

## Effect of Social media on purchase of luxury goods by consumers in fashion industry A Review.

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### ABSTRACT

In today's era with the advancement of technology and communication the way for search and share of information has been changed. Social media is a new platform and mode of communication. Even Luxury fashion business has acquired its importance in today's time. Luxury fashion brand business is considered to be highly popular and profitable business operating in high scale with guaranteed profits, due to the growth of luxury brand business competition between lower sectors has increased considerably. To retain its business and keep pace with the growing competition the main tool being used for communication is social media, as it helps to attract the existing customers and build a higher customer base. Social Media is playing an important role in creating and modifying the communication which takes place between different players present in the market which includes company, customers, competitors and various intermediaries in the market by creating and implementing effective interactive mechanism. Social media marketing has also enhanced communication in various sectors through various effective and efficient channels. The main objective of this paper was to review literature on Effect of Social media marketing on luxury brands and also to collect, examine, organise, synthesize and interpret the result about the same.

**Design and Methodology-** This study is descriptive in nature i.e., using qualitative data which has been collected from a number of sources such as Research papers, E-news articles, newspapers and websites. All views are collected and interpreted and interpretation is made on that basis

**Originality-** This is a firsthand study of a kind and the results would be useful for business people and people who are working in the field of Marketing and interested to know about the various aspects of social media.

**Keywords:** Social media marketing, luxury brand marketing, consumer preferences, consumer buying behaviour.

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### INTRODUCTION

In today's society convenience is placed on top of the high priority list, most people now prefer E-commerce and internet based methods over traditional methods, the world has grown to become more susceptible to digital marketing than it previously was, making it a necessity for all the companies to depend on it. The growth of digital marketing and E-commerce transactions is staggering. For instance, according to Nasdaq and Statista reports, global retail e-commerce revenues will grow to \$4.13 trillion in 2020 and about 95% of transactions will be made via e-commerce by 2040. Nowadays the best way to increase brand equity is to go digital, as it has become an important source of growth. The world has witnessed that technology simplifies the shopping

experience and the internet has become a game changer, as for any business to go online it basically translates to going global.

Luxury brands have become a symbol of status in this generation and because many of them are moving hand in hand with the digital era they have become even more important and valuable, Although Luxury products are mostly characterized by their genuineness, rarity, innovation, high value and high-quality (Okonkwo, 2007), they are exclusive and expensive, if these characteristics are taken away from the luxury brands they would lose their value and prestige (Joseph deActis, 2020). The need of the consumers is changing rapidly and the internet has been a boon for both the Brands and the customers (Patel 2013). Some marketers were worried that

people who buy luxury brands would not be able to get a personalized product or service ,as it would be impossible to replicate it digitally. However the same rules don't apply anymore, as these assumptions have been challenged and proved wrong. Buying on the internet has become a new lifestyle. The internet has provided a place to the fashion industry for increasing their interactions with their consumers and to develop a relationship with them by engaging them in the various activities of the brands. This makes the consumers feel personally connected to the brands.

As per a report by McKinsey (2018) it stated that almost twenty percent of the luxury sales will be done online by 2025. The major contributor to the luxury industry will be luxury apparel. Because of the growing consumer behaviour the luxury brands have shifted their focus from traditional and conventional marketing to marketing through social media and other digital marketing platforms. Armani, Gucci, Burberry, Dolce & Gabbana, Prada, Louis Vuitton etc and other luxury brands have started to invest in digital marketing through social media and thus have attracted millions of followers over a short period of time.

Technology has made luxury fashion brands more accessible, the trend has now become to be 'digitize or die'. Brands which do not make use of the digital marketing tools are left behind. The use of Social Media has been regarded as business take-off tools . The interaction that social media provides, when coupled with consumer preferences ( their behaviours and expectations) has started providing innovative ideas to different studies that relate to fashion marketing,( kim and ko 2012; Phan and Heine 2011). Social media marketing includes interaction between the brands and the consumers (hollebeek 2014),the positive interaction between the brands and the consumer helps to increase the engagement. The engagement with social media has now become necessary as social media is the platform which the customers check regularly, the estimated time spent on social media every day in 2020 is 2 hours 24 minutes, with a total of 144 minutes rising by 38 percent from the average of 144 minutes(Statista), Social Media also helps in providing flexibility to the brands as they can make adjustments to the marketing according to the latest trends.

Facebook, Twitter, Instagram, Tumblr, Pinterest and LinkedIn are definitely among the most widespread interactive communities that

encourage the continuous creation of connections between users and companies that play a central role (Alalwan et al., 2017, Peluso, & Colella, 2017). These digital channels are also an important contact tool for luxury brands who want their customers to be involved (kim and ko 2012).The brands are always attentive to image and reputation, which are perceived to be the determinants of e-reputation (Castellano & Khelladi, 2016). However, the marketing literature has paid little attention to what influence social media has on consumer behaviour in the luxury context (Díaz, Gómez, & Molina, 2019.) Godey et al. (2016) broadened the vision of the social media marketing model by defining five characteristic elements, including entertainment, engagement, pattern, personalisation and word of mouth, in an overview of social media marketing efforts aligned with luxury brands.

In this research paper we aim to study the effect that social media marketing has on the buying behaviour of luxury goods in fashion industry through qualitative approach by analysing what marketing literature has explored concerning the role of social media marketing in luxury brands

### **Social Media and Luxury fashion**

According to the definition, Social media is a computer-based technology that, through creating virtual networks and communities, enables the exchange of ideas, thoughts and knowledge. Social media is basically internet based and includes communication through electronic media. Personal details, records, images, and photographs are included in the material. Users use a computer, tablet or Smartphone to communicate with social media.(Maya E Dollarhide,2020)

Social media originated as a way of interacting with friends and family, but was later adopted by companies that wanted to use a popular new method of communication to reach customers. The power of social media is the ability to connect and share data with anyone on Earth, or at the same time with many people. The broad concept of social media tends to include other types of tools, such as blogs, online assessments,, forums and other social media platforms that often combine some of these tools

The usage of social media technology by luxury brands has surged from the last decade.

Technology encourages customers to interact with brands. Customer experiences are created with the brand by - recognition, involvement, and participation; and thus, it helps in brand recalling and stimulating purchases. Fashion brands provide ways to communicate with viewers through tweets, blogs, by the use of social media websites like Facebook, Twitter, YouTube, Instagram, and Pinterest.

The primary motive for luxury brand's engagement with social media is the appeal of luxury among millennial's. Millennial's are considered to be the new target for luxury products (Giovannini et al., 2015) and they are viewed as a strong force in the luxury sector (Ko et al., 2016). The younger generation makes higher demand for the online customization of luxury goods and drive luxury purchases online (Deloitte, 2016).

According to Phan et al. (2011), to develop an efficient marketing strategy and to improve the customer experience and perceptions of their brands, luxury brands must have a clear understanding of the concept of social media marketing and the potential offered by them to drive sales (Chu, Kama, & Kim, 2013). A

significant aspect that emerged from these studies is the level of interactivity that luxury brands have acquired in recent years, particularly concerning the interactivity that consumers have in the various decision-making processes in the purchase of luxury goods. Kim and Lee (2019) affirm that in the context of luxury consumption, interaction involves the reproduction of users who share, spread and defend their ideas, values and experiences and those that support products and their brands. The disruptive digitalisation process of the communication systems of companies plays an important role in which it needs an increase their skills in analysing the relationship between luxury products and their customers on the web. According to Okonkwa the customers feel that they have the choice on the type of product they choose and even if they don't choose one it's their choice, but this creates uncertainty for the luxury brand owners (Godey et al., 2016). Because of which the luxury brand owners are moving towards social media as a large part of their customer base is on various social media platforms which helps to increase their interaction with the brand and thus develop brand loyalty.

### Some definitions of luxury brands-

<i>Author</i>	<i>Definition</i>
Roux(1991)	A symbolic, imaginary or social addition is characterized by a luxury brand, the value which distinguishes it from other brands.
Kapferer(1997)	Luxury brands are distributed along a space-time ray to express the degree of luxury reflected by each brand
Phau and Prendergast (2000)	Luxury brands are represented by exclusivity, exceptional brand identity, high awareness of the brand. Contextual to the quality perception and maintenance of contained sales to ensure the loyalty
Vickers and Renand (2003)	Primary functional dimensions are used in the luxury brands to solve the needs of extrinsic consumption relative to the physical commodity.
Vigneron and Johnson (2004)	Luxury brand are focused on three levels: up-market, premium and luxury the associated level of luxury is measured by attractiveness, obscurity and quality.
Okonkwo(2007)	Numerous factors are reflected by Luxury brands , such as high visibility, distinct identity, image, emotional appeal, innovation, creativity and uniqueness which in turn guarantee quality and premium price.

Hagtveded and Patrick (2009)	Hagtveded and Patrick (2009) Luxury brands delivers a premium product to the consumer, arousing satisfaction as a major purpose and communicating on an emotional level with the consumers
Heine (2010)	Luxury brands are seen in consumer minds representations that comprise of associations with a high price, quality, aesthetic, rarity and specialty
Hudders (2012)	There are precise features of luxury brands such as high quality and design which is aesthetically pleasing and can be described as exclusive which implies rarity of these product
Ahn and Song (2015)	Luxury brand is identified in six dimensions: a) excitement, b) sincerity, c)sophistication, d) professionalism, e) attractiveness and f) materialism
Kapferer and Valette-Florence (2018)	The importance of uniqueness for luxury brands nowadays varies across international cultures.
Costello and Taylor (2019)	They attribute to the luxury brands five implicit measures among them, such as quality, authenticity, resonance, prestige and premium price.

### Consumer Behaviour and Social Media

'Consumer behaviour is the actions and decision

processes of individuals purchasing products and services for personal use,' according to Engel, Blackwell, and Mansard.

Shares or reviews shared on social media by friends may affect the attitude towards a certain product or brand (Ozuem & Tan, 2014). Consumers prefer to recognise available alternatives and look for details after gaining interest in a product (Ashley & Tuten, 2014). Consumers are more likely to buy when they get recommendations from a person they trust. Celebrities and popular people inspire their audience and influence their buying behavior. It is true that 49% of consumers seek guidance from social media influencers before making a buying decision. People have a lot of 'connections' on social media, therefore information is consumed by many people. This information becomes a source of influence on consumers and their buying behaviour. Research studies have shown that many people rely on the information and reviews on social media as a guide for planning their future purchases. Social media has grown in terms of its reach and impact (54% of social browsers use social media to research products (GlobalWebIndex, 2018)).

The participative characteristic of social media indicates that Word-of-mouth can spread in a very fast speed and over a wide range. This has significant influence on consumer buying behaviour. Research has been conducted to investigate the impact of online Word-of-mouth communication on consumer decision-making and consumer attitude to products. The prevalence of these studies is that, compared to the information provided by brands or businesses; they consider the data from word-of-mouth contact to be more credible (Ansarin & Ozuem, 2014).

Online communication may also be a medium for companies to link up with their customers. The study carried out by Sema (2013) shows that customers are allowed to communicate directly with brands via social media. One of the essential aspects of social media is that it provides a feedback loop. Consumers are increasingly using social media as a platform for finding and buying goods or services. In the meantime, consumers are able to connect directly with brands through social media if they have issues with the products. In addition, after making a purchasing decision, customers may determine the outcome of their purchase. This process would have an effect on the future purchasing behaviour of customers, according to Chaudhry (2014). In addition, because they will have distinct degrees of fulfilment and dissatisfaction, their peers will also

be affected by their experience.

## Review of Literature

This study aims to review the effect of Social Media on Consumer Buying Behaviour of Luxury Goods in Fashion Industry. The study is descriptive in nature where the data has been collected from the various official websites, newspapers, E-news articles and Research paper. Some of the Research Paper's contributions in this study are:

An Article in SSRN Electronic journal authored by Werner H Kunz (University of Massachusetts, Boston) talks about the role of Social Media for Luxury Brands-Motives for Consumer engagement and Opportunities for Businesses.

The author developed a framework which is based on classical concepts of uses and gratification theory (Katz). The uses and gratification (U&G) theory, proposed by Katz has been found useful for application to new media like the internet, online communities, social networking, and blogs. The second concept, consumer engagement, the authors differentiated the media consumption of a fan page. The authors conducted a survey on Facebook and found out that fan pages are an excellent tool for brand management, they have measurable effects on the customer brand relationship. Setting up a brand fan page and generating traffic data (e.g., visits) is not sufficient in order to improve customer relationships. The goal of a brand fan-page strategy should be to completely engage, integrate, and immerse the customers in a vivid and active community.

Maria Teresa Romão, Sérgio Moro, Paulo Ritac, Pedro Ramos wrote a research paper about leveraging a luxury fashion brand through social media and it was published in the journal Elsevier España, S.L.U.

The authors mainly focused on social media marketing and took the luxury brand Josefinas for their study. This study shows evidence of an influence between the interactions of Instagram and Facebook for Josefinas and also some influence of pins in Pinterest. The research suggests us that luxury digital brands should invest in the more visually appealing social networks, giving credit to the statement "a picture is worth a thousand words", the research also identified that there is influence of some social networks on

another and the advantages of multichannel network strategy.

Angella Jiyoun, Kim & Eunju Ko wrote a research paper about the Impacts of Luxury Fashion Brand's Social Media Marketing on Customer Relationship and Purchase Intention and it was published in the Journal of Global Fashion Marketing.

The authors here focused on the impact of luxury fashion brands' social media marketing on customer relationships and purchase intention, the findings indicated that luxury fashion brands' SMM is a significantly effective marketing medium. The study indicated that Customers' trust was strengthened and trust was gained via interaction with other users as well as brand on social media. social media appears to be appropriate for retaining old customers and attracting cross-shoppers.

Iris Mohr (St. Johns University) authored a research paper about the impact of Social Media in the fashion industry and it was published in the Journal of Applied Business and Economics.

The paper primarily focused on the challenges which are faced by many marketers of luxury brands – how to gain and attract new customers. This paper first highlighted the relationship between luxury, fashion, and social media. Afterwards the paper addressed how technology development benefits the world of fashion by attracting customers to interact with the brands. This paper indicated that the new innovative business models must incorporate social media to allow firms to build strong customer relationships and encourage loyalty, and interact with customers through new channels or formats.

Jianqiong Xu and Wilson Ozuem (University of Gloucestershire, UK) wrote a research paper about Engaging consumers through social media in the luxury fashion brands.

The research indicated that the consumer buying behaviour for luxury brands to be significantly impacted by social media. The research also shows that some social media platforms are the first platforms that contact with consumers when new series products launched. It also suggested that buyers prefer to have physical contact with luxury goods due to the special features of luxury products and appreciate the service offered by sales staff to determine the high quality and

uniqueness of the items. The research paper has concluded that the provision of both traditional communication and social media communication platforms is important for luxury brands.

Giuseppe Colella, Cesare Amatulli & Maria Pilar Martinez-Ruiz wrote a research paper in International Journal of Marketing Studies about Social Media Marketing and Luxury Consumption: A Literature Review.

The research paper stated that social media is an important source of information for consumers and online brands communities have positive effects on luxury brands but understanding consumer behaviour online is more difficult than offline. This paper also stated that social media is a great channel for luxury fashion brands that want to communicate their brand online, as they can the interact with the consumer in online brand communities and social media is an economic, efficient and a sustainable channel to advertise.

## Conclusion

Nowadays social media is considered an advantage to the luxury brands as they are able to give information about new products directly to their customers but this has also reduced the value of the luxury brands, by making this information available to the general public. Many of the customers have said that they like going to shop rather than shopping through online channels, as personal shopping makes the experience of buying a luxury product more meaningful for them. But as times are changing the people are becoming more aware, for example during this pandemic they were not able to go out and shop, but the availability of social media and online shopping channels has made it easier for them. The regular customers of these luxury brands, earlier used to get the information about the new products through traditional media like the magazines or through stores but now this information is easily available online but the interaction of the consumers on social media is more important than the no of followers, a brand may have a large no of followers but if the interaction is not there then it's of no use to the brands.

For this reason many luxury brands provide exclusive information about the new and upcoming products and behind the scene making videos of the products, they also send their

products to celebrities and influencers who upload photos on social media which by itself leads to brand awareness and thus leads to increase in consumer interaction. But because of social media the followers that the brands get is a mix bunch of people, which includes people of different backgrounds and social caste and might lead to problems as the buyers of these luxury brands are usually the elite class who prefer exclusive products. Thus the brands have to pay attention to their fan pages about the type of information going around, questions about the products while still keeping a level of exclusiveness for their elite buyers.

While promoting their brand they use content that fit in the elitist image of the brand and try to avoid the image of a mass market brand. These luxury brands sell not only because of their quality but also because of their image which makes them look exclusive and a must for the high class society.

Thus the brands have started using social media for their promotions and advertisements but still paying attention to marketing thought traditional media like magazines, as still a lot of customers like to get their information about new products through that method. Social media has done nothing but bring the customers close to the brand and made it approachable in a sense. As now anyone can buy a luxury product they don't have to go the store or buy magazines for that. Thus through these methods the luxury brands have kept their exclusiveness but still aim to target the customer base.

Both of these methods of marketing when used together so surely leave an impact on the customers.

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