Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management

Bachelor Thesis

Luxury Consumer Behavior in Digital World

Luo Xinni

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

XINNI LUO

Economics and Management
Economics and Management

Thesis title

Luxury Consumer Behavior in Digital World

Objectives of thesis

The objective of the thesis is to formulate, based on the research findings, a conceptual proposal of improvements in marketing programs of the given company built on a deeper understanding of consumer behaviour.

Methodology

The thesis will consist of two parts. The first part should deal with an elementary theoretical overview. It should deal with the theory of consumer behaviour including principles, models and its evaluation. The theoretical part of the thesis will be based on the critical review of the information gained from the study and the comparison of relevant resources. The fundamental, empiric part will be focused on consumer behaviour understanding in a given company. Data for the empiric part will be gained using appropriate data collection techniques – observation, interviews, and questionnaires. Based on the research, the relevant conclusions of the thesis must be drawn.

Recommended structure of the thesis:

1. Introduction – explanation of the topic importance.

2. Thesis objectives and methodology – the main objective of the thesis will be divided into partial objectives based on the knowledge gained from the study of consumer behaviour theory. Appropriate methods of data collection and analysis will be explained in the methodology of the thesis.

3. Literature review – a critical review of current knowledge in the field of consumer behaviour, its models and marketing application.

4. Specification of the selected organisation – profile of the given company.

5. Practical part – analysis of data gained from own research according to the methodology.

6. Evaluation of results and recommendations – formulation of the own proposal of improvements.

7. Conclusion – review of main results and evaluation of the contribution of the theses.

8. References

9. Appendices

The proposed extent of the thesis

30-40 pages

Keywords

consumer behaviour, decision making factors, luxury goods

Recommended information sources

DECROP, Alain, 2017. Consumer Behavior in Tourism and Hospitality Research. Bingley: Emerald Group Pub. 200 p. ISBN 9781787146914.

Journal of Consumer Behaviour, ISSN:1479-1838

Journal of Consumer Psychology, ISSN 1057-7408

RUST, Roland T. a Anthony J. ZAHORIK, 1993. Customer satisfaction, customer retention, and market share. Journal of Retailing [online]. 69(2), 193-215 [cit. 2018-10-13]. DOI: 10.1016/0022-4359(93)90003-2. ISSN 00224359. Dostupné z: https://linkinghub.elsevier.com/retrieve/pii/0022435993900032

SMITH, Andrew, 2019. Consumer Behaviour and Analytics : Data Driven Decision Making. New York: Routledge. 217 p. ISBN 9781138592643.

SOMAN, Dilip, 2015. The last mile: creating social and economic value from behavioral insights. London: University of Toronto Press. 296 p. ISBN 9781442650435.

Expected date of thesis defence

2020/21 SS – FEM

The Bachelor Thesis Supervisor

Ing. Lenka Platilová Vorlíčková

Supervising department

Department of Management

Electronic approval: 1. 3. 2021

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 1. 3. 2021

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 02. 04. 2021

Declaration

I declare that I have worked on my bachelor thesis titled "Luxury Consumer Behavior in Digital World" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on March 12nd 2021.

Luxury Consumer Behavior in Digital World

Abstract

With the changing of time and the development of economy, people's growing demand for a better life is increasing. A market with luxury goods is booming. With the rapid rise of social media and millennial consumers, luxury companies have begun to actively explore suitable online channels and other digital tools as social media inserted to its business model.

Based on the consumer behavior, luxury marketing, social media and globalization theories, this study conducted research and analysis of consumer's attitude and behavior towards the luxury brand's new digital marketing model. Gucci and Prada were focused as case studies to explore the influence of social media on the consumer behaviors in luxury retail.

According to the real-time full data research analysis and market research sample analysis of the case studies, it concluded that effective digital marketing integrated in social media will better promote the awareness of the brand value. The interactivity between luxury brands and their customers can influence customers' purchasing decisions. Luxury companies need to work on a reasonable omni-channel strategy to satisfy the increasing consumer demands.

Keywords: Luxury companies; Digital marketing; Consumer behavior; Luxury consumer; Gucci; Prada; Social media; Millennials; Instagram; Consumer brand interaction.

Table of content

List of Figures

List of Tables

1 Introduction

With the huge development of social media, the world formation of consumption concepts has changed. In the new digital environment, consumers' sense of recognition has resulted in the change of consumers' personality, which will lead to the corresponding consumption behavior (Kumra, 2006). The virtual sphere is becoming more and more popular not only among consumers but also among businesses. Consumer habits have been shifting from traditional to new purchasing method, which refers to online and mobile purchasing.

Technology has leaded a new revolution in many industries, luxury industry and its luxury consumer pattern and behavior are inevitably changed as well by the new elements of purchasing experience added. It has become a new form of consumer-generated experiential marketing (PantelIdIs, 2017).

The world of luxury fashion retail is a unique and very specific type of business. Under the new consumption era, the luxury fashion brands are adapting their strategies to the modern digital platform. And in this way, consumer behavior in luxury retail is also adapting to the new business model.

In this study focus on three main parts, which are Consumer Behavior, Luxury Fashion Retail and Social Media. According to the definition, background and all the basics of them, the study will state the influence of social media on consumer behavior in luxury industry. GUCCI and PRADA as the worldwide well-known luxury brands, are chosen as the samples in the study in order to investigate the social media power on luxury retail. Analyzing their activities on the big one social media platform (Instagram) gives insight into how the industry responds to both external and internal customers. The new digital tool Gucci Live in 2020 and the digital Prada fashion show 2021 are examined to explore further evidences.

2 Objectives & Methodology

2.1 Specific Objectives

1. To establish the relationship between independent variable of luxury consumer behavior and dependent variable of social media. It is drawn from empirical evidence of luxury spending and social media use in the literature applied in this study.

2. Based on systematic literature review, to establish current consumer trends of luxury companies, such as Prada and Gucci.

3. To determine the significance and influence that social media has on the decision that consumers make while purchasing goods, with specific focus on Prada Instagram livestream fashion show 2021 and Gucci Live - a newest technology applied in Gucci in 2020.

4. To analyze the consumer purchasing behavior from traditional offline to new online model based on my internship in Prada in Prague.

2.2 Methodology

This study adopted the direction of systematic literature review, which entailed the collection of information from various literatures from credible sources like business journals, credible websites, and books. The researcher the relied on the data collected, correlating the information collected to the topic of study, and in line with the research questions. Most of the data collected will be in the form of quantitative and qualitative data.

The study will rely on data collected from databases like CalcBench, ABI/INFORM Complete, & Proquest, using key words such as: consumer behavior, sustainable consumption, luxury behavior, Prada, Instagram, and Social Media. The researcher will start by collecting all data that relates to the study's topic, and then this will be followed by another added activity involving an elimination process, so as to come up with the best content for the study topic analysis. The first elimination process was guided by the examination of the relevancy of the information in the sources to the research questions, then this was followed by examining the years of publication of the specific publications that made it through the first elimination process.

Independent Variable	➕	←	➕	Dependent Variable
Luxury Spending/Buying	➖	←	➖	Social Media Use
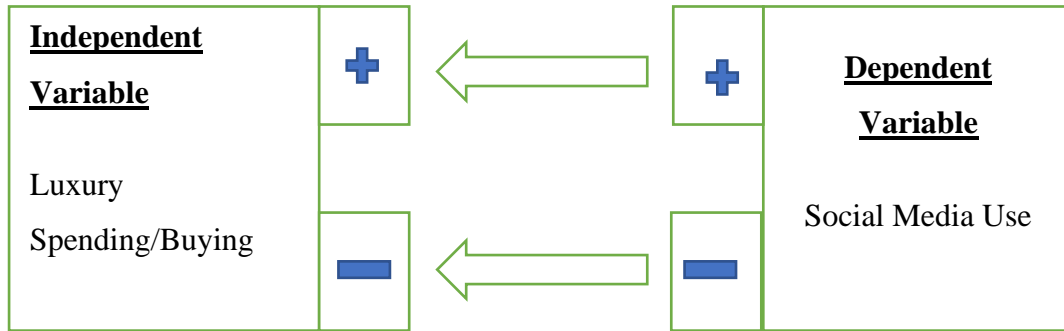
Figure 1: Conceptual Framework

Based on the conceptual framework (**See Figure 1 above**), it is clear that there is an association between the independent variable (luxury consumption), and the dependent variable (social media use). In this case, the increase of social media use as activities integrated into company's business model can engage with more social media users. It results in more exposure to luxury products and hence and influence on consumer choices to buy them. However, less exposure to social media, results in less exposure to social media advertisements promoting luxury products and reduced chances of consumers buying luxury products. The mediating factors in this case as explained by Jahn et al. (2013), in the event that one is exposed to social media ads, includes conspicuousness of products, their quality, and the integrated self (reference to a viewer's identity).

In the further research, this study relied on luxury brands case study – Gucci and Prada. Especially in the Prada case study, the Google Analytics used as a tool for data collection, and adopted a real-time full data research design that aimed at collecting post-digital fashion show data from consumers – the Instagram users in Czech Republic who watched the Prada livestream fashion show, to determine the effect that exposure to social media had on their choices in acquring luxury goods and services and to state better how luxury retail industry makes such a great wealth in the modern consumer society and what marketing strategies the luxury companies should make to maximize the profits.

3   Literature Review

The study will rely on data collected from databases like CalcBench, ABI/INFORM Complete, & Proquest, using key words such as: consumer behavior, sustainable consumption, luxury behavior, Gucci, Prada, Instagram, and Social Media. The researcher will start by collecting all data that relates to the study's topic, and then this will be followed by another added activity involving an elimination process, so as to come up with the best content for the study topic analysis. The first elimination process was guided by the examination of the relevancy of the information in the sources to the research questions, then this was followed by examining the years of publication of the specific publications that made it through the first elimination process.

Table 1: Eligibility Criteria for a Systematic Review on Literature Used (Inclusion and Exclusion Criteria)

PICOTS	Include	Exclude
Population	Includes or has studies with both male and female participants and with no age restrictions	Includes only male or female participants and has age restrictions
Study Designs	Controlled trials, randomized, and controlled observational studies	Uncontrolled observational research
Outcomes	A significant or insignificant relationship between luxury consumption choices and social media use.	No indications of any significant or insignificant associations between luxury consumption choices and social media use.

Table 2: Criteria for Data Quality Assessment

Item	Elements
High Data Quality	Complete, Accurate, Up-to-date, internally and externally consistent, repeatable, representative, objective, and comparable
Poor Data Quality	Inconsistencies, Missing data, Inappropriate fields, data is illegible, evidences or no data clean up during data entry, not peer reviewed

After the two stages of the elimination process, the literature collected underwent content analysis. The content was the categorized to themes. Statistical information will also be used in examining research questions—in this case, the results were presented in the form of graphs. Among the most critical themes that were examined included the difference in consumer behavior, based on the levels and content of social media exposure. This information was be critical in determining the marketing potential of social media for luxury brands like PRADA on social media sites like Instagram-this was important in explaining the influence of social media on the consumer behaviors in luxury retail. Data analysis also relied on thematic analysis in which various content from literatures used in this study were categorized into different themes. Some of these themes included: level of luxury spending, social media use and growth, and the relationship between luxury spending and social media exposure (both empirical and non-empirical data).

Part of the activities that the researcher relied upon to ensure that ethical standards were met included using secondary data that has respected the anonymity of the participants. However, as Tripathy (2013) reveals, if a literature review does not respect its participants' rights to privacy for instance not indicating any use of a consent form, then the literature should not be used in any other study. Similarly, the researcher ensured that the uniqueness of the literature used was maintained, and did not copy paste any information, using secondary data only as points of references to strengthen the arguments and analysis made in this paper. Finally, in cases where it was necessary to request author's authorization before the researcher could use their literature, then the right procedures were followed in contacting the authors. Even though this process was time consuming, the researcher was patient enough to await response

and authorization from the authors. The latest response came after one week and all the authors contacted granted authorization.

3.1 Consumer Behavior

A consumer can be any individual who purchases goods and services from the market for his or her end-use. In simpler words, a consumer is one who consumes goods and services available in the market. (e.g., Archie purchases a Lego for his nephew or Mary buys a handbag for herself.) Consumer interest is when customer shows inclination towards particular products and. It is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

Consumer behavior is a scientific study of how people or organization behaves when they obtain, use, and dispose of products and services. It involves the psychological processes that consumers go from recognizing to satisfying their needs, collect and interpret information, make plans, and implement these plans. (e.g., by engaging in consideration whether the product satisfies the will, whether shopping or actually buying), making purchase decisions (e.g., whether or not to purchase an item and, if so, make comparisons between brands, places), and post purchase behavior (Kumra, 2006).

In this definition above, consumer behavior is viewed as a process that includes the issues that influence that consumer before, during, and after a purchase. Thus in this study, including psychology and sociology to explain how human beings behaviors are influenced at levels of personality, culture, and cross cultures. Seizing the factors affect consumer behavior is thus very important for companies to run their business.

3.2 The Factors affect Consumer Behavior

In Kumra's opinion, an individual has his own choice and mindset. Consumer buying behavior eventually refers to the buying behavior of an individual (Kumra, 2006). Therefore, individuals can get affected by the environment where he lives, and the culture in his country, the social class, the psychology and the personality of him. To develop effective marketing strategies, it is important for marketers to understand this psychology and the mindset of consumers, also, understand what all factors influence their behaviors.

The marketer tries to influence the customer by making him aware of the products or services through ads, mailing literature to consumers or personal communications. All marketing and promotional efforts are a part of the marketing input. It includes product, packaging, mass models, direct marketing, personal door to door selling, e-mail, telemarketing, distribution channels, pricing, discount sales and promotional measures. the impact of these depends upon consumer perception and therefore marketer evaluates them continuously and modify their strategy when justified (Kumra, 2006).

Following-mentioned factors are the main reasons that affect purchase decisions. A consumer is influenced by his culture, environment, family, social status and groups. Companies need to understand these factors and develop strategies and market themselves accordingly to meet the needs of the consumers, and eventually reach the goal of increasing sales.

3.2.1   Needs and Motivation

Needs are the core of the marketing concept. In Marketing theory, the first step is to determine customer needs, then next, according to them to produce a product or service which can satisfy them. Therefore, the analysis of Needs is primarily essential in this study to better examine consumer behaviors.

Secondly, the study of Motivation is another basic but important factor that influences consumer behaviors. Because it refers to all the processes that drives in a person to perceive a need and pursue a definite course of action to fulfill that need. Every individual has needs that are required to be fulfilled. Primary needs are food, clothing, shelter. Secondary needs are society, culture etc. Needs are the necessities, wants are something more in addition to the needs. For example, clothes are a need and type of clothes is our want. Material of the clothes might be a lower want, but the style would be a higher want. Goals are the objectives that have to be fulfilled. Needs and fulfillment are the basis of motivation. Buying motives change takes place due to both internal factors such as attitudes, learning, perception and motivation, and as well as external factors, such as culture, reference group, demographics and socio-economics etc. When needs are satisfied, usually individuals will start to seek a new need and a higher goal.

3.2.2   Need Hierarchy

Based on the discussion of the importance of needs above, in this subchapter, Dr Abraham Maslow's famous Maslow's Theory (**See Figure 2 below**) is going to help more to explain the influence on consumer behaviors through the notion of a universal hierarchy of human needs. It identifies five basic levels of human need which rank in order of importance from lower level needs to higher level needs. This theory signifies the importance of satisfying the lower level needs before higher level needs arise. According to this theory, dissatisfaction motivates the consumer.
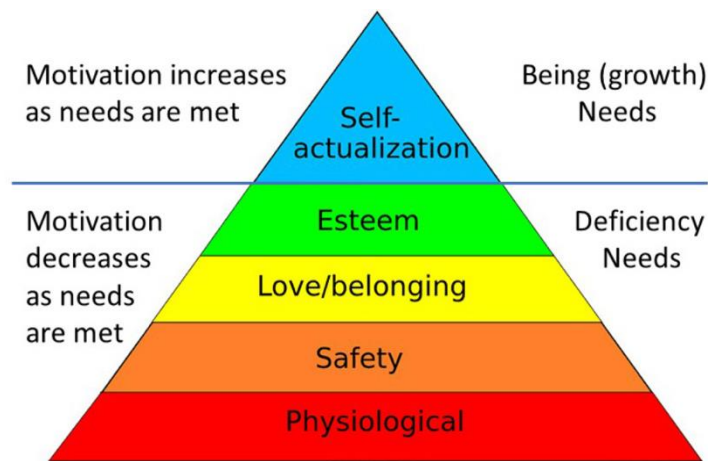
Figure 2: Maslow's Theory of Need Hierarchy (McLeod, 2020)

Consumer may have a need to buy a car, which is fuel-efficient (need for money), has all the luxury (need for comfort), and well-established brand name (need for the status). He may be required to do a trade-off between these three needs while buying a car. Final selection would depend on the fact that which need is given how much weight compared to other needs. (Kumra, 2006). The single need for status can lead to many goal formations, such as, buying a Mercedes Benz car, standing for an election, subscribing for the rotary club membership. On the contrary, single goal can satisfy the multiple needs. For instance, joining a health dub can satisfy the need for good health, need for socializing with the other members, need for prestige if that health club is a good brand, need for self-esteem as a result of exercise. (Kumra, 2006).

Need Hierarchy Theory of Maslow's guides the motivation of consumer. Motivation is a process that gets started when customers have need which he wants to satisfy. The tension and discomfort of both physiological and psychological are created by need is motivation. And it can be only satisfied through the purchase and use of products and services. A person is motivated when his system is energized, made active, and behavior (action) is directed toward a need-satisfying activity (Kumra, 2006).

Motivation is concerned with motive, drive, goals and goals selection. When a person is motivated there can be quite a range of accompanying feelings, emotions and moods. These feelings states referred at as affects, influence consumer behavior in different ways. Firstly, positive effect speeds up information processing and reduces the decision time in selecting appropriate products. Secondly, activated mood leads to recall of, products with positive associations (Kumra, 2006).

3.2.3 Materialism Concept

Materialism, the need for recognition, and the need to belong to upper social status and appearances through display of luxury products is increasing the demand for luxury products. The result is rapid growth of the luxury goods market. It is estimated that consumption of luxury products has reached more than $1.2 trillion and is expected to continue with the growth trajectory in the coming years (Stathopoulou & Balabanis, 2019). Even individuals with low incomes are increasingly spending their low incomes on luxury products. In the past decade, a large number of studies have been conducted on the consumer motivations and preferences for luxury products, covering marketing, psychological, economic, econometric, and historical perspectives.

3.2.4 Collectivism & Individualism

Collectivism & Individualism are among the theories described by Aliyev & Wagner (2017), to have an impact on the choice or behavior of consumers. In this article, the authors report on the findings of a survey involving 1608 respondents on the impact of collectivism and individualism on luxury value perceptions and purchase intention. The scholars relied on Hofstede cultural dimensions to evaluate the differences in cultural values of the respondents. They found that conspicuousness was negatively correlated with purchase intentions of consumers from individualists but not collectivist societies. High quality luxury products had

14

a positive impact on luxury purchase intentions among collectivist individuals but not among individualists, while hedonism had a positive effect on purchase intentions of individualists but not collectivists. The results provide evidence that cultural values influence the choice of qualities of luxury products that consumers find attractive. The study provides important evidence on the research topic, as it shows that the purchase intentions vary from one culture to another. However, the study is limited as it evaluates the impact of collectivism and individualism, rather than all cultural dimensions of Hofstede's cultural framework.

3.2.5   The Cross-cultural Perspective

In this cross-cultural comparison study, Bian and Forsythe (2012) conducted a survey of Chinese and American luxury consumers to determine the impact of individual characteristics and brand attributes on their purchase intentions. The sample comprised of 394 students from various colleges in China and America. Findings reveal that social image has impact on the choice of a luxury brand. Importantly, it shows that consumers value in both countries value luxury brands that indicate high social image. Furthermore, the creative dimensions function does not differ among Chinese and American consumers. The key reason for the findings is that China is in transition and therefore young people in China despite cultural differences with their American counterparts may be adopting luxury goods preferences similar to those of their American peers. However, Chinese consumers have higher similarity avoidance due to the collective nature of their society and seek to display individualistic elements without changing its collectivist culture. The study is relevant to the current topic as it shows that while cultural values are important, transitioning cultures may be adopting luxury brand preferences of Western consumers. It is also casts doubt on the validity of Hofstede cultural dimensions in influencing purchase intentions of luxury brands.

In a study by Hennings et al. (2014), the researcher reports the findings of a survey of luxury consumers in 10 countries, United States, Spain, Slovakia, Japan, Italy, India, Hungary, Germany, France and Brazil to determine the determinants of luxury product purchase intention. The study involved a sample 1275 consumers across the ten countries. Results of the study reveal that luxury value conception does not vary from one country, and the motivational drivers are similar in all the ten countries. The main drivers of luxury value perceptions include social, functional, and financial aspects and are generalizable to all the countries. Thus, managers should focus on these key value perceptions when marketing their products. The article providers further confirmation that luxury value perceptions do not

differ from one country to another. More importantly, consumers may prefer luxury products that provide value across the core dimensions, rather than those influenced by culture. Thus, cultural variations and preferences may not influence luxury good purchase intentions.

3.2.6   Personal and Cultural Values

According to Farah and Fawaz (2016) in a study in which they sought to examine variations in consumption patterns among luxury consumers in the Arab world, luxury amongst consumers is subject to personal and cultural values. The authors conducted a survey involving 400 consumers from capitals of Oman, Qatar, Jordan and Lebanon. Findings of the study reveal that not all luxury consumption is driven by social demands or saving face. Luxury consumers in the region are generally driven by group orientation and hedonism. Arab consumers consider quality aspects of a luxury product, since the quality of a product is reflected on its price, which helps them to join groups they aspire and maintain status. Consumers who value exclusivity in the region will purchase luxury products to maintain social status. More importantly, consumers are more willing to purchase products that imply status and concern of the opinion of others when purchasing products. The article provides proof that while the culture of Gulf States is different from other cultures, the same motivators for buying luxury products such as status, hedonism and exclusivity play a key role in choice of products. The study provides further proof that culture is becoming more irrelevant in influencing the purchase intentions of consumers in cultural groups that are different from Western cultures.

The trend of globalization has made this special category of luxury goods increasingly prominent in cross-border trade. For example, from the perspective of cross-cultural communication, Chinese and Western luxury advertisements reflect the huge differences between Chinese and Western cultures. In recent years, in order to win the Chinese market, Western luxury goods have begun to incorporate Chinese elements into advertising. To win more shares of the global market, seeking cultural identity in advertising is a wise move for luxury advertising.

3.3 Customer In-store Behavior

Retail is fundamentally a hands-on business. Nothing will ever replace the observation of customers and their interactions with the products, how sales assistants behave, and how

customers and sales assistants interact. Retail is about what happens on the floor, which has us convinced that effective training is only achieved in the store. In addition, luxury brands must recognize that customers are not merely in awe of the brand and its products: They are full actors in the relationship (MichelChevalier,2012). Consequently, observing how customers behave in a store is critical to luxury retail.

3.3.1 Social Media Influences Consumer Behavior

Social media has taken an important position in the current world as a communication tool. From individuals to organizations and corporations, social media is used widely to connect with each other much easier, faster and more convenient across the globe.

Facebook, Twitter, Instagram and LinkedIn are the most common to use globally to share information and experiences. For customers, they can share their reviews about a service or a product on any of the social media mentioned above, such as advice on food, beauty and health, also tips, recommendations as well as warnings about certain products, and much more.

The more connections people get on social media, the more information is consumed, which becomes a source of a new factor to have a lot of influence on consumers and their buying behavior.

According to the research in 2018 that Beer finds out more than half social media users, which is about 54%, browse social media to research products and reviews first, then make a final purchasing decision. **(See Figure 3 below)** More buyers are now on social media networks than ever before. Because reviews and recommendations what they look for can help them to save time instead of going to the entity store. Moreover, taking a look on the reviews can help avoid the wrong product and make a good choice, which for customers is not only time saving but also money saving. Therefore, it's essential for companies to have a prominent online presence on various social media platforms to better run their business. Also, companies can improve their own products and services by customers' reviews and much more. (Beer, 2018)

Social media influences consumer purchasing behavior by the content, visuals, promotions, discounts and influencers. The huge effects cannot be ignored by brands and businesses. A

Deloitte report highlighted that consumers who are influenced by social media are 4 times more likely to spend more on purchases. Moreover, the influence can be so high that 29% of consumers are more likely to make a purchase on the same day of using social media. (Scheinbaum, 2012).

54% of Social Browsers use social media to research products
INDEX 1.44

% of Social Browsers who have done the following in the last month

	Index
Visited a brand's social media page	37% 1.73
Liked/followed a brand on social media	36% 1.69
Used a social media "share" button on a website	26% 1.59
Clicked on a promoted/sponsored post on social media	24% 1.73
Asked a question to a brand on social media	19% 1.52
Shared a brand's post on social media	16% 1.50
Uploaded a photo/video to a brand's social media page	15% 1.37

Source GlobalWebIndex Q1 2018 Base 8,020 Social Browsers aged 16-64

Figure 3: Social Browsers Engage with Brands (Beer, 2018)

3.4 Luxury Industry

Luxury brands represent consumers' hedonism, which is opposed to utilitarianism (Limited, 2015). In the previous chapter, it stated the general perspective of materialism. To get an inspiring additional research and greater understanding of materialism, in this chapter it will explain how evolutionary processes may have contributed to the relative ease with which human beings learn to value wealth and luxury, from the traditional luxury retail to the new digital online sale.

Now luxury fashion brands are facing the challenge of digital technology. Should they adapt to the new trend or still keep the old fashion? This is the further influence of new technology especially social media has on luxury consumer behavior even the whole luxury industry. Examination of the history of luxury, the traditional luxury retail, and the basics of social media in the later study will help to understand the changing in luxury industry, not only the big luxury companies but also the luxury consumers.

3.4.1   The Concept of Luxury

A luxury item is not a necessity for living, but it is deemed as a symbol of wealth and social status. It is usually highly desired in rich society and among high class. For example, the celebrities living in Beverly Hills. The ability to purchase or finance a luxury item is directly proportionate to ones' incomes or assets. In other words, as people move into higher income brackets, they are more able and more likely to purchase more expensive luxury goods.

In terms of social and individual behavior, a luxury product can make its owner stand out from the crowd. Individuals would feel more special and pleasure when the luxury item they have is more expensive and limited (Chevalier, 2012). The price of luxury goods does not fall and usually gets up year by year. Because the demand of luxury goods is not determined by price but the income the consumer acquires. The higher price sometimes can even motivate consumer purchase more.

Apart from the external advantage as beautiful and expensive, the internal concept for Luxury is divine and sophisticated. Luxury goods are often considered to be on the highest end of the market in terms of quality and price, which include handbags, haute couture clothing, shoes, accessories, jewelry, and luggage. The biggest luxury corporate in the world Moët Hennessy Louis Vuitton (LVMH) also contains the luxury brands of wine and spirits. And in the other luxury markets, there are automobile, yacht, bottled water, coffee, tea, food, watches included.

The COVID-19 pandemic has affected millions of people's livelihoods since the beginning of this year. Businesses in the retail and food and beverage industries have either been forced to shut down permanently or temporarily, while other companies have completely shifted to working from home. However, according to The RealReal's annual resale report based on data and insights from their 17+ million members, the top luxury brands are becoming even

more entrenched. Louis Vuitton is now the number one brand for the first time. Of the many trends driven by COVID-19, one of the most surprising in the current economic climate is the significant increase in shoppers buying high-value investment pieces. Buyers are gravitating toward quieter stealth luxury. In a bright spot during these difficult times, interactivity in the circular economy is high, specifically among brands and consignors. The industry has seen a 36 percent increase in first-time buyers of high-value items due to the fact that shoppers are now reconsidering their take on investment pieces and luxury items. "Faced with economic uncertainty, shoppers are gravitating toward the safest bets in luxury: investment pieces," said Sasha Skoda, The Real Real's Head of Women's.

Brands like Louis Vuitton, Chanel, Hermès and Bottega Veneta have accumulated the greatest sales growth so far. Watches have seen an increase in numbers as well – the average resale value of high-value pieces is now 1.6 times stronger than low-value models. Another finding The RealReal has reported is that independent jewelry labels have outranked high-end jewelry brands.

Luxury goods in the Depression can still keep and even make its value increased. Because consumers would love to spend money on high-value, timeless styles with enduring resale value – knowing they can consign them in the future to recoup most of that investment or wear classic pieces for decades to come. In highly-hierarchies societies, people are more willing to buy when the items are even more valuable and pricy. There is no correlation with global crises or economic cycle, as most of other industries which are react on the development of GDP, but the luxury market just grows.

3.4.2   The History of Luxury

Luxury has a long and fascinating history since Egyptian period of lavishness in 1550 B.C. Because where there are human beings, there is society, and the culture and the social status in the society. And next, since 1070 B.C, another great wave of luxurious lifestyle occurred during the Italian Renaissance and was followed by the reign of King Louis XIV of France (1638-1715), whose reign expressed an authentic French lifestyle. Even till now, Italy and France lead the luxury fashion world. The most well-known luxury brands as Louis Vuitton, Hermès, Chanel, Dior, Prada, Gucci etc. are Italian and French.

In 19th century, a designer named Charles Frederick Worth (1825-1895) from Great Britain, created the concept of haute couture. Worth moved to Paris in 1846, there he perfected and commercialized his craft. The greatest action he did is he held the first fashion shows and launched the fashion labels, which is the basis of the present fashion shows, fashion weeks and brands labels. Then came Coco Chanel (1883-1971) and Christian Dior (1905-1957), they gave birth to modern fashions and ideals. With the development of economics and commerce, New York City had risen as a new luxury capital.

The second Italian luxury revolution took place in the 1960s and 1970s. Gucci and Bernard Arnault started applying the principles of strategic management to modern luxury by building the first multi-brand conglomerate, Louis Vuitton Moët Hennessey (LVMH) group (Som, 2015). LVMH, Richemont, and Kering have built the global reputation known as multinational corporate of luxury goods, and they are leading the luxury fashion industry in the present world.

Knowing the context of the historical perspective of luxury as a snapshot and tracing the evolution is beneficial for us to understand the luxury industry. In the following chapter will take a look at the digital world and how it influences traditional luxury retail.

3.4.3   Luxury Consumers

Luxury consumers, who belong to upper classes do not only try to distinguish themselves from others in low social class by constructing and affirming their own identities, but also now aspire to live unforgettable and tangible experiences. The consumption of luxury goods reflects an important social function, because luxury goods symbols of high social status. Therefore, the businessmen who work in big financial companies, the actors in Hollywood etc. are the typical type of luxury consumers. Apart from above, fashion is as well regarded as an important factor of buying luxury items. The fashion icons, bloggers, models, and people who work in magazine company etc. fashion areas are part of the pattern of luxury consumers.

An individual who owns luxury products, is more regarded qualified, wise, powerful, proud, courageous and charismatic. It attracts many people to be willing to follow such person. And it gives the luxury goods owner many more opportunities through relationship, job, and other

social activities. Luxury consumers gives a feeling of trustworthy in many possible ways. Luxury are instrument can give its owner.

Ultimately luxury is always about social status. A luxury professional such as sales associate should convey the different characteristics of the luxury product directly or indirectly to customers. It's not only the high prices that the customer affords, but also the brand image, the story or background of the luxury brand behind the product that he should be aware. Because the luxury purchase experience is a fulfill of feelings of exclusivity, quality, hedonism. It always reminds the customer of his status. (Chevalier, 2012).

Different from necessity goods, according to Veblen's, the demand of luxury goods does not go down when the price goes up. Because the richest social groups purchase luxury goods to show off their social and economic status. In this case, the more expensive, the more luxurious and desirable the item becomes, the more motivation for them to own. For luxury companies, it is important to set the marketing strategy combined with the attitude of rich class toward prestige. To explain this interesting phenomenon by a simple example is when raising the price of a bottle of Prada perfume, it will increase the sales rather than decrease. Because a higher price refers to a higher perceived value, which makes an image of the right product for the rich to own. Because it makes them feel more special and want to become more charismatic.

But the desire to luxury goods does not only take place among high class, but also through the class is not so wealthy. Because almost all people are materialistic to some degree, though the purchase power and the measure to wealth are very widely different. Based on the research, materialism in the human species is ubiquitous. explanation (Saito, 2009).

To understand the luxury consumer pattern in the modern world, the countries are stated to explain the tendency and variety of new consumer. As not only for wealthy class, the demand for luxury products is also not confined to European and US countries. The developing countries such as China, India, the Middle East and Latin America, there the luxury purchase power is emerging rapidly, even during economic recession for the last two decades (Limited, 2015). In China, the millennials and the Generation Z have become more and more powerful with the rise of social media, such as WeChat ecosystem, Weibo, Red etc. And not to mention the big middle class, who are the main part of the Chinese luxury consumer pattern. Because

this huge population about 400 million are the most willing to save money and many of them desire to become a high class or at least own what the very rich have.

With an eye of the generally whole perspective of luxury consumer pattern, it helps to well explain the psychology and sociology within luxury consumers. In the further research, it can state better how luxury retail industry makes such a great wealth in the modern consumer society and what marketing strategies the luxury companies should make to maximize the profits.

3.4.4   Customer Relationship Management

With no doubt that in the current world, implementing the digital luxury experience is getting more and more important, but customer in-store experience is still irreplaceable and rather more. Because most of the digital strategies of luxury companies rely on a product marketing strategy, which is not enough today to enhance the specificity and the uniqueness of the luxury brand in the eyes of consumer (Batat, 2019). This study will show how the brands and luxury consumer together lead a revolution in the luxury fashion industry which has been well-established for centuries.

Since 1980s, Customer Relationship Management (CRM) has been applied to marketing as an important concept of managing customer experience and maintain customer's loyalty. (Batat, 2019). There are three characteristics of CRM according to the definitions which were described by Morgan and Hunt, establishing, developing and maintaining customer relationship, which refers to the mutual interdependence and collaboration between supplier and customer in marketing. The importance in this process is the value created through the interactions between customer and marketer.

In the present era of hyper competition, marketers have to be more concerned with the customer retention and loyalty and customer lifetime value. According to Prada's report, 29019 customers were lost after the first purchase; 31% of the turnover is generated with experiencers; 6.404.877€ has been generated through interactions; 5.318.569€ has been generated through private appointments. This shows the importance of CRM to luxury company to get profits.

Moreover, it is less costly for company to maintain and develop an existing client rather than to attract new one due to the high cost in term of application processing, high marketing and sales overheads, lot of persuasion efforts.

The last, loyal customers value trust and commitment. If they are comfortable with the company, they would likely to spend more on the additional products and services the company always provides. Therefore, the profit margins of the company get improved. Besides, loyal customers are also less price sensitive. An increase in price does not affect their purchasing decision so much. Empirical findings do support that, it has been proven that only 2 percent of cross selling and up selling results in 50 percent enhancement of profits (Kumra, 2006).

The core competency of luxury brand value composes of not only authenticity and social values, but also personal and hedonic ones which are linked to experiences, emotional involvement and relationship. (Limited, 2015)' Building customer's loyalty by maintaining a great long-term relationship, which encompasses a value cocreation process of experiences, is getting more and more important for companies, especially for luxury brands to run and develop their business. Because customer values for luxury are changing. (Pearson,2011).

The following chapters will explore further the development of digital technology and how it influences consumer behavior in luxury retail and develops luxury consumer's loyalty in digital world.

3.4.5   Luxury Brands on the Internet

In this chapter, it focuses on the power of social media and internet under modern digital world. It shows the importance of social media influence consumer behavior. And luxury brands have to adapt to the new technology trend to increase their sales and widen their markets.

Luxury houses should rethink their digital marketing and communication strategies by focusing more on crating unique and profitable luxury experiences with a continuum offline and online (Batat, 2019).

Chanel, a French luxury brand, as one of the top luxury companies in the world, it has a long history and enhanced brand reputation. In the past time, its consumers are from high class and

even royal families. In the modern society, with the big power of social media brings in the industry, the customer pattern has changed — They're not only over mid-age rich people from high social class, but also more and more young consumers with fashion sense.

Chanel attracts Generation Z with a mixing online and offline experiences based on luxury consumer in-store experience. Moreover, the brand engages both existing and potential customers on social media as Instagram by a great amount of beautiful Chanel goods pictures. And with the great influence by celebrities like Lily Rose Depp, who is not only a represent of young people, which attracts more young people to purchase the goods what she likes and owns, but also has a romantic story behind her and her family, which helps to generate Chanel brand. Advertising can express a want which is in the main the means of a market. Especially for luxury products. Because what makes luxury goods so pricy are the story behind. Consumers not only afford for the product itself, but also the concept a luxury brand convey, which is with charm, mystery and honor.

It is deeply believed that celebrity as an influencer role in marketing. Apart from actors, actresses, singers and artists etc., the superstars on social media like Instagram has been paid for a very high price by companies to make promotions online. For example, Kylie Jenner who has over 200 million Instagram followers, is reported to get paid around 1.2 million dollars for each single post on Instagram. In return, she influences her target audience in makeup industry and fashion industry a lot. When consumers get to know a brand well, it can start to become part of their lifestyle or at least the lifestyle to which they aspire (Pearson, 2011).

In recent years, the percentage of teens using social media and partially social network sites has steadily risen to 73%. Based on the report **(See Figure 4 below)**, the Gucci audience is most likely to be 18-24 years old, followed by 24-35 years old and a very small over-index for 35-44 years old. The greatest segment by far is 18-24 years old women, who are 58% more likely than the average consumer to visit Gucci.com.
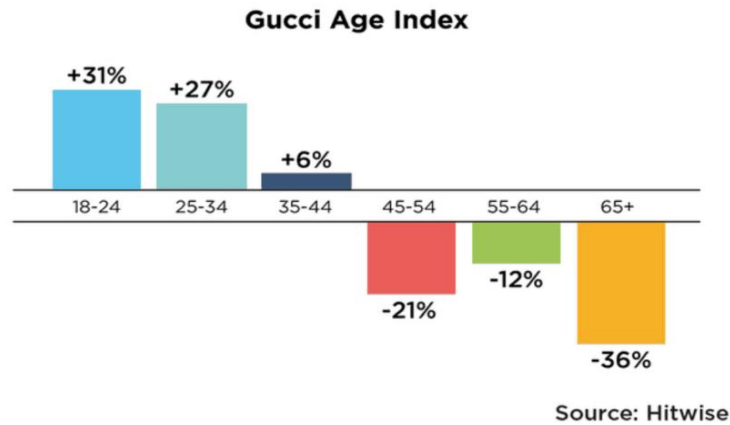
Figure 4: Gucci Millennial Shoppers (Blush & Bar, 2020).

3.5 Social Media

The pattern of luxury consumers has been changing under the digital world by the rise of social media. In Western countries there are Instagram, Twitter, Facebook etc., In china there are WeChat ecosystem, Red, Weibo etc. Therefore, apart from the very rich, the millennials and Generation Z have become the very important part of the luxury consumers pattern.

In fact, consumers at present are very good at mixing online channels to optimize the choice which satisfy their needs before making a purchasing decision (Scheinbaum, 2012). Consumers, especially young consumers who are likely to engage with luxury brands on social media, does bode well for the future of the brand.

In today's world, it is more important than ever to gain and maintain customer's loyalty to the brand for companies. Among all, brand loyalty and advocacy to luxury companies are even more essential due to the high value and remarkable experience the luxury consumers pursue. Therefore, the leaders of luxury companies need to consider integrating social media and e-commerce into their business strategies to advance the relationship with their customers beyond only transactions (Pearson, 2011).

3.5.1   Globalization

With the development of new technology, especial the booming of social media, the luxury fashion companies are facing a big challenge and also a big opportunity. Thus, they are looking for a new retail strategy to adapt to the digital world and the trend of globalization.

26

Globalization started since World War I and has been booming rapidly because of the government policies change, rise of human rights, and the innovation of technologies. Information, products and jobs across national borders and cultures through global social media platforms, such as Facebook, Twitter, Instagram. It makes human connected so close never before (Schattle, 2012). With globalization, shipment across globe is becoming easy, fast, quick. It's no longer a problem for people who live in Munich to order a moccasin shoes from Los Angeles.

Traditional luxury retail strategy has to change in order to make commerce in the global market which is targeting global consumers. In the previous chapter of The Cross-Cultural Perspective and The Culture Values, it showed the culture difference among China, Arab world and Western countries. As example for Louis Vuitton, it has different brand ambassador in every different area in the world to advertise and maintain its brand image. Because the more familiar of cultural value between the ambassador and the target consumers, the more effect in the target market. The advertising strategy needs to consider globalization and also the individual importance in the global market. Individual meanings such as outstanding quality and unique experience for luxury consumers are more important (Limited, 2015).

3.5.2 Websites and E-Commerce

Many people worldwide are nowadays familiar with the booming internet. About 500,000 people will go online today for the first time in their lives (Pearson, 2011). The current development in the online world as well as the resulting new ways of communicating with others, also leading to a revolution in retail industry and consumer behavior. This chapter will take a further look to show how powerful these webpages are and how influential the E-Commerce is to take part in consumer behavior in luxury fashion industry.

Social media marketing is a powerful way for businesses of all sizes to reach prospects and customers. Integration challenges grow with social media marketing efforts that put a global spin on marketing. Use of QR (quick response) codes and location-based social media, such as Instagram, mandate changes to existing e-commerce sites to provide a suitable user experience to customers shopping in physical stores while accessing the Web site through their smartphones. Maintaining multiple offers or pricing has similar drawbacks in a world where consumers share information about brands on Facebook and Twitter. Integration

requirements will likely increase as more firms open Facebook shops offering customers the convenience of shopping from within their Facebook platform because integration between three channels is now necessary: physical, online, and Facebook stores (Scheinbaum, 2012).

Social media and Web 2.0 are evolving and becoming essential tools, leading to pervasive changes in B2B (business-to-business), B2C (business-to-customer) and C2C (customer-to-customer). Branded hotel properties have an average of 3.7 social media accounts, including Facebook, Instagram, Twitter and Pinterest. A significant proportion of the followers (33%) of these companies follow these companies using these social media accounts. Social media has changed the dynamics of communication between service providers and customers, transforming the way customers communicate with companies (Minwoo, 2017).

The Internet and the rise of social media resulted in e-commerce (Pearson, 2011). Facebook has created the social media model. And Instagram literally has taken a further success with its business model on the platform. There are two different account types: Business account are suitable for public figures and influencers; Creator account are best for producers. Instagram has connected people across globe much closer than ever. It maximizes the influence of social media on consumers by mixing the product information, provider information, reviews all together. In this way, the vendors and corporates like luxury companies on Instagram can have a strong bond with customers and attract more potential customers.

3.5.3   Marketing and Advertising

Advertising can express a want which is in the main the means of a market (Clarence, 2013). A want is the need and motivation for customers to satisfy. Consumers today start their decision-making process earlier than ever and it often takes place where companies or vendors aren't officially represented (Pearson, 2011). Better advertisement, better effect on purchasing decision. Therefore, the problem of taking the dominance and leading the right brand reputation in public relations has become the initial for companies to solve in the present commerce environment. It definitely requires a brilliant marketing and advertising strategy (Scheinbaum, 2012).

In fact, in dealing with the aesthetic category of new luxury, advertising is their value (Twitchell, 2002). Especially in luxury industry. When customers buy a Prada Galleria bag, a

Hermès silky scarf, a Gucci T-shirt, Fendi sunglasses, a Burberry coat, Bottega Veneta sandals, they are really buying the "story," the advertising.

Companies like Facebook and Instagram have already become the powerful tools for luxury corporates to make huge advertisements. Prada has launched Re-edition bag and it has become the IT bag since 2019 through Asia, Europe and the States. The influencers have made a killing influence in the trend. According to the previous chapter of Luxury Brands on the Internet, it has revealed the relationship among influencers, customers and companies.

Customers are already interacting with brands through social media in digital world, and they are being spoken directly through social platforms like Facebook, Twitter and Instagram. Great marketing on social media can bring remarkable success to business, creating devoted brand advocates and even driving leads and sales. Social media are changing the nature of how consumers behave in the marketplace and communicate with one another.

In the report of Prada – Statistics & Facts by Statista in 2018, it shows more than half of American consumers surveyed were familiar with the Prada brand. A third of them had the purchasing experience of Prada items, and the rest mostly were aware of the brand was thanks to the American film The Devil Wears Prada. At present, social media is the most rapid and influential digital tool to promote brands, products and business. It is taking over the traditional media even.

As in Europe, the U.S. and China the communication tools available to luxury brands are the press, television. For example, many of the leading international luxury brands as Cartier, Hennessy, Rolex, Chanel used television to advertise themselves to enter one foreign market. With the rapid development of the internet across the globe and the trend of globalization, luxury companies have begun to focus on the most influential portals and specialist websites to communicate their brand message to a wider audience, a whole new range of target consumers, particularly young people, for mass-market products.

4   Practical Part

In order to understate more clearly the impact that digital platforms can have on luxury fashion companies and luxury consumer behaviors, this study will take a closer look at the current digital strategy of two worldwide luxury brands —Gucci and Prada.

As the most admired and successful luxury brand in Kering (An international group specialized in luxury goods.), Gucci has managed to retain its prestige and exclusivity for decades, while focusing on the sale of leather goods, clothes, accessories, jewelry and textiles.

Gucci is chosen for this case study analysis primarily because it was among the first companies in luxury industry which moved its business online and even now, Gucci is considered to be the pioneer in digital strategy and online presence with its comparably younger consumers.

Prada is chosen in this study as another case study. Prada's target consumers are always the high class from all different career backgrounds. They are elegant, classic, low-key, introverted, and mature, and chase the life of honorable. With the development of social media and omnichannel, more and more young consumers entered luxury market and became a powerful and important group of luxury consumers. Since 2019, Prada started promoting its new season products and advertising permanent collection on social media, its sales started booming again after a few years' slump.

Apart from all the reasons above, I'm beyond appreciated that I have the opportunity to work in Prada in Prague as Sales Associate, which inspired me to write this thesis and look closer into the luxury fashion industry and luxury consumer behavior under digital world.

This study will be focusing on the various opportunities that internet and social media bring to Gucci and Prada consumers and how the two companies benefit from them. A closer look will be taken at the companies' official websites, and as well as the social media sites and their interaction with consumers. It will certainly also examine the great impact on the perception of luxury consumers.

The data will be collected primarily from the online channels, including the official website of Gucci and Prada and their official Instagram pages. In order to gain more information,

which is not available publicly, primary sources such as company reports, magazines, articles and scholarly journals will be used as well.

After sufficient data is collected, the analysis of the presented case studies of Gucci and Prada will be preceded. Based on the case study analysis, this study will bring the perception of how digital tools, especially social media, changes traditional luxury retail and have impacts on luxury consumer behavior.

4.1 Gucci - Case study

Figure 5: Gucci live - A New Luxury Shopping Experience (Luxxu, 2020).

Since 8th June 2020, Gucci, one of the top luxury companies worldwide, brought its new digital retail tool to the luxury industry. Gucci live **(See Figure 5 above)**, is the brand's new video service connects store staff with consumers via cell phones or online computers, presenting black-tux-bow-tie-and-red-gloves-clad employees that warmly welcome the customers on video.

Gucci live videos is just a wonderful digital tool in the Covid-19 situation to engage with customers, gather fans by its variety of digital features, especially the virtual reality function which the customer can use to 'try on'.

However, with its innovative platform, the brand acknowledges that regular online shopping still remains far from replacing the real, in-store experience, and designed this service to provide e-shoppers with an immaculate personal service, often associated with luxury.

"The mission of our Gucci 9 global service center is to provide our customers around the world with a direct connection to the Gucci community that is a seamless, always accessible, personalized experience," Marco Bizzarri, president and CEO of the brand, said "The service is delivered according to the values that define and differentiate our brand today: a human touch powered by technology."

After the success of the app's testing phase, the Gucci Live service will be available in Europe, the Middle East and Africa (EMEA), before expanding worldwide. Hinting at future plans of incorporating virtual reality, facial expression analysis and live chats, the brand is working toward a more humanistic and natural way of online retailing.

4.2 Prada – Case study

Specifically, as an intern of sales associate in Prada (**See Figure 6 below**) in Czech Republic's capital Prague, Prada is beyond suitable to be used as another case study in this study, in order to further analyze the luxury consumer behavior changes by social media and internet.

Figure 6: Prada Logo

4.2.1   Prada Online and Offline Business Strategy

Prada has been developing e-commerce more than ever it did in the past. The Prada Group plans to put more categories of the products online, which focus on shoes, apparel, handbags, jewelry, accessories. The Group hopes to expand its social media activities on emerging platforms. As one step of the strategy, its developments in the e-commerce have led to new important partnerships, including with top online retailers as Farfetch. Prada plans to double its online business over the next two years (**See Figure 7 below**).
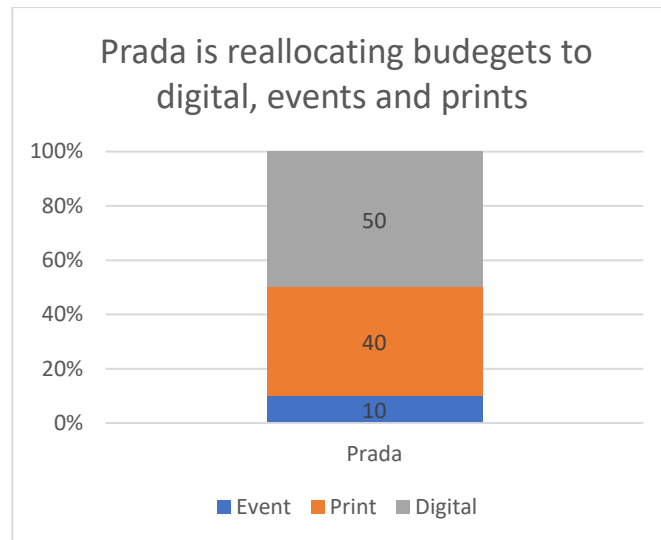
Figure 7: Prada is Reallocating Budgets to Digital, Events and Prints (Source: Company reports)

At the same time, Prada has been launching its new products not only by the traditional runway fashion show, but also the streamed live so that the Group can engage with a much larger audience, which targets the global consumers. With the fast, easy, convenient and real-time digital tools and online platforms, it's believed Prada and so as other luxury companies will continue creating their wealth and having successful business in the foreseeing future.

4.2.2   Prada Livestream Runway Fashion Show

On February 25th. 2021 at Milan Fashion Week, the director of Prada, Miuccia Prada, debuted the Prada FALL/WINTER 2021 Womenswear show (**See Figure 8 below**). This fashion show not only occurred in Milan, Italy but also got on Instagram livestream, which got 1,107,798 times views and 971 comments under. The global audience are from Europe, America Asia. The comments are written in English, Spanish, Italian, Russian, Korean etc. One comment in English wrote, 'The jumpsuits and gloves are everything! What are the fur coats made of?' And other followers also engaged with this comment. It proved the strong relationship between the audience and the brand can have through social media. Livestream obviously increased the ability of interactivity with audience. Later the video of the livestream also got on YouTube, it got 3,427,281 times views, 10 000 likes and 300 comments so far till March 3rd. 2021. It is a fabulous result for a luxury brand on social media and internet. Prada itself owns 26 million followers on Instagram. Of the top 10 luxury

fashion brands and of the Italian labels, Gucci and Prada rank the top 2 followed on Instagram.

This online and social media live which Prada held had a big influence on customers. It indeed showed the whole luxury industry the possibility to insert more suitable digital tools into its business model and marketing strategy.

It rocket-speed increased the exposure of the event, and the heat by followers improved Prada's popularity and fame. Prada has shown its iconic brand culture and value, which attracts followers and fans. The images and videos about the whole show later were put also on others channels online. After following the Prada official account on Instagram, the global audience can easily acquire the exclusive information about Prada items, contents, news, interactive experience.

Figure 8: Prada F/W 2021 Digital Fashion Show

Figure 9: Kaia Gerber wearing Prada Re-Nylon Black Coat

Table 3: Pre-in-post Prada Livestream

| **Pre-live**	Worldwide promoting the live show through Instagram, Facebook, Snapchat etc.; Announcing live information and advertisements on paid media and celebrities and influencers to preheat (**See Figure 9 above**); Creating polls, questions, quiz on Instagram to increase exposure and attention.
In-live	Tradition and technology combined in the fashion show; Posting real-time high-quality videos. Reposted by Instagram influencers and main fashion accounts (**See Figure 10 below**); Inviting celebrities and influencer to increase media exposure and attract fans; Updating links to the related products on the official Prada website.
Post-live	Internet PR: Becoming headlines on major fashion portals; Improvement of the popularity and profile of the Prada brand; Increase of number of visitors to the Prada website; Some of the collections becomes the IT item in 2021; Increase of sales.
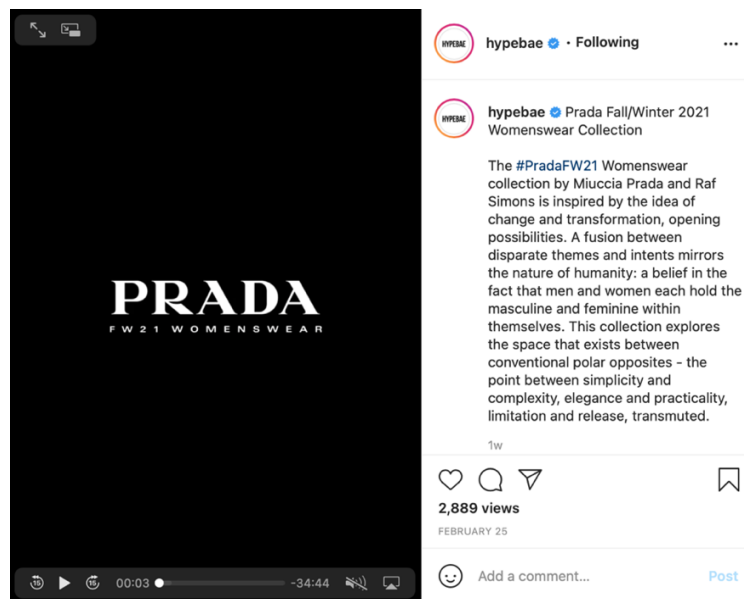
Figure 10: Hypebae Reposting Prada Livestream

4.2.3   Research Design and Data Collection

This research relied on a real-time full data of focusing on collecting the data of the Instagram users in Czech Republic who watched the Prada F/W 2021 Womenswear livestream show on Prada Instagram official account, and the data was analyzed by Google

Analytics, so as to truly reflect the consumer behavior during and after the live by tracking user's identities, comments, likes, views, purchases information. It shows a complete outlook of Prada consumer behavior especially influenced by social media as Instagram and live. Furthermore, it will expose a view of the luxury consumer behavior in the digital world by social media or internet. The results obtained were also screened against the Intern experience in Prada.

4.2.3.1 Target Population

Prada has earned a high search on Google because of the livestream on February 25th. The research targeted the Instagram users in Czech Republic who watched this digital fashion show. The Czech citizens, according to Social Media Stats (2020), are largely influenced by the variety of social media platform that are used in the country. With Instagram being used by 15.1% of the Czech citizens, specifically of whom are most the young and millennials (aged between 18-32). They are the main Instagram users in Czech Republic and their purchasing decisions are largely influenced by social media and also take place on online platforms.

4.2.4   Questionnaire Survey Design

After this digital Prada F/W Womenswear Fashion Show. As an intern in Prada, I collected the Prada consumers' opinions about the show. It will explore the impact of modern technology and marketing techniques has on consumers by analyzing their behaviors and purchasing intentions about the new collection after the digital show.

The research relied on market research sample analysis. 150 Prada consumers were invalidly collected by the Prada CRM system based in Prada store in Prague. This approach was processed by the Prada Csphere system (Employee system), involving e-mail, text, WhatsApp message. It was conducted for a period of 1 week from February 25th till March 4th. 2021. (**See Figure 11 and Appendix**)

The target group are those who are already interested in the Prada brand and purchased Prada items. No matter genders or ages. However, in the later result it shows the target group's age tends to aim the young and female group. This approach was ideal to use especially in the

Covid-19 pandemic crisis that requires social distance in all possible situations. In addition, all the data is quick and convenient to collect during my Prada internship.
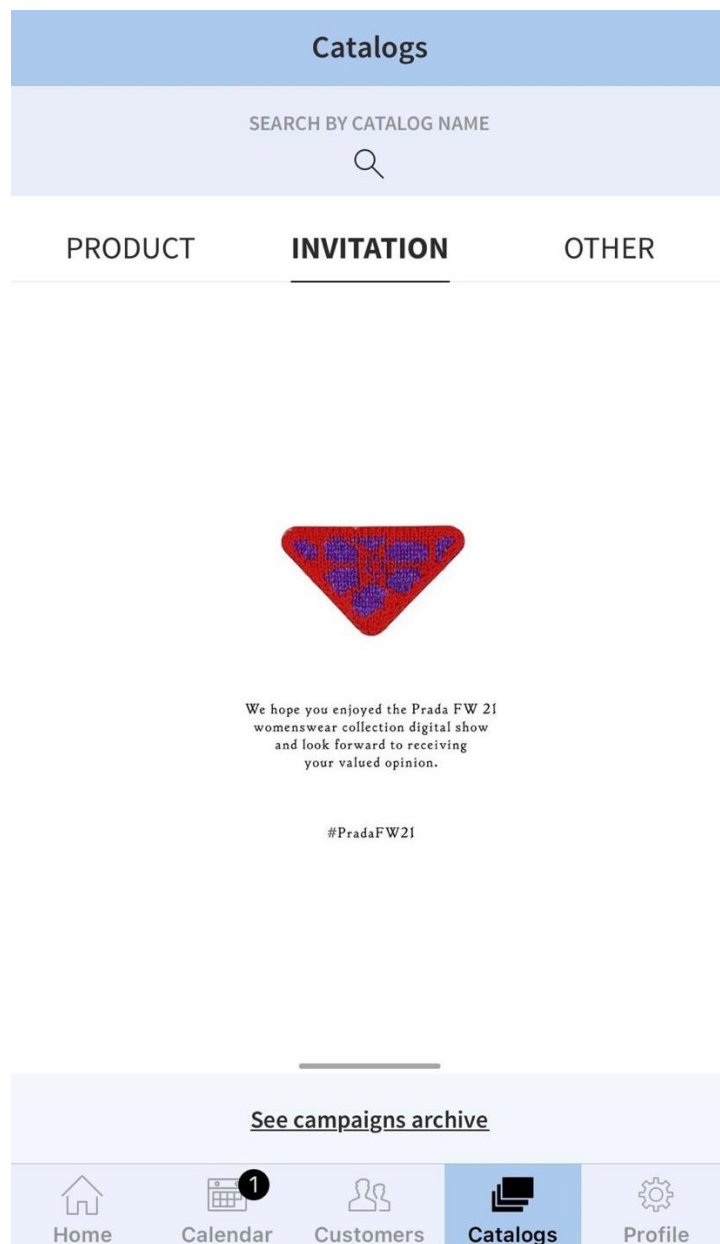

Figure 11: Prada Csphere CRM System

5   Results and Discussion

5.1 Prada Case Study Result and Discussion

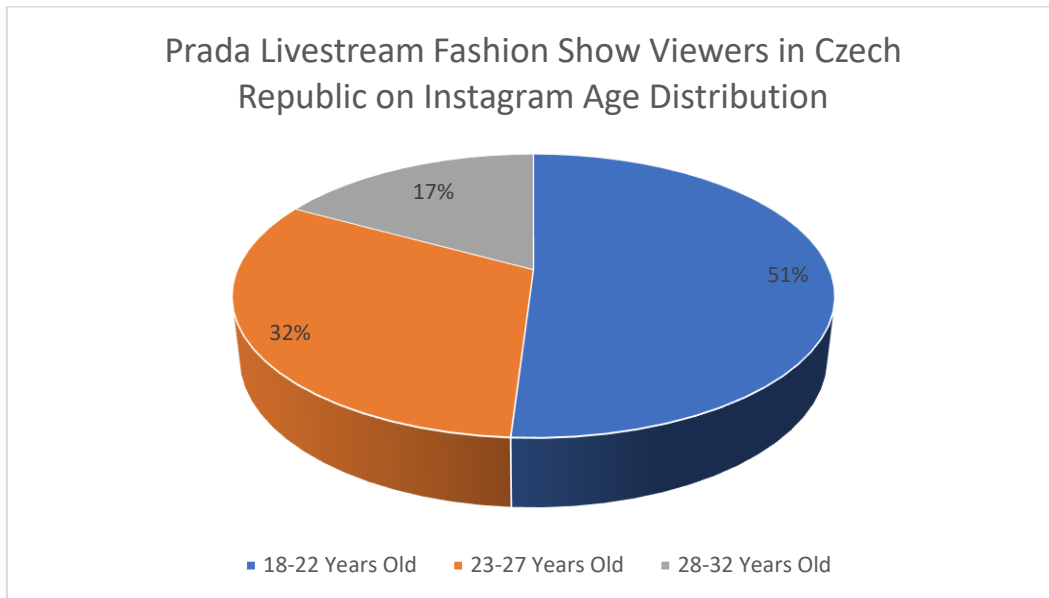### 5.1.1   Demographic Statistics

Figure 12: Prada Livestream Fashion Show Viewers in Czech Republic on Instagram Age Distribution

The Instagram users in Czech Republic who watched Prada livestream fashion show through Instagram were analyzed by Google Analytics that more than half participants were between the ages of 18-22. According to Lorenc (2018), this is the age group that uses social media the most, and so there high numbers as a percentage of the participants of the study increased the level by which research could rely on the participants' propensity to access social media sites over the period of the study.

Millennials have become the main force in luxury consumption, and this trend of youthfulness continues. Although the total wealth is far lower than that of their parents, they have more disposable income and are more willing to consume, especially for luxury goods. Therefore, luxury companies need to consider a suitable marketing strategy combined with e-commerce to better satisfy the increasing demands of purchasing experience for customers, especially for the young-oriental consumers.

5.1.2 Search Record Tracking Results

The keywords track by Google Analytics shows after the livestream show on February 25th, the search about Prada brand has tripled from 5,964 per day to 18,924 per day. And the search for the fashion show and the related new collections are clearly seen to get increased by 15 – 21 times. The attention to the fashion show itself has surged most because of its topicality. However, the topics about the related products keep the attentions more than just freshness. On 25th every keyword search reached the peak because of the debut of the show. The hot topics usually last popular for the following three days and then getting the decreasing tendency. Among all, the searches for Prada Fashion Show Live decreased the fastest while searched for Prada Gloves kept stable.

Based on the pioneering cooperation with streamed social media, Prada improved its brand awareness in public. Furthermore, it efficiently increased the consumer brand interactivity, which deepened the consumer experience and improved consumer's purchasing decision.
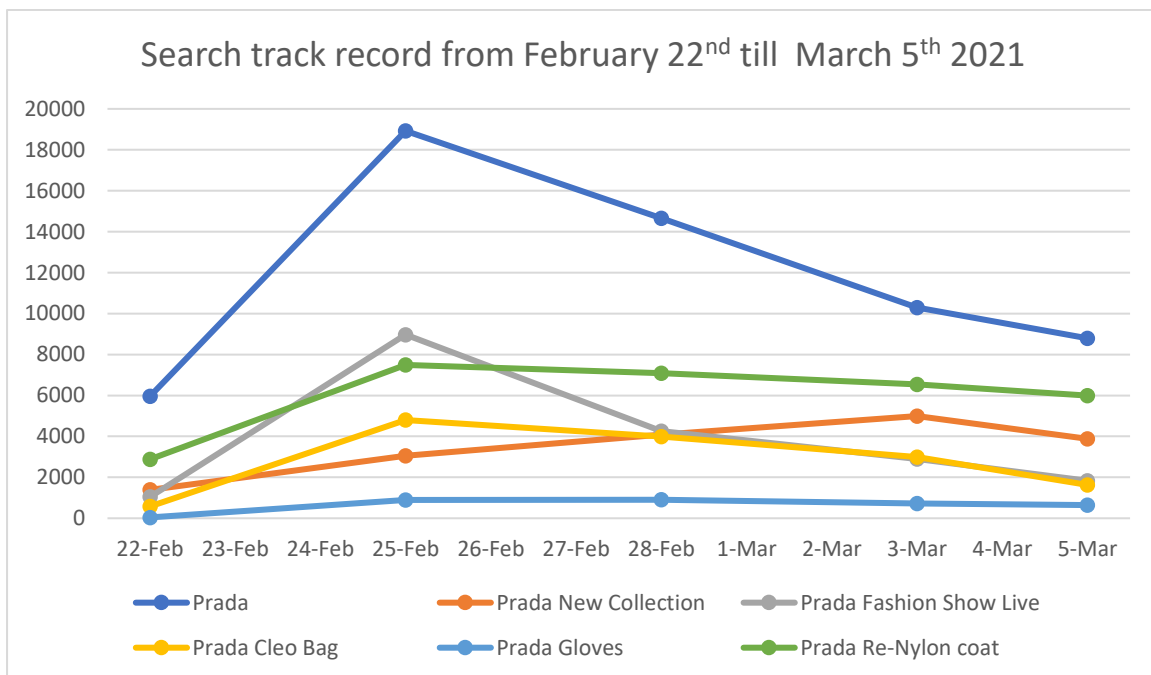

Figure 13: Search track record from February 22nd till March 5th. 2021

Prada Re-Nylon coat: Re-Nylon is a sustainable line of iconic Prada made of a unique new regenerated nylon ECONYL cooperated with Aquafil. Using renewable energy sources and reducing waste. This gabardine coat in black color with the unique Prada triangle logo on the

chest, which illuminates the sleek design of this single-breasted coat with feminine lines. The coat has fabric-covered buttons and sleeves with turn-up cuffs and contrasting lining.

Prada gloves: Made of calf leather and with limited stock of black, blue, green, yellow and purple colors. The face of the glove is designed with a special pouch with the iconic Prada triangle logo on. It's pioneering.

Prada Cleo handbag (**See Figure 14 below**): The kind of hushed minimalist piece with a sleek mini-hobo shape and Prada triangle insignia front and center. The colors are stocked in black, white and light green. After its launch it has become the hit bag thanks to the most influential users on Instagram.

Figure 14: Prada Cleo Bag and Gloves

Prada holds a reputation in the broad society, which is a very beneficial influence for a luxury brand. And in the increasingly digital societal setting, it's more essential to have a brilliant online strategy to enhance the brand image, engage with customers, develop business. And this livestream is a successfully strategic cooperation between luxury company and social media. It both increases the traffic on social media and increases the number of fans of the brand. In addition, it increases consumer interactivity and participation with the brand, which is the main matter that all the luxury brands need to work on.

5.1.3 Prada Consumer Questionnaire Survey Analysis

The valid sample size is 140 while 10 samples are invalid. As the age distribution of the Prada Livestream Fashion Show viewers on Instagram in Czech Republic, the result of the consumers who participated and gave the feedback of the questionnaire survey is the same aged between 18-32. They at least have one purchasing experience every year in Prada store in Prague. And they are Instagram users as well.

Table 4: Prada Customers' Feedback towards Prada FW21 Digital Fashion Show

Do you follow Prada official account on Instagram?	YES – 73% NO – 27%
How did you know the Prada FW21 womenswear collection digital show?	Social media (Inc. Prada Instagram account) – 50% Prada Prague store messages – 35% Fashion Magazine – 5% Friends, family members, colleagues – 8% Others – 2%
Do you think that the Prada FW21 womenswear collection digital show provided you a useful new shopping experience?	YES – 72% NO – 28%
Did you enjoy the interactivities with Prada during the digital show?	YES – 59% NO – 41%
Which product do you feel interested in after the debut of the show?	Bags – 40% Apparel – 15% Accessories – 20% Shoes – 25%

	YES – 50%
Would you like to place an order after watching the show?	NO – 15%
	In consideration – 35%

The questionnaire survey showed most of the Prada consumers based in Prague also follow the Prada Instagram account to see the brand's news and products information. Therefore, half of them got the information about the Prada FW21 digital show from social media, especially from Prada Instagram account. It shows cooperation with digital platforms and social media can reach out to new generation for luxury brands. The reinforce of digital technologies as the leading Customer Experience Management platform will help Prada in its e-commerce.

Three quarters think that the Prada FW21 show provided a useful new shopping experience when they can get more information about the products by videos, which helps to simulate consumer's purchasing desire. Therefore, at the end of the survey, it showed half of the consumers are willing to purchase at least one product from the fashion show. This result reflected that the company has not only has done maintaining its rich heritage and brand identity but so while succeeded in adapting its business to the new digital landscape with modern technology and marketing techniques.

However, there is only 59% of the sample consumers feel that they're satisfied with the brand interactivity online. There are nearly another half are not satisfied. It gave a sign that the digital marketing model is not integrated yet. The luxury company only partly connected the online and offline sales models while others are fragmented. If luxury companies hope to drive global online sales, creating an omni-channel shopping experience that integrates online and offline shopping is urgent.

5.2 Gucci Case Study Result and Discussion

In the Covid-19 crisis, Gucci live can get such a success is also the result of people's self-isolations and quarantine situations, which makes the traditionally regular consumer behaviors changed. According to the comments and feedbacks of Gucci live videos on YouTube and Instagram, following is the analysis of its advantages, disadvantages, potentialities, and risks in order to show the luxury brand business on social media or internet

and the effect on luxury consumers. However, acknowledging that the result of the analysis has not been proved yet and might be lacking in evidence.

Table 5: Analysis of Gucci Live

ANALYSIS OF GUCCI LIVE	
ADVANTAGE	A big amount of audience on the platforms. They're simple to operate and good for gathering followers and fans, further in order to stimulate purchases. Beneficial to the convey of brand value (Gucci autonomous page design). Official channels reduce online shopping risks (Channel real-time consulting service).
DISADVANTAGE	The response speed of link is not stable enough (consumer comment feedback). User information and user reviews for products cannot be concentrated.
POTENTIALITY	Developing the luxury O2O business model (Gucci supports consumers to pick up goods offline in the local stores). Maintaining and strengthening CRM system. Precision marketing. Inserting 3D visualization technology.
RISK	The feedback on market is hard to control (Gucci has limited online styles). The brand expectation can be diluted (The attention of followers is unclear and cannot be accurately subdivided). Logistics services, and inventory management pressure.

According to the possible analysis of Gucci live tool, it's of reference significance that a suitable e-commerce strategy can bring a luxury company success and profit catering to consumers' growing shopping experience and their increasing demand of online services.

However, same as the result of the market research sample analysis to Prada case study, it shows that luxury companies should use omni-channels to complete their new e-commerce marketing strategies in order to adapt to the change of consumer behavior. Because so far till now, all the digital tools that luxury companies tried to integrate into their business model cannot provide a systematic experiences-to-sales service yet. The interactivity between brands and consumers is still not enough.

6 Conclusion

The first finding following systematic review of literature used in this study was on Maslow's theory of needs. This theory posits that inspiration is process that gets started when customers have need which he wants to satisfy. A person is motivated when his system is energized, made active, and behavior (action) is directed toward a need-satisfying activity (Kumra, 2006). The tension and discomfort of both physiological and psychological are created by need is motivation. And it can be only satisfied through the purchase and use of products and services. The implication of this is thus as also illustrated in the theoretical and conceptual framework in this paper that social media influences consumer choices. These findings are in tandem with the conclusion made by Haider & Shakib (2017), that the number of times and individual is exposed to an advert influences their decision to purchase the product or to use the service being advertised. And social media is the most influential, efficient and fast tool to promote and advertise a business or a brand now.

After entering the consumer society, the consumer is not an isolated individual, but a social person behind various complex social relations. It was clear also from the literature presented by Batat (2019), that there is a significant relationship between the income levels of participants and their ability and will to purchase products. According to Batat (2019), people at the advanced level in the economic pyramid make purchases based on the sense of social superiority, which makes them more respectful than other members of the society.

To be able to get a grasp of the luxury consumer pattern in the contemporary society, the countries are stated to explain the tendency and variety of new consumers. As not only for wealthy class, the demand for luxury products is also not confined to European and US countries, but also so the developing countries such as China, India, the Middle East and Latin America. There the luxury purchase power is emerging rapidly, even during economic recession for the last two decades (Limited, 2015). In China, the millennials and the Generation Z are the most active people on social media. And they have become the main part of the Chinese even world's luxury consumer pattern. With an eye of the generally whole perspective of luxury consumer pattern, it well explains the psychology and sociology within luxury consumers and the importance of interacting with young generation through social media and other online platforms.

In the further research by real-time full data analysis and market research sample analysis, it shows in the recent years, the growth of offline sales of luxury brands has slowed down. At the same time, millennial consumers who rely on social platforms and mobile shopping have risen rapidly. Luxury brands have begun to actively explore suitable online sales channels or social media to promote their brands and develop the business.

Millennials have a more positive attitude towards luxury electronic sales channels. The lack of physical in-store service experience during shopping will not largely affect their perception of luxury brand image or the purchasing decision. On the contrary, an in-depth knowledge of the brand and product provided on diversified purchase channels, it can improve consumer's desire to buy a luxury item. Besides, the observation of customers' pre and post behaviors in Prada store in Prague during my internship, the search and evaluation before arriving the store the customers did was a very important factor led to the option of an item. Because customers want to optimize their option to most satisfy their need and make the purchasing decision most efficient.

This study well explains and leads to the result that for luxury corporates in the contemporary world, they should well integrate the social media tools into their business and marketing strategies to influence and have good relationships with consumers at the online platforms. Luxury retail industry can only keep making such a great wealth and maximize the profits in the modern consumer society by winning the customers' trusts and maintaining the brands' loyalties. Because for consumers, whether it is online or offline is not the most important, but the seamless consumption experience of omni-channel and full-supply chain closed loop can bring.

In the end, this study recommends that luxury companies to combine popular hotspots and topics to enhance the interactive entertainment on luxury brands' official websites and official social media platforms. To establish a low-risk and continuous tracking service supporting system, and also use the omni-channels to promote luxury consumer's both online and offline purchasing behavior.

7   Bibliography

Aliyev, F., & Wagner, R. (2017). Cultural influence on luxury value perceptions: Collectivist vs. individualist luxury perception. *Journal of International Consumer Marketing, 30*(3), 158-172.

Ashok Som, Christian Blanckaert. 2015.*The Road to Luxury : The Evolution, Markets, and Strategies of Luxury Brand Management.* s.l. : John Wiley & Sons, Incorporated, 2015. pp. 5-6.

Bian, Q., & Forsythe, S. (2012). Purchase intention for luxury brands: A cross cultural comparison. *Journal of Business Research, 65*(1), 1443-1451.

Batat, W. (2019). *Digital Luxury.* s.l. : SAGE Publications, p. 11.

Beer, C. (2018). Social Browsers Engage with Brands. Retrieved from: https://blog.globalwebindex.com/chart-of-the-day/social-browsers-brand/

Blush & Bar. (n.d) Gucci Review. Retrieved from: https://www.blushandbar.com/blogs/articles/gucci-review

Clarence, M. (2013).*The Business of Advertising (RLE Advertising).* s.l. : Taylor & Francis Group, p. 18.

Dodds, W., Monroe, B., & Grewal, D. (1991). Effects of price, brand and store information on buyers product evaluations. *Journal of Marketing Research, 28*(3), 307-319.

Doss, F., & Robinson, T. (2013). Luxury perceptions: Luxury brand vs. counterfeit for young USA female consumers. *Journal of Fashion Marketing and Management, 17*(4), 424-439.

Farah, M., & Fawaz, R. (2016). A comparison of the influence of personal and cultural values

  on the consumption of luxury goods across Arab regions: Levant versus Gulf.

  Contemporary Management Research, 12(2), 139-168.

Haider, T., & Shakib, S. (2017). A Study On The Influences of Advertisement On Consumer

  Buying Behavior. *Business Studies Journal,* 9 (1). s

Hennings, N., Wiedmann, P., Klarmann, C., Strehlau, S., Godey, B., & Pederzoli, D. (2014).

  The relativity of luxury - a luxury product from a perspective of Polish and foreign

  consumers. *Journal of Intercultural Management*, *6 (4).*

Holdcroft A. (2007). Gender bias in research: how does it affect evidence based

  medicine. Journal of the Royal Society of Medicine, 100(1), 2–3.

Kumra, R (2006).*Consumer Behavior.* s.l. : Global Media, p. 2. Vols. 978-81-83186-12-4.

Limited, Emerald Group Publishing. (2015). *New Perspectives in Luxury Brandin.* s.l. :

  Emerald Group Publishing. s.l. : Emerald Group Publishing Limited, 2015. p. 135.

Lorenc, J. (2018). Social Media stats and demographics in the Czech Republic. Retrieved

  from: https://www.linkedin.com/pulse/social-media-stats-demographics-czech-

  republic-jakub-lorenc/

Luxxu (2020). Gucci Live: A New Luxury Shopping Experience. Retrieved from:

  https://www.luxxu.net/blog/gucci-live-a-new-luxury-shopping-experience/

McLeod, S. (2020). Maslow's Hierarchy of Needs. Retrieved from:

  https://www.simplypsychology.org/maslow.html

Michel Chevalier, Michel Gutsatz. 2012.*Luxury Retail Management : How the World's Top

  Brands Provide Quality Product and Service Support.* s.l. : John Wiley & Sons,

  Incorporated, 2012. p. 4.

Mehta, B. (2017). Minimum sample size for online survey? Retrieved from:

  https://www.researchgate.net/post/Minimum_sample_size_for_online_survey

Michel, C., Michel, G., & Michel, G. (2012).*Luxury Retail Management.* s.l. : John Wiley & Sons, Incorporated, p. 2.

Minwoo, L., & MeLissa, B (2017). *Service failures and recovery in tourism and hospitality: a practical manual.* [ed.] E. Koc, p. 87.

Mooij, M. (2019).*Consumer Behavior and Culture: Consequences for Global Marketing and Advertising.* [ed.] Matthew Waters. London : SAGE Publications, 2019. p. 24. Vols. 978-1-5443-1815-8.

PantelIdIs, L. (2017). *Cruise ship tourism.* [ed.] R., Weeden, C. Dowling.

Pearson, B. (2011). *Pre-Commerce : How Companies and Customers Are Transforming Business Together.* s.l. : John Wiley & Sons, Incorporated, p. 5.

Saito, F. (2009). *Consumer Behavior.* s.l. : Nova Science Publishers, Incorporated, 2009. pp. 185-186.

Schattle, H. (2012). *Globalization and Citizenship.* s.l. : Rowman & Littlefield Publishers, 2012. p. 7.

Scheinbaum, C. (2012).*Online Consumer Behavior : Theory and Research in Social Media, Advertising and E-Tail.* s.l. : Taylor & Francis Group, p. 272.

Scheinbaum, C., & Taylor & Francis Group, [ed.] (2012).*Online Consumer Behavior : Theory and Research in Social Media, Advertising and E-Tail.* s.l. : Routledge, 2012. p. 83.

Social Stats (2020). Social Media Stats Czech Republic. Retrieved from: https://gs.statcounter.com/social-media-stats/all/czech-republic

Srinivasan, R., Srivastava, R., & Bhanot, S. (2014). Attitudes of young Indian consumers towards luxury brands. *IOSR Journal of Business Management, 16*(7), 87-97.

Stathopoulou, A., & Balabanis, G. (2019). The effect of cultural value orientation on

    consumers' perceptions of luxury value and proclivity for luxury consumption.

    Journal of Business Research, 102(1), 298-312.

Taro, K. (2012). What is the value of luxury? A cross cultural consumer perspective.

    Psychology and Marketing, 29(12), 1018-1034.

Twitchell, James B. 2002.*Living It Up : Our Love Affair with Luxury.* s.l. : Columbia

    University Press, 2002. p. 156.

Wang, Y., Song, Y., & Sun, Y. (2011). Chinese luxury consumers: Motivation, attitude and

    behavior. *Journal of Promotion Management, 17*(3), 345-359.

Wu, M., Chen, C., Nguyen, B., & Melewar, T. (2015). Luxury fashion brands. *Qualitative*

    Market Research, 18(3), 298-319.

8   Appendix

8.1 Appendix A

Prada Csphere Message

Dear Sir/Madam,

We hope you enjoyed the Prada FW21 womenswear collection digital show and look forward to receiving your valued opinion.

King regards,

Sales Associate

PRADA

Prague, Czech Republic

8.2 Appendix B

Questionnaire

1. Do you follow Prada official account on Instagram? How did you know the Prada FW21 womenswear collection digital show?

……………………………………………………………………………………..

2. Which product do you feel interested in after the debut of the show? And would you like to place an order?

……………………………………………………………………………………..

3. Do you think that the Prada FW21 womenswear collection digital show provided you a useful new shopping experience? Did you enjoy the interactivities with Prada during the digital show?

………………………………………………………………………………………………..