Textile & Leather Review

ISSN 2623-6281 | www.tlr-journal.com | 10.31881/TLR

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How to cite: Matić L, Pandža Bajs I. Specificity and development of distribution strategies of luxury fashion brands. Textile & Leather Review. 2022; 5:540-563. https://doi.org/10.31881/TLR.2022.69

How to link: https://doi.org/10.31881/TLR.2022.69

Published: 14 December 2022

Specificity and development of distribution strategies of luxury fashion brands

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Review

https://doi.org/10.31881/TLR.2022.69

Received 11 October 2022; Accepted 07 December 2022; Published 14 December 2022

ABSTRACT

The market of luxurious fashion brands is a challenging business area. It usually needs the right marketing strategy for its management. Luxury fashion brands face the challenge of how to balance the wider distribution, while at the same time confirming the peculiarity of their offer. The aim of this study is to analyse the specificity of luxury fashion brand distribution and its role in creating luxury fashion brand value. The specificity of physical and digital channels of luxury fashion brands distribution was analysed. The hypothesis was that luxury could be hardly emitted through digital distribution channels. By analysing the relevant literature and case studies, it was realised that in the market of luxury fashion brands there are exceptions to the strict rules established from the very beginnings of the luxury fashion industry. The distribution of brands with a long tradition and successful business results like Louis Vuitton, Hermes and Chanel were analysed. Luxury fashion brands successfully resist technological development by nurturing the tradition of exclusivity and unavailability. These can be marketed to some extent through digital distribution channels. The omnichannel distribution of luxury fashion brands is highly valued among the younger population. It gains greater market potential and therefore greater revenue.

KEYWORDS

luxury fashion brands, strategy, distribution channels, digital distribution, consumers

INTRODUCTION

"The luxury products market represents a significant segment of the market, both because of its high profitability and the growth rate it also achieves" [1]. The biggest cause of the growth of the luxury products market, precisely the increase in the number of people with the ability to buy them, is due to the increase in their wealth [1]. This encourages thinking about who consumers of luxury products are, and what makes their profile unique. "When buying luxury products, their buyers position themselves in specific, desirable social groups" [2]. The positioning of consumers in certain social groups depends on the category of luxury fashion brands preferred by them when shopping, each corresponding to a specific group of needs according to Maslow's pyramid [2]. Further to the above, the categorization of luxury fashion brands can be presented as follows: the luxury of the mass market, as the lowest level of luxury, premium luxury, attainable luxury, aspirational luxury or luxury to which a person aspires, and absolute luxury or custom-made luxury, as the highest level of luxury [3]. Brands that will be analysed in the work belong to the category of absolute luxury. Absolute luxury represents the last, and at the same time the highest category of luxury fashion brands and one in which quality prevails and the price is unquestionable, since it is extremely high, and this is the category of tailor-made luxury [3]. Furthermore, by purchasing products from this category, the individual meets the top of his pyramid of needs, more precisely feels fulfilled and his satisfaction reaches an absolute maximum [3]. Absolute luxury is defined as traditional and elusive for many, and the classic marketing principles in reaching the target segment of consumers of this category do not apply [4]. The goal that is to be achieved when it comes to absolute luxury is admiration and respect on the part of consumers, and the focus is positioned on ignoring consumer demands, rather than constantly meeting their needs. Further to the above, by placing luxury brands in different categories, there is a need for different strategies for managing them, and this today is especially true of the distribution strategy. The target group to which luxury is presented is not the wider masses, but the marketing strategies of luxury fashion brands focus on one target segment of consumers - individuals who belong to the target group of consumers interested exclusively in buying in the luxury products market. Nevertheless, with the advent of digitalization and putting an increasing emphasis on online shopping, luxury becomes available to more people and certain specifics such as rarity, as a basic feature of luxury products, due to the expansion of the online distribution of luxury products, is almost lost [3]. Fashion brands whose distribution specifics will be analysed in more detail are Louis Vuitton, Hermes and Chanel. Namely, the listed brands were the most popular luxury fashion brands in the world for 2021, according to consumer demand [5]. These luxury fashion brands belong to the top five luxury fashion brands that led the way with online sales in 2021 are Gucci (the share of search interest was 15.2%), Chanel (11.6%), Hermes (10.2%), Dior (10.0%) and Louis Vuitton (9.7%) [5]. Also, the aim of the study is to show the specificity of the distribution strategy of each of the above brands to be able to conclude what is the key to their success. The fashion brand Louis Vuitton does not put the focus of the business on distribution through digital channels, but the specificity of this brand is reflected in a fully controlled distribution. The Hermes brand, in addition to the physical distribution of its products, offers digital ones, which today are increasingly present even in the luxury products segment, and poses great challenges in front of their manufacturers. The Chanel brand was among the last to embrace digitalization in the distribution of its products, but its luxury products are still regarded as those that are difficult to buy online. The question arises whether luxury can be conjured up online and the problem of this research lies in questioning how to transfer luxury into online channels without harming the brand's main postulates. Nevertheless, a question that is perhaps more important is - is this the future that awaits all luxury fashion brands? "The challenge faced by luxury fashion brands is how to balance wider distribution, while at the same time confirming the peculiarity of their offer" [6]. The importance of the topic covered in this study is the growing need of companies producing luxury fashion brands for constant and strictly controlled management of the entire marketing mix, especially distribution, since the rules of the same change with the development of digitalization. The aim of the study is to analyse the specificity of the distribution of luxury fashion brands, and what strategies are used for the distribution of products of luxury fashion brands.

The sources and methods of data collection consist of collected scientific articles, professional literature, and publications on the aforementioned topic. The secondary data sources, as the study analyses case studies, were used. An extensive review and analysis of the literature were made to explain current trends in the distribution of luxury fashion brands. Secondary data related to strategies were used to analyse case studies of luxury fashion brands Louis Vuitton, Hermes and Chanel. Research methods that are used in the study are descriptive, comparative and analysis methods, since the study analyses examples of luxury fashion brands and their distribution strategies.

THEORETICAL FRAMEWORK

The distribution of luxury fashion brands

Quality, cost, financial stability, delivery dependability, adaptability, employee satisfaction, customer satisfaction, safety, environment/community, and learning and growth are examples of common company KPIs. It was determined that the product line was the sole factor that had an impact on both the alignment with the chosen KPIs as well as the alignment between the expected and implemented SCS [7]. The management of distribution channels takes a key step in the strategy and management of the modern fashion business [8]. Due to the intense competition in the luxury fashion industry, many businesses have started to rationalize their operational procedures to better respond to the ongoing changes in client demand while also enhancing the effectiveness and speed of the entire supply chain (SC) [7]. Successful businesses can be described as those who can react to quick changes by shortening lead times in the face of the constant changes in consumer needs [7]. It is necessary to define an SCS in this context so that fashion companies can perform to their full potential and the set of management techniques and initiatives that an SC uses to gain an advantage over rivals is known as the supply chain strategy or SCS [7]. The distribution of luxury brands represents a connection between the company that sells luxury brands and its customers, and the sales locations for which the company decides are the places where the identity of the luxury brand is best demonstrated [9]. The buyer best expresses his ideas and expectations at sales locations and it is of great importance to have the right distribution strategy because it reflects the customer's perceptions and expectations [9]. This way, the company engages customers in the decision-making regarding the sales process. When it comes to luxury fashion brands, and luxury in general, they often associate both concepts with the notion of elusiveness, rarity, untouchability, mystery, etc. The harder it is to get to the desired product, the more desirable that makes it, regardless of whether the product is unavailable in physical stores or virtually

[10]. Furthermore, the time frame, which implies time spent searching, waiting for a product and waiting for the purchase to be finalized, for luxury products is very large [10]. The above is contrary to traditional marketing principles in which the goal is to sell as much as possible, in the shortest possible time through mass distribution channels, via the Internet, through self-service outlets, etc. So, the distribution of luxury products is different from the distribution of non-luxury products, as it places certain 'barriers' to the purchase of luxury products, such as a high price, fewer sales locations or waiting times for a product [11]. For example, it takes a long time to even get on the waiting list to buy Hermes' popular Birkin handbag, which gives customers the insight that one of these is made especially for them, and that only a few people will carry that particular handbag. This adds the notion of exclusivity in the distribution of luxury fashion brands. Companies with a narrower product range are opening their stores in the best possible locations in major cities to focus on customers with great purchasing power and position their brand as luxurious and add to themselves the epithet of exclusivity [11].

Specificity of the distribution channels of luxury fashion brands

The distribution channel represents a combination of different processes through which the product travels from the manufacturer to the end consumer, and it plays a major role in this process, providing the consumer with the opportunity to access the product and purchase it ultimately [9]. In the above processes, a multitude of intermediaries, brokers, retailers and wholesalers participate. Nevertheless, when it comes to luxury fashion brands, their specifics, such as rarity and scarcity, lead to the thinking that the rules of the distribution strategy for them need to be elaborated in more detail with non-luxury brands. The management of luxury fashion brands encounters a greater number of challenges than it is with brands that are intended for the mass market, due to their refined characteristics [12]. Consequently, the four most common challenges when managing luxury fashion brands that, for the most part, also affect the creation of a distribution strategy, namely [12]:

- Counterfeiting of goods - Defined as a violation of rights, regulations and contractual obligations that protect the intellectual property rights of the product. This kind of violation of the rights of luxury fashion brands has developed with the emergence of the Internet as a digital distribution channel and has created problems for many luxury companies. How they fight against the falsification of their products is mainly by educating customers about how to spot a copy of the product, and which way customers can turn to and report such a situation.
- Brand commodification - Implies a process in which the products of one company become widely available and easily replaced with the products of other companies. The problem of commodification affects all industries, but it causes the greatest damage to the luxury industry due to the violation of the basic postulates of same - exclusivity and rarity. Luxury companies

solve this problem by transferring their productions to countries with low labour prices and expanding their range with collections that have lower prices than usual. Also, the strategy of "artification" is used, where the creators of luxury fashion brands collaborate with the world's artists in creating limited collections, also fighting against commodification. Louis Vuitton is one of the companies that use an artification strategy.

- Dilution of the brand - If the expansion of the luxury fashion brand, as the best growth strategy of the enterprise, is not done properly, then there is a dilution of the brand. In this situation, buyers can no longer associate the basic attributes of the brand with the parent brand, and in this way, the brand loses its value [13]. The reason for this is most often the granting of a large number of licenses for the business to reach global expansion. Consequently, the brand increases its visibility and availability, but at the same time provides an image of a brand intended for the mass market. Therefore, many luxury companies today buy back their licenses, thus controlling the availability of their products to avoid dilution of the brand.
- Brand avoidance - Luxury fashion brands provide consumers with a different set of values. Nevertheless, sometimes consumers, despite having the financial opportunity to buy products from luxury fashion brands, deliberately refuse to buy the same ones. The reasons can be a negative experience in any sense, unfulfilled expectations, a discrepancy with consumer ideology or moral avoidance. For example, luxury brand Hermes has come under fire from PETA for exploiting alligators to make bags out of their skin. Many luxury companies solve this problem by adapting to the ethical rules of today, and because of it, they are reconstructing their brand.

From the above, it can be concluded that when it comes to luxury fashion brands, their distribution of them must take place under absolute control. This is because luxury companies aim to maintain epithets of exclusivity, rarity and inaccessibility for their products, and the challenges previously cited can lead to the distortion of these epithets, and ultimately the image of the brand if they are not strictly controlled.

When distributing luxury fashion brands, two opposite needs for the enterprise are defined: to strengthen and maintain the identity of the brand through the idea of the uniqueness of the products offered by the company on the market through the use of a selective approach to distribution, or to increase the presence of products on the market through direct and indirect distribution channels [9]. In the case of direct distribution channels, the manufacturer owns and controls all resources in the value chain that are associated with one or more specific customers [14]. This way, the manufacturer makes savings, since there are no intermediaries in its distribution chain. Conversely, in indirect distribution channels, the aim is to increase the presence on the market, and therefore the presence of intermediaries in the distribution chain is necessary [14]. In the first case, there may be excessive selectivity of management when choosing the markets in which the products will be placed, but in the second case, there may be unprofessional and inadequate positioning of the product, due to possible noise in the channel with intermediaries. The market for luxury fashion brands is inherently complex due to a large number of products in the range, and the company's aspirations to take full control of the market in terms of distribution due to high operating costs [1]. Companies often opt for controlled distribution to contribute to the exclusivity of their brand. Nevertheless, the strategy of distributing luxury fashion brands should, in addition to all of the above, focus on leading stores (flagship stores), extraordinary customer care, choosing the right locations, and creating a concept store for their brand [1]. Many companies are investing heavily and resources to increase presence and control in distribution channels, and to have a better picture of relationships with final customers [15]. It can be said that the above especially comes to the fore when it comes to customers from the category of absolute luxury, since they pay a very high price for products, and in return, they seek special treatment from the enterprise. Companies choose distribution strategies according to the primary objective of the enterprise itself and define them according to distribution coverage to intensive, selective and exclusive distribution, and by the vertical structure of distribution channels to direct and indirect distribution. If the company aims to provide a single and rare product, it will benefit from selective distribution by which it carefully selects and strictly controls the intermediaries in the distribution channel [15]. Furthermore, by direct distribution, the company will exclude intermediaries from its distribution network and will sell the products to the end user. Increasing the presence of products on the market, to achieve greater coverage of it, while having more intermediaries, the company will accomplish through indirect distribution, while the company will choose exclusive distribution if it sells its products through a limited number of selected stores, most often in effective locations specialized for the sale of luxury brands [15].

Four distribution strategies are used when selling products from luxury fashion brands [okonkwo 2016]:

- Exclusive distribution - these can be standalone stores in special locations or retail premises within exclusive department stores;
- Giving a license to a third party –is often challenging to control, and due to insufficient control can lead to reduced luxury status for the fashion brand;
- Internet sale - a new distribution channel that is also very challenging for luxury companies, since it can affect the reputation of the enterprise but also the quality of customer relations, due to the reduced contact of the enterprise with them;
- Catalogue Email Sale - a strategy used before new and more modern distribution channels came into force.

Having a shop in direct company ownership, whether the store is physical or digital, is usually the best choice for selling luxury fashion products [16]. This strategy makes it possible to project the most credible image of the enterprise and its exclusivity. Nevertheless, the Internet today has taken the primary role in almost every sphere of business, so it is not surprising that it represents a convenient distribution channel for the sale of luxury fashion products. The company must approach this channel with caution, so as not to disturb the luxury of the brand.

Distribution of luxury fashion brands through physical stores

Physical stores where luxury fashion brands are sold are truly unique places. Namely, every company that produces luxury products strives to stand out, and through its stores, it presents its philosophy, the story behind the brand, the value it offers to customers, and the identity of the company itself. Luxury stores today often look like "shopping cathedrals" because of their state-of-the-art architecture, which they use to give customers a special feel when shopping and to make the same shopping experience more satisfying [1].

The above is best expressed through leading stores (flagship stores) representing large stores that are most often located in capital cities, on the busiest and most exclusive streets, and contain the entire fashion collection of a luxury brand [1]. These stores enjoy the status of those that bring the most profit to the enterprise, which best communicates the reputation of the enterprise to customers, and through which the clearest picture of the same is presented. Through leading stores, the company best controls its distribution process and the service that the staff in the stores provide to customers since it is crucial to transfer the experiential experience to customers.

Luxury fashion brand stores must be located on the main streets of first-class cities such as Milan, New York, Tokyo and London, new rich cities such as Dubai, Shanghai and Singapore, in widely known outlets such as the Lafayette Gallery in Paris, or at exclusive tourist sites, airports, etc [9]. Through the aforementioned locations, the company will contribute to strengthening the image of the brand. Movement in these locations intensifies the desire of customers to move closer to the world of luxury fashion brands. Any company that has and manages luxury brands in its portfolio must pay special attention to the locations of the leading stores, and due to the unprofitability of some of them, react immediately and withdraw from the specified location [10]. In this way, losses for the enterprise on the one hand are reduced, while on the other hand, the enterprise retains a good reputation, without giving the public a picture of failure.

What distinguishes the physical stores of luxury fashion brands are poly sensuality and aesthetics, and their design must be the main factor that will at first glance communicate the value of a particular luxury brand [2]. A distribution strategy must be created to ensure a comfortable shopping experience, offering customers high-class services on site, such as wearing white gloves when touching products in a store or pouring expensive drinks, to help customers relax and feel at home [17]. Sellers must be aware of the fact that they are the brand ambassadors in such a way that they have to provide the service at the highest possible level while conveying the inheritance of the enterprise, and all the sensory factors of the brand [9]. It is crucial to provide preferential treatment, both to loyal and regular customers, as well as to random passers-by, who can later become regular customers. Price is a factor that is most often not relevant for completing the buying process, but on the other hand, quality is what constitutes a comparative advantage between luxury fashion brands [9]. The main problems and risks encountered in the distribution of luxury fashion brands through physical stores are insufficient market coverage, increased investments in fixed assets, slow growth of enterprises, and difficulties in human resources management [9].

Distribution of luxury fashion brands through digital channels

Digital distribution channels today enjoy great popularity, especially with companies engaged in the sale of garments and accessories. In the world of luxury fashion brands is a widely known term of rarity, which dictates that their sales strategy must differ in all aspects from the sales strategy of brands intended for the wider masses [3]. Accordingly, internet sales through digital distribution channels were bypassed when selling luxury fashion brands. Covid 19 crisis acted as a catalyst to help accelerate the adoption of some of the true luxury consumer trends that had been gaining popularity in recent years, such as the preference for experiences over tangible goods, which led to a tendency towards minimalism, and the rise in interest in sustainability, ethics, and brand corporate sustainability commitments [18]. Due to a lack of flexibility, supply chains were slowed down or even interrupted, and inventory started to build up as retailers started closing [18]. However, for some time, and especially in 2020, due to the coronavirus pandemic, manufacturers of luxury fashion brands have been achieving success when doing business in the digital world [5]. However, not all luxury companies have embraced a distribution strategy that focuses on the online marketplace for their products. The same enterprises have long encountered a big dilemma - to maintain the basic principles of marketing luxury fashion brands or to abandon them to adhere to some new trends? Today, the answer is clear - luxury is intensively adapted to digital distribution channels and gives way to new trends in the market.

What was unattractive at first when distributing through digital channels for luxury fashion brands, is the fact that it was difficult to convey the attributes of exclusivity and desirability through a distribution channel that has no style and is massive, which is the Internet [19]. Online shoppers' concerns about credit, security, information privacy, and the difficulty of product returns are particularly high [20]. Some of them expressed concern about the possibility of credit card theft. Many respondents decided against shopping online because they thought doing so would increase their risk of product loss, product damage, or delayed arrival. Moreover, with increasing sales to make a profit, it has become difficult to maintain the attribute of scarcity. The basic factors of the Internet as a digital distribution channel: it has a global reach, uses pull marketing according to which customers "pull" themselves to information and shopping points, inability to physically contact products and sellers, speed of transactions, greater choice of products and diversity between them, availability of products regardless of time and location, and universal appearance and uniformed information [21]. The majority of companies that made products from luxury fashion brands believed that the transition to online distribution was not necessary, since their target market consists of predominantly older and less adventurously committed customers who would rather shop in physical stores [22]. However, the situation changed very quickly due to the rise of the purchasing power of millennials, and today the creators of luxury fashion brands are showing great interest in creating a multichannel experience for younger customers who want to have more opportunities to buy their favourite brands [23]. Companies are now targeting customers under the age of 26 as they represent the fastest growing segment of customers in the luxury market, but the aforementioned customers prefer to choose the Internet as a shopping channel for luxury fashion brands, as they spend a lot of time on their phone and computer [23]. In this regard, in addition to a well-designed strategy for the digital distribution of luxury fashion brands, and certainly the inclusion of millennial mindsets in the marketing strategy, it is possible to achieve the status of global distribution, thereby intensively affecting the realization of even greater profitability. Luxury fashion brands must grow and the growth potential is on the online market, and forecasts are such that by 2025 as much as 18% of sales of luxury fashion brands are expected to be on the online market [22]. Also, by 2025 millennials will account for 50% of the total number of customers in the luxury fashion brand market, and will make purchases predominantly online. "This target group will explore the products they buy before achieving the purchasing process, whether it takes place in a digital or physical environment, and will do so again online." [24].

The question that arises sequentially is which strategy for managing the digital distribution of luxury fashion brands should be chosen by the company and whether it is even possible to have a unified strategy for all. Also, although many luxury fashion brands have already adopted the rules of digital distribution of their products, some brands still predominantly adhere to traditional sales principles.

Buying luxury fashion products is an experience that depends on all senses, and the same must be transmitted through digital distribution [25]. This is not an easy task, since it is very challenging to recreate the magic that hides behind luxury fashion brands in a digital environment, and as one of the key factors for successfully recreating it, the atmosphere provided by the site is cited. Luxury companies can help consumers expand their sense of self by offering multidimensional experiences, a process called self-expansion where self-expansion presents a powerful motivator for forming a connection and deepening identification with a brand [26]. Millennials, who are in a time of life where they are looking for opportunities for self-exploration, self-expansion seems to be especially alluring. The digital environment gives customers the freedom of choice that permeates through a light product comparison on the site, a simple price overview, a quick check on the availability of products, etc. [25]. Also, what influences an individual's purchasing decision is the design of the website itself so that it spends as much time as possible searching the site, evaluating everything that is on it, and finally bringing it all to the finalized purchase. However, millennials present a problem to marketers since it is challenging for companies to forge significant emotional and psychological attachments with them, although they seem to be particularly attractive in terms of purchasing power and propensity to buy [26]. To make the customer's experience on the site as pleasant as possible it is important to pay attention to details such as music that will play in the background, promotional ads that will occasionally appear, navigation on the site that must be tailored to the customer, satisfying aesthetics and design, colours, promoting other products, and the position of all elements of the site [25]. All of the above will motivate customers to make a purchase but also to come back to the site. The following chart represents the sales of luxury fashion products in the global market, expressed in billions, over different periods:

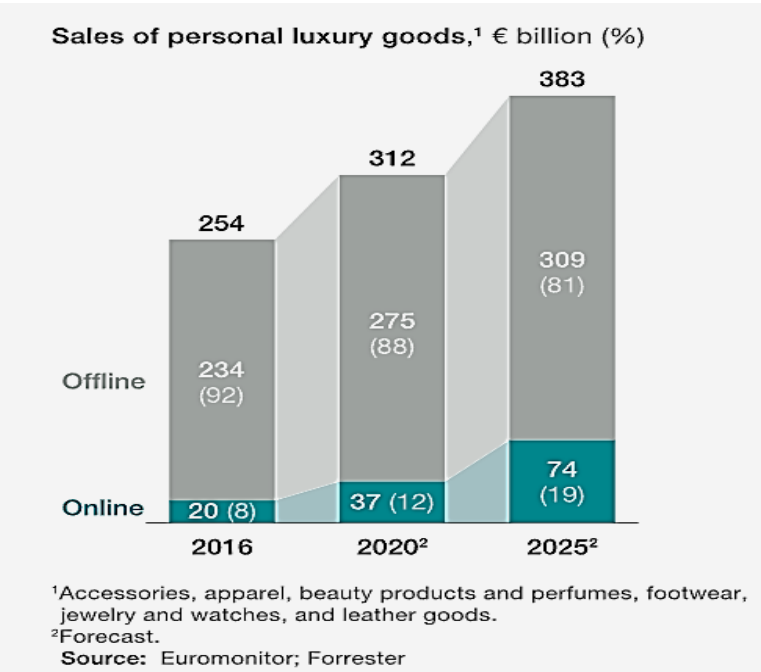

Figure 1. Sales of luxury fashion products on the global market [25]

It can be noted that in 2016, the majority of revenue was generated by traditional sales of luxury fashion products, more precisely, 92% of sales were generated through physical stores. In 2020, this percentage decreased to 88%, and one can note the gradual transition of luxury into an online environment. In this regard, it is estimated that by 2025 this trend will continue to increase, with 19%

of the revenue from total sales of luxury fashion products generated through online sales. It can be concluded that the market situation of luxury fashion brands is changing at a rapid pace, and online sales are no longer unknown in the world of luxury. The increased usage of online distribution channels has also raised the requirement for an effective omnichannel strategy that could reproduce the offline, and in-store experience on digital platforms with ease and effectiveness [18]. The second-hand luxury market as well as luxury rental services, like Rent the Runway, are examples of innovative ways to experience luxury products that prioritize accessibility over ownership.

Omnichannel distribution as the new preferred form of distribution

Consumers of luxury fashion brands, as previously stated in the study, have an extremely specific and refined taste, and accordingly, their way of shopping is often more complex. The entire purchase process is strictly controlled, and nothing should be left to chance since products from the category of luxury fashion brands pay a very high price. The consumer decides whether to buy a product or not based on a large number of factors, and one of them is certainly the location where the product is purchased since it greatly affects the consumer's satisfaction. Whether consumer buys luxury fashion products in traditional stores or will do so online depends mainly on their preferences of the same. Luxury goods and services are more widely known today than ever before among younger generations with stable incomes and strong tech skills [27]. The majority of luxury sales are impacted by digital technology as generational change is also a result of this transition to digital methods and the rise of the younger generation, which is more prone to make purchases online, promoting the expansion of services that resemble luxury goods and offer extraordinary, individualized customer experiences [27]. The "lipstick effect," or the phenomena of "revenge shopping," has been observed in luxury consumers, particularly in China and South Korea, following the reopening of physical stores [18]. This tendency can be linked to the idea that luxury purchase serves as a sort of escapism. The creators of luxury fashion brands are still reluctant to some extent about full digitization, as buying luxury fashion brands requires an experiential experience that is best conveyed in physical stores [28]. Many decisions made when purchasing things are influenced by the physical experience and by touching a product, consumers attempt to form an impression of its weight and how it would feel to use it [29]. However, in a virtual setting, it is challenging to alter this sense. Retailers, therefore, make an effort to depict online products as correctly as possible so that we can roughly approximate what the object would feel like in our hands. Therefore, interactive visuals may aid the consumer in estimating the tactile and aesthetic quality of the goods, which may influence how luxurious they perceive them to be. On the other hand, digitalization is an indispensable phenomenon in all market segments [29]. The type of distribution whereby customers have the opportunity to shop through different distribution channels, switching from one to the other depending on their preferences, is called omnichannel distribution

[30]. The above form of distribution implies the integration of all available distribution channels - physical stores, digital web stores, and catalogue and telephone sales, all of which are under the control of distributors. Shopping experiences that combine the participatory and immersive elements of mobile and ubiquitous media with actual luxury servicescapes are referred to as "phygital luxury experiences" in this context [31]. The well-documented need for research on interactive luxury tactics and innovative luxury retail is met in part by this conceptual model [31]. Overall, these service activities provide high-end retailers and consumers fresh chances to create exclusive communities, defy store policies, and change the way work is done in actual stores [31]. This model also demonstrates how luxury clothes consumers' embodied interactions with salespeople and pertinent audiences in connected store environments might mimic the exclusivity and attraction of premium consumption [31]. Customers can initiate an interaction anytime and anywhere during the purchasing process, which gives them a high degree of decision-making and fully optimizes the purchasing process. On the other hand, multichannel distribution implies different distribution channels that are not integrated and therefore affect the degree of customer interaction, namely customers cannot interact if the company operates using the specified form of distribution [30]. Also, the distributor does not control the intensity of integration between physical and digital sales, so in most cases it is absent. Therefore, what today dictates is capitalizing on opportunities to create an omnichannel distribution of luxury fashion brands that will provide consumers with a superior experience, integrating all available distribution channels, and controlling them simultaneously. An interesting fact is that interacting with a website can produce telepresence, which is defined as the sensation of being transferred to another place or of being present in a mediated area that is different from the one in which your physical body is [29]. "Presence" is the term used to describe the direct experience of reality, whereas "telepresence" is the virtual impression of direct reality. That could be easily connected to the Metaverse subject nowadays [29]. The definition of luxury is changing, shifting from being only focused on real material objects to being centred on an individualized, intangible, and subjective experience. Even though some consumers choose to buy luxury goods online, they still prefer customized luxury-like experiences that create a unique atmosphere [27]. Omnichannel distribution involves the synergistic integration of different distribution channels into a single network of channels. This network will provide a holistic view of the entire brand offer, and will allow consumers to choose and easily switch from one channel to another, depending on their needs during the purchasing process. Today, at the time of the coronavirus pandemic, omnichannel distribution is even more emphasized due to the great uncertainty, closure, and legislation and measures that greatly affect the fact that customers have to manoeuvre with more distribution channels to purchase the desired product. From the above, it can be concluded that the market for luxury fashion brands is complex because it is necessary to manoeuvre multiple distribution channels to cover the entire target segment of consumers of them,

but it is stated especially challenging during the coronavirus pandemic because companies face a great challenge - to preserve and nurture the tradition of their brand in the first place or to indulge in digitalization and reconstruct the overall distribution strategy?

THE ANALYSIS OF CHANGES IN THE DISTRIBUTION OF LUXURY FASHION BRANDS ON THE EXAMPLES OF LOUIS VUITTON, HERMES AND CHANEL

The specifics of distribution of the Louis Vuitton fashion brand

For the luxury fashion brand Louis Vuitton, the rules of absolute product quality should be observed, versus that of relative quality advocated by general marketing [32]. The rules of the fashion house Louis Vuitton, are especially related to the distribution of their products [32]:

- Prohibition of licensing other sellers to resell products from luxury fashion brand Louis Vuitton;
- Ignoring the demands of the wider mass because the focus is on those who understand the philosophy behind the brand, and whose lifestyle fully fits within the framework of it;
- Louis Vuitton does not make concessions in sales, and does not divide its brand into assortments that differ dramatically in price;
- All distribution is under the control of the fashion house, and until then they have not issued a single sales license;
- They prohibit outlet sales and require independent production that they closely control from the production process to the sale of products themselves to customers. Having personal production workshops has an intense impact on increasing production costs;
- Louis Vuitton does not make sales because they want to allow each customer to buy their products at the same price, thus maintaining the value of their range;
- While general marketing advocates wide distribution channels, marketing at Louis Vuitton advocates limited distribution channels because they don't want to use those channels they can't fully control;
- Eliminating the costs of intermediaries to eliminate potential difficulties with customs clearance of products that increased the price of them up to 2.5 times the base one.
- Strengthening the identity of the brand through the placement of leading stores in premium locations to make a profit, and preserving the exclusive identity of the brand. This is to be achieved by covering as many customers as possible while owning only a few outlets;
- The scarcity of individual products through which customers want to be made aware that they are not produced in large (mass) quantities;
- The selective distribution implies only a handful of stores where products that are brand carriers are exhibited.

What makes Louis Vuitton stand out among the manufacturers of luxury fashion brands, is the ability to develop in the direction in which it is necessary to satisfy modern customers, while maintaining its tradition [33]. It can be said that the company adapts to some extent to the conditions of today. Thus, this fashion house decided to adopt certain traditional principles to the conditions of today by expanding their business to the 24S, an online partner authorized to sell their products. The company has set up new management, to create a quality and detailed multichannel distribution network, due to the increase in the importance of online distribution and sales [5]. The assumption is that the move will lead to the full integration of the physical and digital distribution of their products. Louis Vuitton is moving at high speed towards creating omnichannel distribution through cutting-edge presentations of its products, informing customers before the purchasing process even begins, the ability to shop online with pickup purchased in physical stores, easy return of goods, and constant customer support through digital platforms [34]. On the company's website, customers can interact if they need help with their purchases, but research has shown that the integration of distribution channels has a lot of room for improvement and therefore the user experience that comes with the above [34].
Analytics showed that Louis Vuitton generated 12% of online sales in 2020, versus 2019, where that percentage was halved to 6% [35]. Furthermore, in the era of experiential marketing, the focus is on a specific meaningful customer experience, such as that of fun or a time-saving experience when shopping [36]. Accordingly, the growth of online shopping, which offers the above features, is fully expected, and this is also reflected in the market of luxury fashion brands. Not every luxury fashion brand is intended to survive in the market, but Louis Vuitton is one of those brands that successfully combines their history with the trends of the future to build something completely innovative [33].

Specifics of distribution of fashion brand Hermes

The time spent on making the bag, as well as special and rare materials handled by experts, and limited production at 15 bags per month make the bags of luxury fashion brand Hermes difficult to reach and incredibly desirable [37]. Due to all the above factors affecting the rarity of the product, waiting lists are formed for popular models, but besides the fact that they are extremely difficult to enter, the listed lists do not guarantee to the buyer that the bag will arrive in his hands quickly, but the wait is sometimes extended to 6 years. Further to the above, their potential buyers, contrary to popular opinion, are not persons under the age of 30, as is the case with some products of the competitive Louis Vuitton brand [37]. The reason for this is the fact that there is a small number of people under the age of 30 who can afford a Hermes bag and people in those years usually did not reach sufficiently established social status to even get on the waiting list. Therefore, it can be said that the Hermes brand has strict rules regarding the sale of its products because it wants to maintain personal exclusivity and rarity, and does not want to lose its target group of customers. Asian consumers buy 20% of the total global offer of luxury fashion brands, and 30% of all sales of them occur in emerging markets. This points to the globalization of luxury fashion brands, the arrival of a new generation of luxury consumers, and the opening of new markets to which some new rules of distribution and marketing, in general, apply [38]. Various motivational factors affect luxury customers differently when they shop online and in person [20]. For instance, online buyers of luxury goods are cost conscious, prefer online product availability, and place more trust in online user reviews contrary to the customers who prefer to buy in person and are less risk-averse and place high importance on actually seeing the product in person before making a purchase. This is certainly reflected in the complexity of the distribution of products by the luxury fashion brand Hermes. Hermes sells its products through multichannel distribution, specifically in physical stores and online, as online shopping saves time and money, both for customers and businesses [38]. However, in order not to violate the identity of the brand, fashion house Hermes most popular handbags were not sold online. Such a rule continued to be followed in 2022 with the most popular models of Birkin, Kelly and Constance handbags for which the possibility of shopping online is still not given, but shopping is possible only with a private consultation with the staff of the physical store [39]. Only upon getting in touch with professional staff, and upon receiving the customer's preferences and ideas, do the bags go to making and designing. This process, although complex and time-consuming, successfully maintains the concept of rarity, exclusivity and unavailability of products, and restores the traditional image of luxury as it was in its infancy. Independent supply represents one of the biggest competitive advantages possessed by Hermes [38]. Namely, Hermes owns a crocodile farm where they independently grow the same ones to produce the finest skin for making bags, at the cheapest prices because the cost of importing the material is absent. This way, they control the quality of the material itself. What makes their distribution interesting, is the so-called "hunger marketing" where the focus is on creating an atmosphere of scarcity so that customers always want more, and enriching products with mystery and the phenomenon of anticipation of them [40]. This method also increases the price of the product and makes the demand greater than the supply, which in turn affects the increase in profits and raises the value of the brand. Furthermore, Hermes' distribution network is extremely widespread around the world, because great efforts have been made to introduce it to their logo, brand, products, and the story behind all of the above [38]. All of the above was done without unnecessary risks and with an economical but strategic investment in the distribution network, which today is spread out to both physical stores and online stores. Hermes sees its online sales as another additional shopping platform in which it is necessary to invest intensively to match physical sales, and by no means as an alternative to physical stores [37]. The rapid development of digitalization in recent years has broadened the horizons of many luxury fashion houses, including Hermes [40]. It can also be said that the coronavirus pandemic has affected the even more intensive establishment of online sales in the fashion world. Hermes announced that it will slowly expand its distribution through digital channels in the future, but as stated it still does not apply to its most famous products [5]. Also, the companies, guided by the experience of the coronavirus pandemic situation, focused on creating a multichannel distribution network. The results showed that, due to the coronavirus pandemic and closures around the world, sales at Hermes' physical stores were non-existent, but online sales were constantly increasing. In this regard, the future of buying luxury fashion brands, as well as shopping in full, will be directed towards omnichannel distribution to satisfy more customers and to cover a larger market radius [34].

Specifics of distribution of luxury fashion brand Chanel

"Chanel distributes its products through multiple channels such as exclusive stores, department stores that combine multiple luxury fashion brands, the world's most famous airports such as those in New York, London, Sydney, Paris, and through its website" [41]. In this way, it covers the entire world network. Chanel does not have a single agent or wholesaler in its distribution network, and all sales are made in specialized locations for luxury fashion brands of this rank [41]. It is also known that Chanel sells exclusively cosmetics, glasses and perfumes through its website and that it is impossible to buy completely new Chanel handbags online. The mentioned only confirms the concept of exclusivity and rarity mentioned earlier in the study, and when it comes to all luxury fashion brands. This rule is confirmed by the fact that Chanel does not make bargain sales of its products, especially not those that are limited edition. Chanel wants to maintain the traditionality hidden by the brand itself and resists the pressures of shifting all sales into online terms, but the question is how long and how successfully. Luxury retailers need to be aware of the rapidly growing online luxury consumer market [20]. More high-end consumers avoid online purchasing due to a lack of confidence, yet the credibility of the vendors can draw in new customers and different categories of luxury shoppers might have their demands met by luxury merchants [20]. The Chanel brand, due to the underdevelopment of its online sales, faced a minor crisis in 2020, which was affected by the coronavirus pandemic [42]. Additional problem is the fact that Chanel focused mainly on premium locations in the world's major capitals, and they had almost no focus at all on medium-sized cities, which also hides the high purchasing power of the population [41]. Thus, it can be said that there is a possibility that Chanel in its distribution strategy loses out on two sides by not expanding its physical stores while resisting the creation of a strong and widespread online store. On the other hand, the brand will not lose value, it will maintain its cult status, and may be able to cover financial losses by further maintaining high prices for its products. Chanel is a brand that can afford to completely shift its focus from making a profit to maintaining the desirability of its products [35]. Also, what makes the primary line of their business without intensive digitalization is the fact that Chanel does not want to deny its loyal customers the experiential experience they get in a physical store, which surely is absent when buying online. An example of this is online consultations through an official website, and their especially interesting marketing campaigns so they can successfully bypass invasiveness and focus on subtlety and effectiveness. Luxury marketers respond to this desire for brand experience by letting customers enter the brand's universe through stories about its heritage, emotional stimulation, and sensorial discoveries because delivering a superior customer experience is no longer just an option, but an expectation in the luxury sector [26]. For instance, Chanel provided a collection of stories as a window "Inside Chanel'' on its website, allowing users to explore the brand's expertise and history. Furthermore, Chanel has partnered with websites that sell luxury fashion brands, such as Farfetch and Net-a-Porter in recent years, and during the pandemic, they developed a digital platform for talking to their most loyal customers. There is no doubt that this luxury fashion brand would benefit from online sales, especially during the pandemic, but their refusal to participate in digital shopping sessions of the Lafayette Gallery in Paris during the pandemic, only confirmed how this luxury fashion brand does not want to be "part of the majority", but unique and mysterious, as it was at the very beginning of its creation [35]. However, what is interesting is the fact that all luxury fashion brands should start connecting their distribution channels into one harmonious universe through which they will put the impression of integration to customers and the ability to feel an equally powerful experience both in a physical and digital environment [34]. In this regard, Chanel should focus on strengthening its omnichannel network, otherwise, it will be behind the rest of the luxury fashion brands that have already adopted digitalization to some extent, which are certainly Louis Vuitton and Chanel.

DISCUSSION

By analyzing the available literature and case studies in the field of distribution of luxury fashion brands, it is realised that even in the market of luxury fashion brands there are exceptions to the strict rules that are established from the very beginnings of the luxury fashion industry. Distribution strategies of luxury fashion brands that were used earlier, when the Internet was not such a popular distribution channel, and when physical sales were at their peak, today may no longer be enough. The ability of the company to identify and seize global possibilities more quickly and effectively than its rivals depends on having the appropriate online capabilities [43]. Such capabilities are essential for gathering, integrating, and acting upon data gleaned from contacts with foreign clients, which can then aid to improve client acquisition, retention, and expansion across international borders and that could be easily transferred into the world of luxury fashion brands and their international reach [43]. Each distribution channel targets different segments of customers, and therefore the different requirements of each customer individually. In this regard, the increase in activity of a new segment of buyers of luxury fashion brands - millennials with high purchasing power, dictates how it is possible to meet the demands of both older and younger customers, again through integrating multichannel distribution into the business strategy [44]. Distribution channels are changing radically today due to the integration of digital with physical distribution channels, and companies today provide different services through different distribution channels, targeting several different target groups [45]. Nowadays, the ability to view offers, seamlessly switch between PC and mobile and receive in-store alerts were prevalent themes among apps that achieved the highest app quality rankings [46]. According to a recent report, American consumers use smartphones to shop whenever and wherever they want, and merchants are working to engage customers at these crucial touch points [46]. Therefore, consumers desire deeper integration in a retailing app, specifically, they want a single app that allows them to search across shops and make purchases as needed. This is partially confirmed in the strategy of distribution of luxury fashion brands Louis Vuitton and Hermes, while fashion brand Chanel continues to give primacy to the principles of rarity, exclusivity and unavailability for its products. The target group of consumers of the Hermes fashion brand consists of people over the age of 30, but the increase in the purchasing power of people under the age of 30, and their desire to own exclusive pieces from the collection of luxury brands belonging to the category of absolute luxury, greatly change this fact [37]. Among that, several factors have influenced the overall acceptance of digitalization in the luxury market: speed and efficiency of shopping, reliable trading partners, greater coverage of the global trading network, expansion of sales to new market segments (especially in Asia), and an increasing number of young people with a strong financial background but a fresher and more modern view of the world of luxury. Managerial partner of luxury consulting firm Ortelli & Co., Mario Ortelli said his view of luxury is reflected today through the purchase of fashion brand Chanel's new collection from the comfort of his home, after watching their fashion show [35]. Ortelli considers this situation a luxury experience and emphasizes that soon all luxury fashion brands will accept in full this form of omnichannel distribution and provide exclusive service to their customers. Further to the above, the theoretical part of the study mentions the fact that consumers of luxury fashion brands like to buy often, and their price does not play a crucial role in the purchasing process. This leads to the thinking that physical stores in this regard "lose the race" with web shops, due to limited opening hours, unavailability of stores in all cities, limited assortment, etc. On the other hand, on the official website of the brand, customers can search and compare products indefinitely, consult with professional staff, and eventually complete the purchasing process quickly and easily, so that they can devote themselves to other obligations as soon as possible. Future consumers may only remain loyal to a small number of digital service providers, whose ecosystems will offer a wide range of digital services outside of retail, and whose platforms will be entirely personalized based on the knowledge of their customers gained through big data [47]. In the future, brick-and-mortar businesses face a challenge from multi-sided digital platforms since they want to engage with their users even more in the actual world [47].

CONCLUSION

The market of luxury fashion brands constantly emphasizes the nurturing of the tradition and history of the brand, and it is necessary to make great financial resources and efforts to keep the maintenance of digital distribution channels at the appropriate level of luxury, and in no case to undermine the value of physical stores. However, distribution channels are a powerful source of added value for end users so it is not surprising that even luxury fashion companies still want to provide their loyal customers with a complete experiential experience at the end of the day, and today this is most often possible by providing more shopping options [48]. Choosing the right distribution channels, and successfully connecting them, regardless of what type of channel it is, can make the luxury fashion brand even more attractive to new generations, but the wrong distribution channels, or neglecting one of them, can irreversibly damage the reputation and image of a luxury fashion brand. The method that merchants develop strategies for involving customers in decision-making has been changed by omnichannel retailing [49]. Phygital is a modern, disruptive approach to omnichannel commerce that places a strong emphasis on fusing the human touch with the digital and physical worlds to meet the needs of social and symbolic consumers [49]. Retailers are being pushed to discover significant methods to combine in-store and online services as consumer preferences shift from physical to digital, as physical and digital aspects are combined and united in Phygital, a modern paradigm and evolution of omnichannel luxury retailing that offers clients an unmatched, distinctive, and eternal experience [49].

The limitations of the analysis relate to an analysis of case studies that focus only on luxury fashion brands Louis Vuitton, Hermes and Chanel. Moreover, comparative analysis of the distribution strategies of luxury fashion companies is done using secondary data, while using primary data or in-depth interviews with managers of luxury fashion brands would produce more accurate and high-quality results. Also, by exploring the specifics of the strategies of luxury fashion brands that dominate the market, secondary data was collected, which forms only part of the business strategy of luxury fashion companies. When it comes to suggestions for future research and managers of luxury fashion brands, marketing tactics should be focused on giving consumers chances to learn new things and broaden their knowledge, enhancing their sense of self. Digitization of distribution processes carries certain risks such as plagiarism of luxury fashion products. As stated in previous sections, there is an increase in the paying power of millennials - a new target group of consumers of luxury fashion brands. The emphasis is now on the experiential experience when buying products from luxury fashion brands whereas online stores should pay attention to appearance and navigation on the webshop and brick-and-mortar shops should improve their service in the store even more. Namely, while most studies indicate that in the world of luxury fashion brands it is necessary to maintain a dose of mystery and rarity when distributing them, the analyses in this study show how exclusivity and unavailability can be marketed to some extent through digital distribution channels, and that the omnichannel distribution of luxury fashion brands is now highly valued among the younger population. While nurturing and maintaining the tradition and cultural heritage of the brand is still the company's primary obligation, this should be done in terms of omnichannel distribution. Regarding the above-mentioned, greater network coverage means greater market potential and therefore greater profit.

Author Contributions

Conceptualization – Pandža Bajs I; methodology – Matić L and Pandža Bajs I; formal analysis – Matić L; investigation – Matić L and Pandža Bajs I; resources – Matić L; writing-original draft preparation – Matić L and Pandža Bajs I; writing-review and editing – Matić, L; supervision – Pandža Bajs I. All authors have read and agreed to the published version of the manuscript.

Conflicts of Interest

The authors declare no conflict of interest.

Funding

This research received no external funding.

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