the Verhoef et al. (2009) model is the consumer’s perception of a brand. Some key questions regarding this dimension are for example how customers’ initial perceptions of the brand affect customer experience and how these two reinforce one another over time.

The brand dimension primarily studies the interaction between the retail brand and the customer experience, but according to Verhoef et al. (2009), the thoughts can be broadened to concern also the manufacturer brand. In this thesis, only the relationship between the manufacturer brand and the customer experience is examined since the objective is to study the creation of the magnificent customer experience merely on the brands’ own web stores.

4.6.1 Creating a brand experience in the online environment

A strong brand can offer a company such value that cannot be imitated by competitors (Theng So et al., 2013). A brand experience refers to the “subjective, internal consumer responses (sensations, feelings, and cognition) and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications and environments” (Brakus et al., 2009). Briefly, according to this definition, the brand experience can be captured as actual feelings, cognitions, sensations as well as behavioral responses towards the brand. Focusing on the brand and the brand experience is particularly important within the luxury sector since it allows luxury companies to interact with their clients on an emotional level (Brakus et al., 2009). Furthermore, brand prominence, which indicates the conspicuousness of a brand logo, has a profound impact on the luxury consumption since displaying the brand name to others is important for luxury customers (Thwaites & Ferguson, 2012).

Moving further on to the digital world, the online brand experience can be captured as the “individual’s internal subjective response to the contact with an online brand” (Morgan-Thomas & Veloutsou, 2013). Understanding the creation process of a superior online brand experience is crucial.
since when positive, it can improve brand loyalty as well as strengthen the customer’s brand relationship, both on- and offline (Cleff et al., 2018). In the digital world, the luxury brand website is the source that presents the brand and creates the brand experience (Shen et al., 2016). The online brand experience can be improved through the use of visual, audible or community-based features (Cleff et al., 2018), such as logos, graphics, multi-media, color, shape, news and layout (Shen et al., 2016).

Furthermore, the brand experience on the brand’s web store can be stimulated through web aesthetics, which refers to the use of various elements to enhance the impression of the beauty of the website (Shen et al., 2016). The construct has two dimensions – aesthetic formality which covers the order, simplicity and legibility of the website, and aesthetic appeal, which refers to the overall impressiveness of a website, related to its hedonic quality (Schenkman & Jonsson, 2000). In accordance with Schenkman & Jonsson (2000), also Cleff et al. (2018) recognize similar dimensions of the brand experience: website functionality and construct of flow, which refers to the flow of the web experience.

Aesthetic appeal and flow seem to be a more important dimensions than the aesthetic formality and functionality in highlighting the brand value particularly within the luxury sector, which indicates that luxury brands should focus on creating websites that are impressive, inspiring and fascinating in order to reflect their brand and create a luxurious brand experience (Shen et al., 2016). In addition to affecting the overall customer experience, web aesthetics and thus the brand experience can improve service quality as well as the overall satisfaction of online consumers (Wang et al., 2010). In accordance with Wang et al. (2010), also Liu et al. (2013) recognize aesthetic appeal as an influential driver of the purchase behavior.

4.6.2 Corporate level brand experience has a limited effect on customer experience

The previously covered literature has focused on understanding the perception of the brand experience itself. Hamzah et al. (2014) however extend the brand experience concept to the corporate level, studying the construct of corporate brand experience in the digital world.

Corporate brand experience is an important component of managing the corporate brand (Hamzah et al., 2014) and can be fitted to involve the brand dimension of the Verhoef et al. (2009) model of customer experience. A strong corporate brand can bring the company competitive advantage and
values that are hard to replicate (Theng So et al., 2013). To begin with, factors like visual identity, functionality and emotional aspects can improve the corporate brand experience in an online context (Hamzah et al., 2014).

Theng So et al. (2013) study, in turn, the effect of corporate branding on emotional attachment and brand loyalty specifically within the luxury sector. The results indicate that corporate branding has an impact on brand loyalty and emotions, although the effect is limited. Nevertheless, it is important for managers to maintain positive perceptions of their corporate brand in the eyes of customers (Hamzah et al., 2014). However, due to the limited effect, retaining the focus on creating the brand experience itself might be more beneficial than focusing on the corporate level while improving the luxurious online customer experience through brand perceptions.

4.7 Providing a consistent customer experience in multiple channels

Luxury brand websites are a gateway to the brand’s online presence (Shen et al., 2016) and “serve as one of the main marketing communication channels for brand image and equity” (Keller, 2009). Hence, this thesis has so far concentrated on creating the superior customer experience in particularly online stores. Even so, although the websites seem to be the heart of the brand in the digital world, one important concern is the integration of customer experience to all the channels the brand is present at (Verhoef et al., 2009).

The final determinant of the Verhoef et al. (2009) model is customer experiences in alternative channels. The main foundation of this dimensions is that it is crucial to study the dynamics of customer experience since usually the customer experience is driven by not one, but multiple retail channels as well as several interactions within one channel.

According to Okonkwo (2010, pp.228-229), one of the key challenges today’s luxury brands face is the integration of their main retail channels – online and offline. Online-offline channel integration (OI) refers to the act of transforming access and information about an offline channel into an online channel (Herhausen et al., 2015). All the functions present in the retailing process like service, data collection, after sales as well as targets and forecasts should be integrated between these two channels (Okonkwo, 2010 pp.228-229). Online-offline channel integration has proven to enhance perceived
service quality, improve the overall online store experience and most importantly, create competitive advantage for the retailers (Kim & Kim, 2018). In practice, the integration can be executed by providing information from store assortment availability or a store locator to the web store (Herhausen et al., 2015).

Moving further on, MCI, known as multichannel integration, is defined as “the management of diverse channels so as to offer shoppers a seamless experience across all of the firm’s channels” (Chatterjee, 2010). Multichannel integration consists of two dimensions retailers can leverage: first of all, reciprocity, which is defined as the possibility of crossing channels while shopping, and secondly, coordination, which is the harmonization of the online and offline offerings (Frasquet & Miquel, 2017). MCI has proven to have a positive impact on customer loyalty, as well as improving the competitive advantage of the company through online and offline synergies (Melero et al., 2016; Frasquet & Miquel, 2017). Nonetheless, the focus of marketing practitioners and managers has recently moved from multichannel to omni-channel retailing, which offers a more seamless experience for customers in multiple channels (Verhoef et al., 2015).

According to Verhoef et al. (2015), omni-channel management refers to “the synergetic management of the numerous available channels and customer touchpoints, in such way that the customer experience across channels and the performance over channels is optimized.”

In comparison with multichannel retailing, omni-channel retailing involves more channels, includes customer touchpoints and blurs the borders between the channels. Omni-channel retailing can be seen as a solution for customers longing for a seamless experience across each of the multiple channels they use in the purchasing process (Melero et al., 2016; Kim & Kim, 2018). For instance, they might want to experience and feel the product in the traditional environment and afterward purchase it online (Baker et al., 2018). Omni-channel retailing can be exploited by focusing on offering customers a personalized experience and unifying touchpoints across all channels, utilizing data integration and mobile technology as well as integrating all channels to create synergies between them (Melero et al., 2016).

Luxury brands have for some time been struggling with providing a consistent brand experience in both multi- and omni-channel retailing, although this would be essential for them (Kim & Kim, 2018). According to Tynan et al. (2014), luxury brands should maintain consistent communications with their customers both on- and offline to enhance the superior customer experience. A customer might use several different channels to get information from a product before finalizing the purchase.
decision and expects all these channels to offer a consistent and personalized experience (Okonkwo, 2010 pp.228-229). Thus, luxury brands should embrace this opportunity by the exploit of omni-channel retailing, creating channels that complement their existing, superior experience provided in their offline stores (Kim & Kim, 2018). This inevitably requires the creation of an online luxury store, which reflects the exclusive in-store experience in the digital world.

4.8 The conceptual model of customer experience in online luxury stores

The objective of this thesis has been to compose a comprehensive and clear model on how to enhance the customer experience in an online, luxury setting, using a conceptual model introduced by Verhoef et al (2009) as a framework. The summarized results can be found from Table 4.

Table 4. The conceptual model of customer experience in online luxury stores.

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Keywords</th>
<th>How the determinant improves the online luxury customer experience</th>
<th>Overview of literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atmosphere</td>
<td>Web atmospherics, Website design, luxemisphere &amp; image interactivity</td>
<td>Web atmospherics is the strategy of creating a unique atmosphere in the virtual environment. It includes the use of high- and low-relevant cues, of which one is the design of the website. An appealing webpage design is a crucial determinant of the success of creating the superior customer experience. Brand managers should add the concept of persuasiveness to their website, in addition to focusing on the home page of the site, which should be designed in a luxurious way. Luxemusphere can be defined as the prestige atmosphere every luxury brand website aims to pursue both online and offline. It is a strategy for sensory communications, including five elements that should be applied on the site – visuals, sound, flavor, scent and touch. Touch is an important element and can be enhanced through the use of image interactivity, which can create a feeling as if the product was in the “real environment”.</td>
<td>Beuckels &amp; Hudders (2016), Bhaduri &amp; Stanforth (2016), Cleff et al. (2018), Díaz et al. (2016), Hennings et al. (2012), Hyensoo et al. (2015), Kim &amp; Kim (2018), Kluge et al. (2013), Okonkwo (2010), Overmars &amp; Poels (2015), Türk et al. (2012)</td>
</tr>
<tr>
<td>Assortment</td>
<td>E-strategy,</td>
<td>The selection process on what and for whom the products should be sold should follow the e-strategy of the brand.</td>
<td>Baker et al. (2018),</td>
</tr>
</tbody>
</table>
**E-customers, mass customization**

Mass customization is the strategy of providing individually tailored services or products to clients, that offer the luxury customers a personalized experience and can help to improve loyalty.

<table>
<thead>
<tr>
<th>Price</th>
<th>Price display, Product descriptors, discount dilemma</th>
</tr>
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<tbody>
<tr>
<td>Making luxury goods accessible online and displaying their prices there does not affect the consumer’s perception of the brand’s scarcity and thus does not decrease brand desirability. In controversy, it may actually have a positive influence on the customer’s perception of luxury.</td>
<td></td>
</tr>
<tr>
<td>A way in which a product is described can have a crucial effect on the prices consumers expect to pay. The message cues like “handcrafted”; “emerging designer”, “curator” and “artisan made” are descriptors that have proven to yield in increased expected prices.</td>
<td></td>
</tr>
<tr>
<td>The ideal objective of luxury brands would be to avoid sales and discounting. When it’s a necessity, the discounting should be however executed discreetly, for example by presenting the sales in a way that blends with the rest of the website.</td>
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<tr>
<th>Service interface</th>
<th>E-service quality</th>
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<tbody>
<tr>
<td>A high-class e-service quality has an impact on the success of luxury brands. 7 key dimensions that affect the E-service quality of luxury goods are browsing, transaction, company and trust, personalization, product presentation, website design and entertainment dimensions. Heading the focus on these dimensions improve the e-service quality of luxury brands on a significant level.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Social environment</th>
<th>Online brand communities, Social presence</th>
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<tbody>
<tr>
<td>The importance of the opinions of fellow customers is becoming more and more important among luxury brand consumers and the information is searched on a 360 ° basis where customers discuss, obtain and share knowledge on brands for example on virtual brand communities, before making a purchase decision.</td>
<td></td>
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</table>


Baker et al. (2018), Hassanein & Head (2005),
Social presence refers to the perception of personal, sociable, sensitive human elements of a website and is composed of three dimensions: social presence of the web, perception of others and social presence of interaction with sellers. Examples on how to attain social presence on a website include the use of socially rich descriptions and pictures, human audio and video, personalized greetings, review systems as well as face-to-face video chats or live customer support via messaging.

| Retail brand | Consumers’ perceptions of the brand affect the customer experience. Online brand experience captures the “individual’s internal subjective response to the contact with an online brand”. The creation of the online brand experience is possible using different elements through visual, audible or community-based features as well as by applying the concept of web aesthetics on the website. The construct has two dimensions – aesthetic formality which covers the order, simplicity and legibility of the website, and aesthetic appeal, which refers to the overall impressiveness of a website, related to its hedonic quality. In addition to affecting the overall customer experience, the web aesthetics and thus the brand experience can improve service quality as well as the overall satisfaction of online consumers

| Corporate brand experience is an important component of managing the corporate brand and has an effect on brand loyalty and emotions, although the impact is limited.

| Alternative channels | Customer experience is driven by multiple different channels the customer interacts in.

| OI-channel integration, multichannel integration, omni-channel integration | Online-offline channel integration (OI) refers to the act of transforming access and information about an offline channel into an online channel. In practice, this can be executed by providing information about store assortment availability or a store locator to the web store, which can create competitive advantage.

| Multichannel integration is defined as the management of diverse channel in order to offer shoppers a seamless experience across all of the firm’s channels. It has two dimensions: reciprocity which is defined as the

possibility of crossing channels while shopping, and secondly, coordination.

In comparison with multichannel retailing, omni-channel retailing involves more channels, includes customer touchpoints and blurs the borders between the channels and can be seen as an answer to customers longing for a seamless experience across all the multiple channels they use in the purchasing process. Integrating retailing channels through multichannel as well as omni-channel integration is essential for all luxury brands in order to create a holistic online customer experience.

5. Conclusion

The purpose of this literature review is to examine how the superior customer experience present in luxury offline stores, can be replicated to the online environment. Additionally, the thesis studies whether luxury brands should be sold online at all and examines the concept of customer experience. A qualitative analysis was used as a method to gather all the relevant previous research together, finally choosing 26 academic journals and one book to complete the study. The results show that online retailing of luxury goods is almost an indispensable part of the brand’s success and that the superior offline experience can be transferred to the online luxury stores through the use of several tactics and techniques.

To date, the luxury industry has been very cautious to fully take advantage of the cyber-space and shows low commitment to embracing the digital tools present online. There seem to be many issues that fight against the positive relationship between luxury and the Internet. Nevertheless, it has been proven that selling luxury products online does not affect consumers’ perceptions about the uniqueness of the goods and thus does not decrease the brand desirability (Kluge & Fassnacht, 2015). In controversy, the online retailing of luxury goods has positive effects - a website can offer the brands a chance to differentiate themselves from competitors, enhance brand identity and even increase revenues.
As e-commerce is an integral part of shopping today, it is critical to examine the appearance and the creation of customer experience in the online environment. Furthermore, the increasing number of customer touch points and the relatively little research on the topic motivate the studying of the concept of online customer experience even further on (Lemon & Verhoef, 2016). According to Verhoef et al. (2009), the customer experience is driven by 7 main dimensions – atmosphere, assortment, price, service interface, social environment, retail brand and experiences in alternative channels. When it comes to luxury, creating a positive customer experience is crucial both on- and offline since the luxury market is driven by experiences present in the consumption activity.

Thus, the question of whether the features that make luxury products and the overall shopping experience superior in the offline store can be replicated online is crucial. After conducting the qualitative analysis of the chosen academic journals and the book, it is clear that the creation of the superior customer experience is possible also in the digital environment. This literature review discusses all the qualities needed in this creation process one at a time, going through every component of the Verhoef et al. (2009) conceptual model of customer experience. The summarized results can be found from Table 4 in part 4.8. Although the environmental stimuli that form the customer experience are much more powerful in the luxury context (Kim et al., 2016), the findings of this thesis can easily be adapted to other fields too that call for the improvement of the online experience.

While this literature review manages to answer all the research questions and clearly has the potential for further implications, several limitations still exist. Firstly, there is no clear evidence that the conceptual model by Verhoef et al. (2009) could be replicated to the online world. Unlike in the traditional setting, all the components might not be needed to be included in the model in the online environment, and perhaps some additional components should be introduced to it as well. Furthermore, some limitations regarding the article sample exist too. Often the studies of the articles were conducted in only one cultural setting which can affect the research results. In addition, some of the articles studied only a specific kind of product category within the luxury sector, and it is unknown if the results can be generalized to involve all luxury products in general. Finally, one limitation that certainly exists is the extensive use of the Okonkwo’s (2010) book in this thesis.

The future research could focus on developing a conceptual model of customer experience, whose components would exclusively be intended to be used in the context of online environment. Furthermore, it would be interesting to quantitatively test whether the best luxury websites, which
would be measured through a qualitative analysis using the information on the creation of online customer experience, really differ from the traditional websites and how the differences affect the perceptions of customers. Finally, the interplay between the customer experience in online and offline retailing as well as other channels the brands is present at is worth examining further on in today’s omni-channel world.

References


**Appendices**

**Appendix A: Conceptual Model of Customer Experience Creation by Verhoef et al. (2009)**

[Conceptual Model of Customer Experience Creation]

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39
Appendix B: A list of the main Journals used to comprise the conceptual model of online luxurious customer experience

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<th>Service Interface (7)</th>
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