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**LUXURY BRANDS AND ONLINE CONSUMER-GENERATED CONTENT:  
DEALING WITH THE NEW LEAD OF CUSTOMERS  
IN BRAND PERCEPTION**

SÃO PAULO

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Tese apresentada à Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas, como requisito para obtenção do título de Mestre Profissional em Gestão Internacional (MPGI)

Campo de conhecimento:

Gestão E Competitividade Em Empresas Globais

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*To my friends and family,  
and very especially to my little brother Léo.*

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## RESUMO

*User-generated content* – conteúdo gerado por usuários – cresceu consideravelmente na Internet nos cinco últimos anos, levando a grandes mudanças nas práticas de marketing. A força do *e-word-of-mouth*, está aumentando e tem uma influência muito forte na percepção da marca pelos consumidores (Allsop, Basset & Hoskins, 2007). Todos os novos instrumentos fornecidos pela Internet permitiram a criação de comunidades de marca online, impactando o compromisso e a lealdade dos consumidores para com a marca (De Valk, Van Bruggen, Wierenga 2009). Todas essas interações criadas entre os consumidores e a marca são relativamente novas e incomuns para as empresas que devem adaptar suas práticas de marketing a essas mudanças. Dadas as especificidades que aplicam as marcas de luxo nas suas políticas de marketing (Kapferer and Bastien, 2009), a questão da adaptação das suas estratégias ao fenômeno de *user-generated content* é particularmente complicada. As marcas de luxo costumam ter habitualmente uma relação muito reservada com os seus consumidores, baseada em princípios de exclusividade e raridade (Kapferer, 1997). Esta dissertação busca proporcionar algumas pistas de entendimento sobre como as marcas de cosméticos de luxo podem adaptar suas estratégias de marketing em relação à expansão do conteúdo gerado por usuários na Internet. Esta pesquisa qualitativa sugere meios de controlar o conteúdo gerado por usuários, como o incentivar positivamente com certas práticas de marketing e como tirar proveito dele. A seguinte análise mostra que o conteúdo gerado por usuários tem duas facetas: pode atuar como um mídia digital para as empresas de luxo e como uma fonte de informação, inspiração e criação para o desenho dos novos produtos. Sendo um meio de comunicação, as empresas de cosméticos de luxo podem contar com a nova potência do “e-word-of-mouth” a fim de promover sua imagem de marca e seus produtos através do conteúdo gerado por usuários. Sendo uma fonte de inspiração, o conteúdo gerado por usuários pode conduzir a ótimos processos de co-criação e cooperação entre as marcas de cosméticos de luxo e seus consumidores com o objetivo de projetar produtos perfeitamente ajustados ao pedido dos consumidores.

**Palavras-chaves:** conteúdo gerado por usuários, e-word-of-mouth, comunidade de marca, comunidade de marca online, marca de luxo, práticas das marcas.

## ABSTRACT

User-generated content considerably grew on the Internet in the past five years, leading to great changes in marketing practices. The power of e-word-of-mouth is increasing and has a very strong influence on other consumers' brand perception (Allsop, Basset & Hoskins, 2007). All the new tools provided by the Internet allow the creation of online brand communities, impacting on consumers' engagement and loyalty (De Valk, Van Bruggen, Wierenga 2009). All these interactions created between the customers and the brand are quite new and uncommon for the companies that have to adapt their marketing practices to these changes. Given the specificities of the luxury brands' marketing management (Kapferer and Bastien, 2009) the issue of adapting their strategies to the phenomenon of user-generated content is particularly complicated. Luxury brands are usually used to a very reserved relationship with their customers, based on the principles of exclusiveness and rarity (Kapferer, 1997). This dissertation aims at providing some insights on how to adapt marketing strategies to the booming user-generated content on the Internet for luxury cosmetic brands. Through a qualitative research it suggests how to manage and foster in a good way user-generated content through marketing practices and how to leverage it in order to improve their marketing practices. The following analysis shows that user-generated content has two facets: it can act as a media for the luxury companies and as a source of information, inspiration and creation for the design of new products. As a media, luxury cosmetic companies can count on the new power of e-word-of-mouth in order to promote their brand image and products through user-generated content. As an inspiring source, user-generated content can lead to successful processes of co-creation and cooperation between luxury cosmetic brands and their customers in order to design successful products.

**Key words:** User-generated content, e-word-of-mouth, brand community, online brand community, luxury brand, branding practices.



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# **I. Introduction**

## *I.1 Contextualization*

### *I.1.1 Online consumer generated content: an overview*

In the USA, in 2008, almost 82,5 million of people created online content at least once in the year (eMarketer, 2009). Reversely, consumers of user-generated content are also booming in the USA, with 155 million of people expected to consume this kind of online content in 2013, while they were 116 million in 2008 (eMarketer, 2009). Even more impressive is the number of bloggers estimated by Le Monde (2012) in an investigation led in December 2012: more than 20 million people have their own personal blog today and are thus potentially editing content about brands' products or services.

More and more customers are publishing content about brands, and more and more customers or potential customers are interested in reading these published contents: they look at it as an interesting, when not valuable, source of information. Companies are thus facing a completely new challenge: dealing with all this content and try to take advantage of it as much as possible.

During the past 20 years, the number of available products and services has dramatically rose, it became more complicated for consumer to chose which product or service they wanted to purchase. This is why differentiation and brands became such important. Brands makes consumers' choices easier as they allow products and services to be differentiated from the rest of the available offer on the market as they make them more easily recognizable. Brand is thus one of the main asset in which companies have to invest in, in order to develop its business and retain its already existing customers (Keller, 2008).

With the increase in the products offer, consumers also changed their purchase behaviors, they became more demanding, but also skeptical about brands' speeches. This trend is intensified by the fragmentation of classic media and advertising practices that tend to give much more power to consumers' who can select which content they want to be exposed to (Keller, 2008). The booming use of social media, and Internet platforms is one of the main

aspects of this huge change, brands need to adapt their marketing strategies to the changes in consumption and brand perception it induces.

Marketers need to develop new techniques to retain and acquire new customers, and adapting these techniques to the new trends in consumer-generated-content is one of the main challenges they are currently facing (Doohwang, Hyuk Soo & Junk Kyu, 2011). Operations of co-creation between bloggers and brands, for instance, have impressively grown during the past five years. Through these operations, companies manage to create a close relationship with their consumers, taking advantage of the proximity that already exists between the blogger and its readers.

### *1.1.2 Dealing with consumer generated content: a challenge for luxury brands*

Luxury brands were all really slow in their arrival on the Internet. For years, companies such as Chanel or Hermès resisted integrating e-commerce for instance, and had really minimalist websites, with very few content on it and almost no information about the actual products they sell.

This can be explained by the fact that dealing with consumer generated content tends to be even more challenging for luxury brands. Internet automatically implies mass access to information and mass appeal, both features that are difficultly compatible with luxury companies' value and management practices.

Luxury brand marketers used to perceive Internet and social media as a threat for their brand image. Internet is associated with feelings of apprehension and anxiety as the marketer is no longer experiencing a complete control over his brand image (Okonkwo, 2009). This is common to all marketers, as saw previously, however, the specificities of luxury brand over daily consumer brands make it even more difficult for marketers to deal with: they need, through their digital strategy, to maintain the principal attributes of luxury brands: exclusiveness and rarity (Phau & Prendera, 2000).

Those principles can never be compromised, but they are more and more exposed to risk due to the growing amount of bloggers posting about their purchase, editing content concerning a given brand, or groups and discussions on social media that are not directly moderated by the brand. A great example of this risk is the Chanel n°5 ad featuring Brad Pitt and

broadcasted for the very first time in October 2012. The new campaign was a huge breakthrough in Chanel's communication strategy, and it disappointed a lot of consumers, but also brand fans that are not necessarily customers. Lots of parodies were published on the Internet, broadcasted on Youtube, viewed and commented by millions of people. Even though this is a huge source of "buzz" for the company, this is also a source of instability for the brand image.

Luxury brands are brands of tradition, where history and past really matters, there are thus not really accustomed to instability, and even less when this instability or these changes are induced by the customers themselves. In order to be successful in our digital age, luxury brands need to overcome their rigidity to reception and exchange with customers. They need to find a way to adapt to this new way of interacting with them without affecting in a negative way their brand equity.

### ***1.2. Scope of the research***

Internet completely changed companies and consumers' relationship. It provided new tools for marketing strategies, and communications, but also allowed consumers to access much more information regarding the products and/or services they purchase or want to purchase. Today, Internet can be considered as one of the most powerful and critical marketing medium.

Web 2.0 provides great opportunities for consumers to interact with companies, but also between themselves. Consumers are now able to publish content about brands, to express their opinions about it, but also to traduce in video, blog posts, or comments and reviews, their feeling about the brand, their perception of it. The huge difference between this attitude and what happened before, is that all this published content that concern a given brand is now accessible to all the other people, and potential customers, interested in this brand.

This dissertation studies the interactions and brand reactions implied by this consumer content available on the Internet for luxury cosmetic brands. Most of the existing literature is about brands building up their own online communities (Muñiz and Schau, 2005; Kozinets, de Valck, Wojnicki and Wilner, 2010) and defining branding practices acknowledging the changes implied by the Internet revolution (Zineldin, 2000; Edelman, 2010; Sheth, 2012).

By focusing on a very specific sector in terms of branding practices and strategies (the luxury cosmetic industry), this dissertation aims at providing some insights for luxury brands' online marketing practices. While most of the literature about luxury brands' online strategies focuses on their e-commerce development (Iver, 2012) and thus the developed purchase experience, this dissertation will focus on the interactions between a luxury brand and its customers from a brandessence aspect: consumers' loyalty to the brand, consumers engagement, consumers' brand perception etc.

The main challenge here is for luxury brand to reconcile their need for a very controlled brand image, and a very framed brandessence with the available consumer generated content. Luxury brand need to turn this into a chance, to learn how to deal with it in order to take advantage of it.

### ***1.3. Objectives***

The general objective of this dissertation is to gain interesting and relevant insights regarding luxury cosmetic brands strategy on the Internet, considering the challenge that represent for them the user-generated content. More precisely, the objectives of this dissertation are twofold. The first one is to understand how luxury cosmetic companies can adapt their strategies to user-generated content. The second aim is to find out how the luxury cosmetic companies can leverage this user-generated content. These two objectives lead to the following research question?

*How can luxury cosmetic brand manage and leverage online consumer-generated content through their marketing practices?*

### ***1.4. Justification***

The defined subject is topical: it can be useful to diverse actors, especially in the luxury-marketing segment, but not only. It will also provide new insights for further research, it is thus also of interest for marketing researchers and marketing students. As this dissertation aims at understanding what are the most appropriate ways for luxury companies to deal with online consumer-generated content in order to reinforce their brand equity and customers' loyalty, it provides substantial insights for marketers in the luxury industry that cannot avoid

this “online confrontation” with their customers anymore and that are looking for reference branding and marketing practices. This dissertation can also be helpful for bloggers or people willing to produce some specific content about luxury brands, as it will provide interesting insights about how to frame the customers-brands interaction on the Internet so that everyone can benefit from it.

Maxwell (1996) states that when defining the purpose of a research, three different components can be identified: motives, desires and goals. He noticed that the choice of a specific subject for a study is mainly motivated by personal objectives. Planning to work on the digital field and currently working for a luxury cosmetic brand, the dissertation’s author really wanted to combine those two interests in the present research. The author’s employer, Lancôme, has been a pioneer in the digital area for the luxury cosmetic industry. It was for instance the very first luxury brand to launch its e-shop at the end of the 1990s. This very emulating context, encouraged the author to do some research on this field, and try to understand what can be the key success factors for a luxury brand when entering the digital world, with all the interactions with customers it supposes. The author’s interest in the blogosphere justified the desire of better understanding the influence bloggers’ content on a brand image and how this new type of content is impacting companies’ branding practices.

The subject was also chosen because it allowed the development of a qualitative research, as further described in the methodology part. Leading a qualitative research was a very good way for the author to fulfill the desire of meeting people working on the digital services of luxury brands and bloggers, in order to engage in conversation that would allow a better understanding of their attitudes, their strategies, and their own perception of the challenges they are currently facing. It is a really enriching way to lead an in-depth research about a specific subject.

The research purposes, as described by Maxwell, are more precisely detailed in the objective part of this dissertation.

### ***1.5 Structure of the dissertation***

This dissertation is structured as follows. First, relevant and important theoretical references for the research subject are commented and reviewed. This section presents the main existing academic findings that were considered relevant for the following research, the



literature review is thus organized around the following items: brand communities, user-generated content, e-word-of-mouth, adaptation of marketing strategies to the Web 2.0 challenges, specificities of luxury brands. Then, the research methodology is detailed. The choice of a qualitative and exploratory research is justified given the objectives of this dissertation and a precise description of the led in-depth interviews methodology is provided. Afterwards, the results of the interviews are analyzed and organized in three different parts: the adaptation of marketed-created content, the management of the online interactions with the customers and finally, the use of user-generated content as a media. The concluding section presents the research main findings and recommendation, but also the limitations and the recommendation for further academic research.

## II. Literature Review

There is an incredibly rich literature review about digital marketing as a general concept. Here, this literature review will mainly focus on specific aspects of digital marketing and on the most relevant concepts that have been developed since the late 1980s regarding consumers' interaction with brands and branding processes on the Internet.

### *II.1 Brand communities*

#### *II.1.1 Brand communities and Branding practices: a quick overview*

Brand communities are defined as “*a specialized, non geographically bound community, based on a structured set of social relationships among users*” by Muniz and O’Guinn (2001, p. 412). Mc Alexander, Schouten and Koenig (2002) demonstrated that in today’s very competitive markets classic product differentiation was not anymore the best solution to achieve competitive advantage. They demonstrated that one of the new and more efficient way for brands to differentiate was to develop and cultivate their brand communities. These brand communities allow brands to differentiate through the experience of ownership and consumption, rather than products or positioning.

In order to understand clearly and analyzed the concept of brand communities, a relevant and useful definition of brand is needed. Keller (2008) provides an interesting and complete definition of this concept:

*“a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of a seller or group of sellers to differentiate them from those of the competition”* (p. 2).

According to this definition, brands can be evaluated and measured; this is the objective of the brand equity. Brand equity can be defined as:

*“a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”* (Aaker, 1991, p.15).

Brand community is thus an idea that derives from *branding practices*, which are excellent means for company to add perceived value to their products in a given market. Branding practices imply thus the development of symbols, repetitive and differentiating claims, but also, and maybe most importantly strong storytelling that enables consumers to develop special emotional bonds with a specific company (Fournier, 1998). Brands communities, by allowing companies to develop emotional links with their consumers, are thus an effective way to develop high and sustainable levels of brand equity. Reversely, Muñiz and O'Guinn (2001) also demonstrated that companies with strong and successful branding practices were more likely to have substantial brand communities. Their research proved that the most relevant brand communities tend to appear in very competitive market environment, and are formed around brands with strong image, and important history. There is thus an important and undeniable interaction between branding practices and brand communities.

In the early years of brand community analysis (early 1990s), most of the literature was about physical communities, where people actually met to exchange and communicate about their consumer experiences. The roots of the concept in sociology, and most specifically in community research, certainly explain why the research focused on actual physical communities. Fischer, Bristor and Gainer (1994) were among the very first to write about the subject, by trying to understand how sociological communities interfered with consumers' consumption patterns.

Researchers then had to design a framework in order to easily determine what actually is a brand community. In the end, three main criteria, which are common to all communities, were chosen by Muñiz and O'Guinn (2001). The first criterion is the community members' sense of belonging, and their feeling of difference towards people who are not involved in the community. Secondly, they reported that community members are used to share rituals based on the community's values and consciousness. Finally, community members tend to demonstrate high level of respect and loyalty towards the community in itself, and towards the other members of the community. Those criteria are really important as they can serve as a base to identify communities in any kind of research.

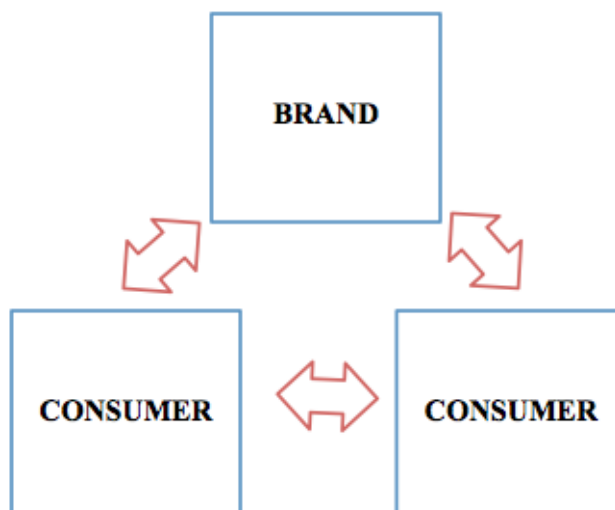
Different brand communities model have been developed: Muñiz and O'Guinn (2001) demonstrated that through years, a shift from the classic brand-consumer dyad occurred towards a new consumer-brand-consumer triad. This shift highlights the importance of

consumers' own interactions within the brand community. The triad model also suggests that consumers, by their social interaction are taking an active part in the building of the brand.

**Figure 1:** The consumer-brand brand dyad (Muñiz and O'Guinn, 2001)



**Figure 2:** The consumer-brand-consumer triad (Muñiz and O'Guinn, 2011).



### *II.1.2. The development of online brand communities and their specificities*

With the development of the Internet and of Information and Communication Technologies (ICT) a growing concern appeared in the literature about Internet's non-physically located communities. Researchers intended to understand what motives people to engage in these communities and analyzed the attributes of virtual communities versus physical communities (Granitz & Ward, 1996). With the Internet, it became possible for people coming from very diverse geographical horizons to share information, but also their personal experiences and

hobbies. This is source of enriching interactions and new emotional links between customers (Thomsen, Straubhaar & Bolyard, 1999).

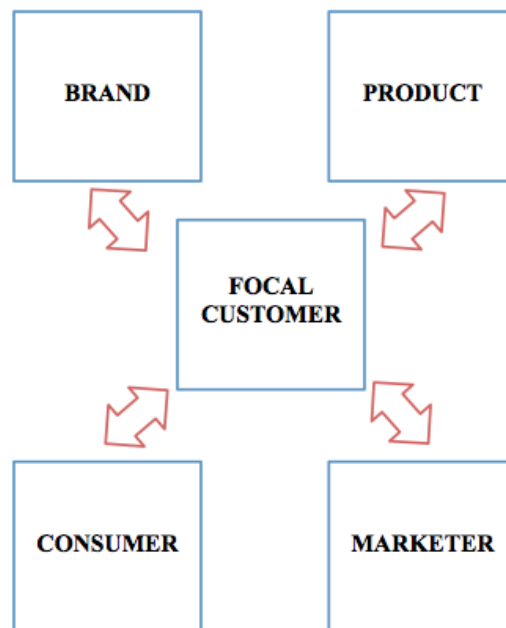
De Valk, Van Bruggen, and Wierenga (2009) provide a good definition of online brand communities. They are

*“(...) non-geographically bound community, based on social communications and relationships among a brand’s consumers” (p.185).*

They also demonstrated that recommendations among those communities are almost free while their spreading capacity is really huge and can strongly impact the non-virtual world. This is something really differentiating from the recommendations that were made in the physical brand communities. The publicity of these recommendations multiply in an impressive way their power of influence on the other customers that get exposed to these recommendations, even if these customers were not actual community member at first.

The development of online brand communities enriched the concept of brand community and made it more consistent with Mc Alexander, Schouten and Koenig’s vision (2002) of a customer-centric model. Their vision of brand communities differ from Muñiz and O’Guinn’s since they consider that brand community goes beyond the simple connections between people sharing a common interest for a brand. They proved that brand communities were also about meaningful consumption experiences made available by the companies. These experiences tend to reinforce consumers’ ties and interactions, and those shared and meaningful experiences are much cheaper and easier to develop digitally than physically. Indeed, it is easy to figure out that Internet allowed companies to develop at a much lower cost their branding practices than it used to be, and that they acquired at the same time, a potential audience much more important than before.

**Figure 3:** The customer-centric Model of Brand community  
(Mc Alexander, Schouten & Koenig, 2002).



Another interesting point about brand communities is that the fact that a community exists around a given brand suggests that a relationship between it and its consumers was created. And yet a relationship can only appear between interdependent partners (Hinde, 1979). In order to foster the creation of brand communities around their image, companies need thus to develop the human aspect of their image, and to emphasize on personalizing their marketing strategies. Once again, this idea of interactions between a brand and its customers has been facilitated by the development of Internet and most specifically of Web 2.0 facilities. Muñiz and Schau (2005) demonstrated for instance that ICTs are great platforms for customers' interactions. It is easier for customers to interact through the Internet as they can identify really rapidly people sharing the same interests as theirs and communicate between each other at almost no cost. This phenomenon strongly encourages the formation of online brand communities.

### *II.1.3. Understanding consumer engagement concept*

In order to correctly analyze consumers and brand interactions, in brand communities, but not only, the consumer-brand engagement is a crucial concept (Vivek, Beatty & Morgan, 2011). Gambetti, Graffigna and Biraghi (2012) demonstrated that CBE actually is a multi-dimensional concept which aim is to create a complete brand experience with the customers. The richer the consumer's experience relative to the brand, the greater his engagement. Brands need to develop practices that differentiate the experience consumers have with their brands relatively to others brands. To do so, very diverse elements are required: emotions, interaction, sensorial pleasures etc. CBE practices really encourage brands to directly encounter with their consumer, in order for them to perfectly know the brand but also interact with it and develop an intimate relationship. Complicity is a core aspect of CBE, as it leads to higher level of intimacy, trust and thus commitment. Thanks to CBE, brands actually manage to get in their customers' houses as they get in touch with its values, history, with what Gambetti, Graffigna and Biraghi (2012) called the "soul" of the company. The use of the "soul" word, which usually only differentiates human beings from objects, allowed the authors to highlight the fact that CBE practices tend to make a brand closer to its consumers by making it more personal.

### *II.1.4. Brand communities and value creation*

For both physical and non-physical brand communities, it was proven that brand community practices were value creating (Schau, Muñiz & Arnould, 2009). Schau, Muñiz and Arnould (2009) demonstrated, among other things, that these practices allowed customers to better understand the brand through their engagement in the community, encouraging thus higher levels of brand engagement. This closeness induced between a brand and its consumers through the brand community can even go further, being the starting point for brand-consumers co-creating process, that, in certain cases, can concern the entire marketing plans of the company (Lusch and Vargo, 2006). These co-creation processes can take very different forms: it can be "simple" content creation in collaboration with customers but it can also go further, for instance with co-creation of new products or types of services. Co-creation of products can also be more or less intense: customers can just have an influence of

the general aspect of a product or they can actually participate in the conception of it (its main features and functions, its customer target etc.). By involving the consumers in the creation processes, brands are able to develop messages, but also images, that consumer really want to be communicated with and marketing strategies can be adapted and rectified while they are still in development. This is really a powerful tool because it allows company to avoid huge branding failures for the launch of new products (Bacon, 2013).

The main difference between online and classic brand communities is that while the classic ones used to be quite close and difficult to access, with sometimes a high entry cost, online brand communities are much more diffused, opened and visible (Brodie, Ilic, Juric, and Hollebeek, 2010). This means that with the Internet, a proliferation of brand communities appeared: they were easier to create, and the cost of creating a community was almost reduced to nothing. Accessing these communities became easier as they were no longer geographical barriers or constraints that used to prevent people from joining a brand community even if they wanted to. Finally, these online communities are also easier to access because they became more visible, Internet browsers are providing tools that make them easier to identify and thus, to join if the customer is interested in doing so. Even if, from a global perspective, it was proven that they are only very few differences between the motivations and reasons why consumers engage in an online or offline community (Muñiz & O'Guinn, 2001), online communities allow a level of transparency regarding brands' identities that was not possible with offline communities (Naylor, Lamberton & West, 2012). As online communities are more visible, but also to some extent more popular, they let less room for inaccuracies about brand identity, brands are more exposed to comments and critics which encourage customers to engage in online brand communities as they feel that they will get real feedback on the brand and they will go through a great brand experience by joining the community.

#### *II.1.5. Brand communities' impact on marketing strategies*

Online brand communities and practices are thus completely transforming the marketers' branding processes and methods. Branding in today digital age is indeed becoming increasingly complex due to consumers' newly acquired power of influence: the Internet made the brand-consumer relationship much more promiscuous and consumers' interactions



with brands are more developed thanks to the multiplications of blogs and social media. Marketers need to adapt their branding methods to these new Internet interactions and thus reallocate their budget, but also their strategies, where potential customers actually are, and online communities are an important part of it. This implies a complete reorganization of the companies' marketing services but not only. Human resources need to be rethought, in order to allocate the appropriate skills where they are actually needed. Marketers cannot ignore anymore the power of customers on the Internet, and especially their power of influence over other readers and thus potential customers. This means that marketers have to integrate the management of their customers on social media, blogs and forums at every step of their marketing strategy (Edelman, 2010).

Mc William (2000) showed that by encouraging genuine relationships between like-minded persons, online communities have the potential to make the brand stronger. This is not a completely new concept, as it has already been proved for classic brand communities by Muniz and O'Guinn (2001) but it is interesting to note that online communities have the same attributes regarding brand building than the classic one. In his research, Mc William noticed that a strong differentiation is made between spontaneous communities and marketed ones: spontaneously-created community conveys a lot of enthusiasm about a brand, but they are much more difficult to control than vendors/marked-created communities. The success of consumer-created community is here explained by the confidence it immediately settles between the different participants involved in it. All these participants feel that they have equal power of influence, which is not really the case when the community is managed directly by a brand, which perceived power of influence is much more important and tend to intimidate the other participants. Mc William's research demonstrated that content and ethical choices were thus crucial if marketed-created brand communities wanted to be successful because online communities tend to be much more attractive to consumers when they feel that the offered content is spontaneous, non-marketed, and non-extensively controlled. From this record, a strategic recommendation to companies was made: their online communities should borrow most of the attributes of non-marketed communities in order to attract many customers or fans and to be successful in their online branding practices. Some limitations to this theory can nevertheless be highlighted: it is difficult to admit that companies, through their online communities, should not try to differentiate from the non-marketed communities, by providing more qualitative content for instance.

All the interactions a brand manages to create through social media but also websites or blogs with its consumers (for instance through a Facebook fan page, which is one of the most common example of marketed online brand community) are valuable. Naylor, Lamberton and West (2012) demonstrated that all the mini-connections that happen through the marketed online brand communities have positive effects on brand perception, but also purchase intentions. These connections tend to make the customer feeling “special” to the brand, they feel enhanced through this interaction that is frequently much more friendly than the classic interaction that appears between a brand and its customers during its purchasing act. Brands should thus encourage any type of mini-connections to their customers through online facilities, as it tends to have a positive impact on their loyalty and engagement towards the brand.

#### *II.1.6. Marketed vs Non-marketed online brand communities*

The difference between online marketed and non-marketed communities and contents is thus a growing topic in the literature about online marketing. A lot of research focuses on types of consumers’ engagement towards a brand community depending on the type of the community (consumer-created or marketed-created). Doohwang, Hyuk Soo & Junk Kyu (2011) managed to demonstrate that depending on this community type, two different objectives were perceived by the consumers: profit or altruism. Since consumers tend to consider altruism as a nobler motivation, they are more likely to engage in the consumer-created community rather than in a marketed one. This is deeply rooted in the suspicion customers have towards brand intentions, which is even more enhanced on the Internet as they feel that some companies tend to hide their intentions when publishing content on social media. The feeling towards other customers’ published content is completely different; by “altruism” the authors underlined other customers’ will to help each-others when they post a comment on a blog, or a forum, or even when they answer a question on a brand fan page.

Consumer-created communities can also be really relevant for marketers to develop their marketing strategy relative to a product or service launch or improvement. While they used to base their analysis on the market’s average opinion, they are now able to target some specific communities and design their strategies depending on a specific community’s

expectations. Marketers actually need to engage in those communities to target specific population and precisely study their needs to have better marketing tactics. This is really interesting and rewarding because thanks to these pre-existing communities marketers are able to design their strategies based on customers' lifestyle rather than just customers' classic features such as age, gender or income (Bacon, 2013).

## ***II.2 Non-marketed content on the Internet: User-Generated Content***

### ***II.2.1. Defining User-Generated Content***

While this non-marketed content on the Internet was growing, a lot of literature about the subject arose and tempted to theorize it. The expression *User-Generated Content* (UGC) rapidly appears as the most relevant and is now the most established one. Christodoulides, Jevons and Bonhomme (2012) define UGC as a content that:

*“Is made available through publicly accessible transmission media, such as the Internet, reflects some degree of creative effort, and is created for free, outside professional routines and practices”.*

This definition, as it insists on the creative effort of the user, is, in the end, not completely different from the definition of *Consumer-Generated Media* (CGM), given by Maurya (2010):

*“A variety of new and emerging sources of online information that are created, initiated (...) and used with consumers intent on educating each others about products, brands, services, personalities, and issues”.*

In both definitions, we can see that communication and dialogue are important features of consumer-generated content. By their online creations and publications, consumers try to develop a dialogue with brands. They can discuss a product feature, the last advertising of the company or even describe their perception of the brand. Nevertheless, it may be worth insisting on the fact that every types of contents created by the consumers on the Internet can be regarded as UGC, since all the definitions include a part about creativity. This is also the case of the OECD definition (2007), that consider that can be considered as UGC all contents with a certain level of creativity publicly made available on the Internet and created

outside of any kind of professional activities. A simple comment on a blog or review on a website cannot thus be regarded as UGC.

### *II.2.2. The new influence of User-Generated Content*

The fact that the UGC volume is growing but also that more and more research is made on it conveys the idea of a new consumer's profile, and of an increase in the UGC's quality too. Today's consumers appear more self-reflexive than they used to and more willing to express their feelings about their experiences and choices as consumers in their own words (Caru & Cova, 2008). Consumers are becoming more demanding, mainly because the competition among brands keeps on increasing, and this reflects on their attitude on the Internet through the content they are sharing and posting.

However, this improve in UGC's quality is not only due to a change in today's consumer. Contrary to what the OECD definition understates (that UGC is always produced outside of professional activities) more and more content is being produced under quasi-professional conditions. Acknowledging the fact that non-marketed content had more impact on consumers, marketers tried to develop innovative strategies that borrowed most of the main attributed of these non-marketed content. Marketers are thus fostering user-content creation by sending them new products to test in exchange of some creative reviews on their blogs or Youtube channel for instance (Cherecwich, 2008). This obviously gives rise to new interrogation about the actual independence of these bloggers, and the impact that this influence over their content-generation process has over other users that used to trust their advices.

### *II.2.3. User-Generated Content: a key element of the participative web*

User-Generated Content is one the main feature of what is called today the *participative web*, that includes very diverse work formats: written, audio, but also visual with all the Youtube videos and the "vloggers" (OECD Report, 2007). Tim O'Reilly (2007) was the very first to theorize this collaborative version of the Internet and called it Web 2.0. According to this founder article, the Internet is not anymore made by independent software but by interacting devices, building up digital platforms. Among all the applications provided by the Web 2.0, Blogs are certainly one of the first and most famous one. On a simple blog, they are many interactions possibilities: citation of other bloggers, comments, subscriptions, following another blogger's publication etc. In the end, all these interactions are creating a

complex network which is usually called “blogosphere” (Lin and Kao, 2010). Blogs are the most interesting part of the Web 2.0 regarding our subject because they used to completely fit the UGC definition, being non-professional websites aiming at sharing common interests and opinions among individuals and providing different creative options to express these ideas (Chau & Xu, 2012) Actually blogs are interesting because their content is closer to what can be done by a company as it takes the website format, which is not the case for consumers’ Facebook Fan pages or forums.

### ***II.3 The new power of Online Word-of-Mouth***

#### ***II.3.1. Word-of-Mouth vs Online Word-of-Mouth: a quick overview***

As said before, the UGC definition does not cover all the possible types of content produced by the consumers on the Internet, and is thus not the only type of consumer-generated information that can affect brands. Word-of-Mouth (WOM) can also strongly influence consumers’ brand perception (Allsop, Basset & Hoskins, 2007).

The power of WOM is huge: even the best targeted and marketed messages will never have the power of a friend’s recommendation, because people will always be suspicious about the integrity of such a message due to the selling intention hided behind it. On the contrary, a friend’s or a pair’s recommendation is trusted because it is considered as an altruistic piece of advice and not like something part of an advertising strategy. It is all the more so trusted as these recommendations are coming from people the customer already knows: he knows their taste and habits which allows him to contextualize the recommendation and see if it fits his own situation or not (Wright, 1986). This point can easily be linked with what was said previously about the influence of non-marketed communities versus the marketed ones. In any type of contents, other users’ experiences are more trusted since people are not suspicious about the intentions of the authors.

e-WOM can be defined as “Internet based peer-to-peer communication of a message or information” (Sharma, Morales-Arroyo & Pandey, 2012). This message is most of the time public, and can thus be found by any other customer that is looking for information about a brand or a product. Online WOM presents other specificities over traditional WOM: it spreads faster and at a lower cost. In addition to that, Internet offers many occasions for

consumers to express their impressions and experiences through comments or reviews on forums, which tends to make online WOM even more important and powerful than the traditional one (Li & Zhan, 2011). Edelman (2010) states that with the Internet the “touch points” between a brand and its consumers are much more numerous and accessible to everybody (the interaction is public and everyone can access it, which is not the case for physic interactions between brands and customers). This gives a phenomenal reach to these consumer-generated contents due to the spread and interactivity allowed by digital touch points.

### *II.3.2. The importance of emotion in e-WOM*

Looking at the content of these messages, Li and Zhan (2011) proved that emotional reviews are the most appreciated and highly rated on the Internet as they lead to an identification process with the review’s author. They thus encouraged marketers to adopt some of these reviews’ main features for their own communication campaign in order to be more successful. By integrating these features in their communication, brands adapt their classic format to what is now very popular on the Internet, and make their content closer to the customers’ expectations.

Marketers and advertisers need thus to develop a new advertising model, which main objective should be to foster conversation among their consumers on the Internet. Social marketing is about trying to deliver brand related messages which content will be shared and spread among Internet users, even if not customers at the moment. Conversation increases brand awareness and generate in turn new online word-of-mouth. The principal challenge for brands regarding conversation is that they should try to keep it as positive as possible for their brand image (Keller and Fay, 2012). Integrated Marketing Communications (IMC) initiated at the end of the 1980s completely fits this new trend as the focus of this approach moved from the classic companies’ perspectives to the consumers’ point of view. This higher consumer relative sensitivity allows to develop new marketing strategies that better fit customers’ expectations and increase their purchase intentions (Kitchen, Kim, and Schultz, 2008).

### *II.3.3. WOM impact on purchase decision*

The literature also went beyond the initial marketing strategies, and how they should adapt to this new power of the consumer on the Internet, by focusing on the impact of the consumer-

created content on purchase decision. Adjei, Noble and Noble (2010) looked at the impact of products' reviews over customers' purchase decision. They noticed that negative reviews had more impact than positive ones, and that depending on the products concerned and its author, a review would have more or less impact over the buying decision: the more complicated a product seems to be, the more trusted the other user comments would be. Bughin, Doogan and Vetvik (2010) use the same approach with the development of a program to measure the "online WOM equity". Through their research, they identified three main drivers for online WOM: the content of the message, the identity of the author, and the environment in which the message is published. The content of the message is about what the customer actually says about the product, if the review is positive or negative, which can be assessed through a vocabulary analysis. The identity of the author suggests that some people are more trusted than other and that influencers can be identified among the different reviews of products available. Depending on the profile of the customer, the review will be more or less trusted. Finally, the environment also impacts on the WOM equity. A review posted on a blog will have more impact than a review posted among lots of other reviews on a forum for instance. The blog is more statutory, there is no competition with other review on the platform so that the word of the author is more trusted.

## ***II.4 Defining a new framework for marketing strategies***

### ***II.4.1. New sources for business intelligence***

All these available contents on digital platforms are golden material for marketers who can achieve to gather very specific information about their customers more easily and, even more important, much more rapidly (Bacon, 2013). Liang, Tsai and Kwee (2009) underlined that blogs were more specifically very relevant source for business intelligence analysis as they allowed companies to get detailed and justified feedbacks about their products or services, but also to get a better idea of what are consumers' perceptions of their products or services' image. All the gathered information can thus play an important part in the branding process of the companies, and allow them to enrich their analysis and marketing plans. Kozinets, de Valck, Wojnicki and Wilner (2010) showed that marketing decisional process was much more efficient in companies that learned how to deal with consumer-generated contents, because it allow them to benefit from their customers' feedback. These successful

companies manage so well to integrate the consumer-generated content in their marketing strategies that in the end the new developed product are almost the fruit of a co-creation process.

#### *II.4.2. New risks at stake*

But even if brands can really manage to take advantage of these contents to design and implement new marketing concepts and strategies, they can also represent a threat to their classic way of functioning. Brands used indeed to have a tight control over their image, but also about all the information related on them. This is not true anymore, due to the large amount of content concerning the brands and their products directly produced by the consumers. These contents can be positive or negative, but the only thing that is certain is that brands have no control on it. They thus really need to think about new ways of delivering information and, more than anything, get into a dialogue with their consumers in order to be able to compete with all the online UGC content (Socha, Montrose, Ilari & Conti, 2009).

#### *II.4.3. Relationship marketing*

Actually, the management of all these new consumer-created content the Internet can be linked with a specific type of marketing, conceptualized at first in the 1980s: the relationship marketing. The rise of relationship marketing was at first perceptibly linked with the social changes in selling-and-buying practice, in which women were playing an increasingly important role. Arguing that women are not building up the same relationship types than men do, women being much more accommodating than men, marketing practices had to change (Keys, 1995). This is a really important point, as it may be interesting to compare it with the gender characteristics of customers publishing on the Internet, where discussion is really encouraged on a everyday basis. But relationship marketing also arose because its main theorists underlined the fact that building up a great customer-company relationship could lead to non-negligible competitive advantages as it represents an important source of differentiation. This was particularly interesting at that time since the 1980s marked the beginning of 30 years of growing competition: the available choice of products and services dramatically increased, and buyer desperately needed to systemize and simplify their purchase decisions. In that regard, the quality of their relationship with the concerned brand was an easy to understand and to apply discriminative criteria (Sheth and Parvatiyar, 1995).



Gronroos (*in* Palmer, 2002) defined relationship marketing as

*“beneficial exchanges and fulfillment of promises by both parties in a series of interactions over the lifetime of their relationship”.*

According to Palmer (2002), relationship marketing is also based on concepts such as trust, commitment but also long-term orientation of the relationship and cooperation between the people involved in it.

Many authors have underlined the link between relationship marketing and the ICTs at the beginning of the 2000s, especially because all the new communication possibilities between large companies and their consumers were completely original and perfectly matched the previously defined concept of relationship marketing (Zineldin, 2000). Confirming what was said before about customers’ information gathering for business intelligence, relationship marketing also insists on the importance of customer specific loyalty programs that enable companies to collect in-depth data about specific customers so as to develop completely adapted and expected products and/or services (O’Brien and Jones, 1995). With relationship marketing, the product or the service is not anymore at the center of the marketers’ strategies, since their new focus is on the customer himself. This induces new types of marketing tactics and practices according to Sheth (2012):

- The growing importance of consumers’ emotive feedback (consumers’ online conversation can be analyzed to develop new marketing concepts for instance)
- The production of more meaningful and purpose driven products and brands (consumers want to feel that the product or service they are acquiring will help them to serve higher purpose in life)
- The use of social media to build up brand communities (powerful tool to increase the emotive bond that links the consumer with the brand).

#### *II.4.4. Developing co-creation processes*

Christodoulides, Jevons and Bonhomme (2012) demonstrated that co-creation through the participation of consumers in a brand was a really strong factor of engagement in a brand through UGC. The same can be said about how a brand facilitates the development of communities and discussion about it. These kind of results shows how marketers should interact with UGC, but it still does not provide clear insights about how this content

influences consumers' perception of the brand in the first place. Regarding how brands should deal with the growth of user-generated content on the Internet, Ang (2011) developed a very interesting framework. By making a clear distinction between managing customers (customer relationship management, CRM) and managing social-media users (community relationship management, CoRM) she acknowledges the fact that managing social media users commenting the brand and developing content about it is really different than managing the customers: it requires a new mindset, new skills, and new technology. Based on this assumption, she developed the 4Cs framework for CoRM: connectivity, conversations, content creation and collaborations.

## ***II.5. Luxury brands and the new marketing strategies***

### ***II.5.1. Defining luxury brands***

According to Kapferer (1997, p.253) luxury brands “offer more than mere objects: they provide reference of good taste”. He demonstrated then that contrary to non-classic brands, luxury brand should develop their brand practices not only depending on their customers' expectations. They need to develop their own global vision, their interpretation of this so-called “good taste”. To that extent, Internet and all the digital practices that we previously reviewed can be really interesting, as they provide new tools to these luxury companies to promote their global vision and to develop new customer experiences that flatter their senses. Luxury brands are thus usually regarded as exclusive and rare brands. Phau and Prendera (2000) perfectly illustrated the subjective aspect of the luxury concept as they highlighted the fact that most of the luxury brands are competing in order to be able to evoke the following aspects: exclusiveness, famous and highly defined brand identity, high levels of brand awareness, and finally high perceived quality. Hudders, Pandelaere and Vyncke (2012) demonstrated that luxury brands present three main attributes: an expressive facet (exclusiveness of the brand), an impressive-functional facet (high-end quality products, premium quality) and an impressive-emotional facet (beauty of the products, high aesthetics quality and experience). Branding processes are thus even more complicated for this company, as their story-telling, and brand image need to be even more controlled and powerful than classic brands. Differentiation is at the core of each luxury brand's strategy.

### *II.5.2. Classic marketing strategies for luxury brands*

When it comes to luxury companies, the in-store experience remains really important. Most of the luxury purchases are still made on physical points-of-sales because customers are looking for specific advices and high-level of services and personalization. Digital strategies for such brands is thus to drive consumers to their stores, by providing them exciting digital content (Iver, 2012). In order to fit with the rarity concept, distribution through e-commerce websites was criticized for a long time: luxury companies always designed their marketing strategies with the objective of implementing obstacles before the actual purchase. And among others obstacles such as cultural or time obstacles, the logistical obstacle (very few point of sales) is one of the most important one (Chevalier & Mazzalovo, 2008). Actually, the Internet and the proximity it creates between a brand and its customers completely goes against this “obstacle” principle. And without these obstacles, it gets easier to experience the brand, to understand it. Little by little the brand loses its mystery, leading in the end to smaller desire for customers and less attractiveness for the luxury brand.

Kapferer and Bastien (2009) detailed the specificities of luxury management. They observed that one of the main characteristics of marketing strategies in the luxury industry is to resist client’s demands if they do not perfectly fit with the brandessence of the company. Since creation and exclusiveness are highly empowered in luxury, the role of the creator is really important. This characteristic is thus difficult to associate with the co-creation and exchange process valorized by Web 2.0, since the will of the founder of the company is always highly valorized and protected and should not suffer any alteration coming from customers’ ideas or branding suggestions. Avoiding to get involved in relational programs with their clients is another important characteristic of luxury brand marketing strategies highlighted by Kapferer and Bastien (2009). They insisted on the importance of preserving a certain distance between the luxury brand and its customers, contrary to what is done for everyday consumer brands. This is also quite contrasting with the previous recommendations for online marketing strategies detailed above, as online marketing strategies tend to be designed in order to get closer from the customers and to get inspired by their comments and perceptions. Classic online CRM methods can thus be used as source of inspiration for luxury companies but they absolutely cannot adopt them without strong efforts of adaptation to their own standards (Cailleux, Mignot, Kapferer, 2009). The last important point about luxury brands’ strategy is that through their marketing strategies they do not only intend to

differentiate from their competitors; they also need to build the distinctiveness of their brand. Luxury brands, through their marketing strategies do not only need to attract and retain their potential and actual customers, they also need to assure the brand awareness of people that will certainly never purchase the brand. They need to create desire for their brand (Choo, Moon & Kim, 2012). Given all these constraints, some authors tried then to identify to what extent luxury brands could deal with customers and their generated content on the Internet.

### *II.5.3. Dealing with luxury customers on the Internet*

Luxury brands appeal to passion more than reason, and this does not help them on their digital experience. In order to respect all the characteristic of their products (creation, precision, emotion, enhanced image, high quality and premium pricing) they develop very narrow marketing approach which are difficult to combine with the incredible levels of openness provided by the Internet (Okonkwo 2007). Okonkwo (2009) observed through her study that the most challenging part for luxury brands on the Internet actually was to manage their interactions with customers on Web 2.0 applications. All the use-to-user communities, social media discussions, or even the virtual worlds are so many platforms that contribute to the shift of power between customers and luxury brand managers. Today, customers assume the lead in online luxury brand perceptions and relationships.

Given the really high prices of luxury products, the decisional process before the actual purchase is quite long. In that regard, potential luxury customers tend to be really exposed to other customers' reviews and published contents on the Internet. A study by Martini Media, in 2012, found out that:

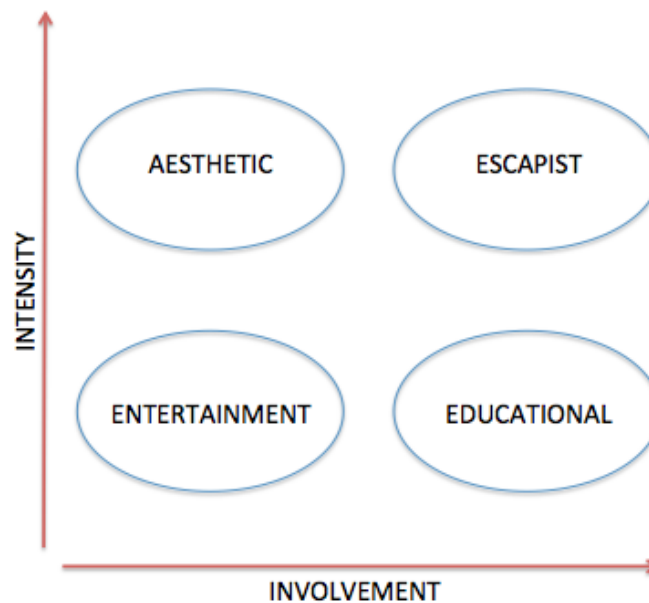
- 92% of Internet users read online luxury product reviews
- 89% of Internet users say that online luxury product reviews are influencing their purchasing decision.

It is thus a real challenge for luxury brands to understand how to deal with all these reviews and comment, but also to protect their brands from potential negative reviews or content posted by customers. According to Weber (2007) luxury brands need to learn how to engage a conversation with their customers, to get out from their old one-way advertising model that does not fit anymore the customers' expectations without neglecting their own identity, their brandessence. He states that luxury brands should thus be even more innovative than classic

brand in the way they engage in conversation. He recommends the development of very qualitative conversation model, where customers are encouraged to develop very qualitative ideas and content, in phase with the brand image of the company.

To that extent, experiential marketing is a particularly relevant concept to describe what is, or should be, luxury brands' marketing strategies regarding consumer-generated content. Experiential marketing is about emphasis connectivity, interactivity and creativity in the consumer-brand relationship (Tsai, 2005). Even though this concept is not specific to digital marketing, both concepts are highly complementary. All the practices encouraged by experiential marketing can be facilitated by well-designed online marketing strategies. Atwal and Williams (2009) designed a very interesting framework that identifies four “experiential zones” based on Pine and Gilmore’s two bipolar constructs: customer participation and connection.

**Figure 4:** Experiential zones (Atwal and Williams, 2009).



While involvement refers to the degree of interactivity between the brand and its customers (potential co-creativity between both actors), intensity refers to the perceived strength of feelings given the existing interaction. Then come the four zones. The entertainment zone concerns all the social interactions between the brand and its customers. For luxury brands, entertainment should not only concern the immediate experience but go far beyond (happenings not dedicated to direct purchase etc.). In the educational zone participants are

more actively involved than in the entertainment zone where they tend to be more spectators. They participate for instance participate in the learning of product use. The escapist zone plays on the customers' feeling of exclusiveness, of club membership while the final aesthetics zone encourage them to admire the beauty of the luxury brands and to experience the good taste it offers. This conceptualization of Atwal and Williams is really interesting as it may serve as a basis for evaluating luxury cosmetic brands marketing practices on the digital area, even though it was not specifically designed to the evaluation of online practices in their primary research.

The literature about the actual potential strategies that can be developed by luxury brands on the Internet and the specificities of these strategies in comparison with everyday consumer brands' strategies is not really developed at the moment. There is a need for further research in that area, in order for luxury companies to learn to combine the classic objectives of their marketing strategies with the online challenge of satisfying their customers and the opportunity to reinforce their brand image and thus customers' loyalty and engagement.

### **III. Methodology**

According to Silverman (2005), the choice of a methodology reflects the “overall research strategy” of the author. In the methodology section of a dissertation, all the methodological choices should be justified by research objective and intention. This section will thus provide detailed information about the followed procedures in order to collect the information needed for the analysis.

#### ***III.1. The choice of an exploratory research***

This dissertation is written using an exploratory research, accordingly no claims relative to results exhaustiveness are made. Exploratory research allows the researcher to improve its understanding of a specific topic. It does not lead to definite conclusions, as it commonly lacks statistical strength, but it is useful in order to determine the ins and outs of a given situation. It provides useful insights on the reasons things are happening and how they are happening, and can thus serve as a base for further research (Malhotra, 2009). This methodology has been preferred over a conclusive research as it allows greater level of flexibility in the research process, which better suits the previously defined research objectives.

The objective here being to identify appropriate online marketing practices that allow luxury brand to deal in an interesting and enriching way with consumer-generated content, flexibility in the research process and the used sources is a great advantage. At the beginning of the research, no clear idea of what actually are these successful practices existed, and thus, it was not possible to test some hypothesis through the research process. The lower of level of formality allowed by this exploratory research design allows to identify new practices, not knew before and to highlight their advantages regarding luxury companies’ online branding and marketing practices.

#### ***III.2. Contextualization through Secondary Data***

Secondary data corresponds to all the information collected originated by other sources, from people who are not researching for the same organization as the author. It allows the researcher to better define and target the collection of primary data, which are more

expensive and time consuming to collect. Secondary data is crucial in the understanding of the topic, in its conceptualization, before starting the collection of primary data for the analysis (Malhotra, 2009).

At first, secondary data has been used to identify and to precisely define the subject of this dissertation. Secondary data has thus been used in the Introduction section, in order to contextualize the subject of the dissertation and give a broad view of the defined problem for the luxury-brands and their digital challenges. The data used for the Introduction mainly came from blogs, newspaper articles and some academic articles. Secondary data was also intensively used in order to write the literature review which provides more precise insights on what was already done in the research field, and the limitations of these previous research. It contextualized the subject and the identified research question from a more academic point of view. Most of the collected data for the literature review consisted in academic articles, even though some paper books were used to. The academic articles were accessed through computerized database available on Sciences Po and FGV's libraries websites. Two main computerized database were used: JStore and EBSCO. The academic articles were found through the research function of the database, but also through Google Scholars and the articles' own references. All the used references are detailed in the reference list at the end of the dissertation. Secondary data has also been used in order to design the interviews guideline. Newspaper articles, corporate websites, consumers' blogs and forums were consulted. They covered many different aspects of the topic, and allowed to identify which points of interests should be discussed during the interviews. Through the study of this secondary data, the context of analysis and research was built up and it was a good way to put findings in perspective.

Even though this data is really relevant and allows a tight contextualization of the defined subject, it also presents some weaknesses that need to be addressed. In order to compensate these weaknesses, the use of at least one other source of data is needed (here, the in-depth interviews). The collected secondary data can potentially be biased, but most frequently, as secondary data is really easy to collect, it can be irrelevant for the actual topic of a given dissertation. All the collected secondary data of this dissertation has thus been evaluated before being actually analyzed in order to limit all the quality issues that can come with it. Frequently updated and recently published information has always been preferred over more



ancient data. Secondary data was also compared to avoid non-reliable sources and conflicting ones.

### ***III.3. Design of a qualitative research as primary data***

Exploratory research is frequently led through qualitative research methodology. This is the case for this dissertation. Primary data are the data directly originated by the researcher to deal with its previously defined research question (Malhotra, 2009). These data can be either qualitative or quantitative. As previously explained in order to justify the choice of an exploratory research, the reasons for leading a qualitative research rather than a quantitative one are quite the same: qualitative research provides insights and understanding of a specific issue, which perfectly fits the objective of this dissertation that aims at providing some insights for luxury marketers that need to deal with the challenges induced by the growth of online consumer-generated content.

Qualitative research is based on specific situations, called by Malhotra (2009, p. 139) “small number of non representative cases”. The collection of data here is thus flexible, as opposed to the systemized collection of data in quantitative research. The collected data through qualitative research is less rigid, which is easily understandable since the collecting processes for these data are much more flexible than the processes recommended for quantitative studies. However, qualitative research does require some structuration in order to provide interesting and valuable insights on the studied situation: interviews need to be well prepared, following a pre-defined methodology (see below III.4. for in-depth interviews methodology).

### ***III.4. Leading in-depth interviews to gather reliable primary data***

Interviews are at the core of this dissertation’s qualitative research methodology. Interviews are really relevant for a qualitative research as they allow the researcher to gather very specific information on given situations, being really insightful. They permit the identification of best practices and extensive information on the interviewee’s perception of an issue and his reaction to it. However, Yin (2003) highlighted the risks of interviews: they need to be very well prepared in order to avoid any bias, but also to avoid reflexivity (the

interviewee consciously or unconsciously wants to please the interviewer and tell him what he actually wants to hear).

The interviews here were led following a guide but with no real structured questions so as to avoid suggesting an idea or an interpretation rather than another. Having some interviews guideline and topic that absolutely needed to be dealt with allowed to preserve the fluidity of the exchange, which is convenient for analysis and exchange. Patton (1987) identified three types of interviews for qualitative research: informal conversational interview, interview guide approach and standardized open-ended interview. The second one has been preferred here: the covered topics and issues were pre-defined under an outline format, but during the interview, the wording of the questions and their ordination were adapted to the interviewee's reactions. Having this pre-defined outlines allowed a higher level of comprehensiveness of the collected data than with informal conversation as it acted as a form of standardization of the interviews' results, and at the same time, the led interviews are still quite conversational and situational, which is an asset in an exploratory research. In order to avoid the risk of a "missing question", the interviewees were always asked at the end of the interview if they were thinking that something they considered important relative to the topic and that has not been evoked during the interview. This acted as verification: this last opened question allowed gathering more unexpected information that could, in the end, be really insightful and relevant regarding the research question.

The interview guide approach was also preferred over the informal conversational interviews in order to avoid the interviewees not to really understand was the researcher's core interest. With the informal approach the interview could eventually completely derive towards something that is not really relevant regarding the dissertation topic. This was a huge risk regarding this dissertation objective, as the focus really is on luxury brands digital marketing strategies *regarding consumer-generated content*. There was thus a risk for the interviewees to forget about the focus on the user-generated content and the interactions between brand and customers. They could for instance develop a lot on their companies' e-business strategies where no clear interactions with customers can be identified.

Three types of actors were interviewed in order to assure a complete vision of the studied topic: beauty bloggers, digital project manager in luxury cosmetic companies and marketing

managers in cosmetic companies. Marketing managers are the initiators of branding strategies and practices, digital project managers give birth to the digital initiatives that come from the marketing strategy of the firm, they are aware of all the possibilities offered by Web 2.0 platforms, and they can explain their online interactions with customers. Finally, bloggers, by being on the other side of the defined topic, bring relevant insights on their own perception of their posts' influence over brand image and their influence on the brandessence of a given company. The interviews were recorded, in order to keep a reliable track of it. They were about 1h30 and 2h, depending on the length of the interviewee's answers and of the quality of the conversation. During the interviews, notes about what appeared to be the most relevant points were taken, and compared with the recording a few days later so that the relevance of the information can be double-checked. The most difficult part in planning those interviews was to find some bloggers that accept to answer some questions. Twenty different bloggers were contacted, but most of them are still really reluctant to discuss their situation. As they have almost a professional status now, they do not really know how to grasp their own situation, which certainly explains why they did not accepted to participate in an interview. Actually, two bloggers confirm this interpretation by e-mail, while turning down the interview proposition. Morse (1994) stated that to properly achieve a qualitative research objective through in-depth interviews, six interviews were required. Nielsen and Landauer (1993) developed a mathematical model that demonstrated that six participants for a qualitative research already covers more than 80% of the usability problem within a system. They also showed through this model that after more than 12 participants, the percentage tends to stagnate around 90%. For this dissertation, eight different people were interviewed in order to gather the primary data: two beauty bloggers, four luxury digital professionals and one luxury cosmetic marketers, and one public relation manager for a luxury brand.

The beauty bloggers are girls, and they are both bloggers for more than 2 years. While the first one, Pame, is not a beauty professional as she studied arts and is now working for a art gallery, the other one, Mai, has been is the beauty industry for many years. She studied at Paris Beaux Arts and then entered the cosmetic industry by working on colors. She is now a famous "colorist" in the industry and she collaborates with many brands in order to analyze new color trends, but she also works on texture and effects in close relationship with the cosmetic industry laboratories. While Pame has no advertising on her blog, Mai's blog is

much more developed as she advertises on it. They both try to post at least thrice a week and accept to communicate from time to time with luxury brands in order to review their products.

The luxury digital professional had different profiles. The first one, Joed, is responsible for the development of digital brand content and CRM for the perfume activity of designer brands such as Cacharel, Viktor and Rolf or Stella Mc Cartney. He studied international marketing but decided to specialize in digital three years ago. Julia is working for Lancôme's digital development through applications and website, she is in charge of the all the brand's initiative to provide new types of online services to customers and to develop the digital identity of the brand. She also studied marketing at first, and worked as Product Manager before starting her new position at the international marketing development department of Lancôme. Her colleague, Christopher, was also interviewed. His job is more specific as he has a more technologic education. He is in charge of the development of the Lancôme's website, and works also in close collaboration with the International Community Management team. He has a very central position into the digital team as he combines both profiles: marketing and informatics with his education as a developer. The last "digital" person interviewed is Margaux. After several experiences in Advertising Agencies, she wanted to be at the core of brand's strategy and entered the French digital department for Lancôme digital strategy. She is now the French Community Manager of the brand. Interviewing these three Lancôme people was really interesting as they all occupy very diverse positions in the company. While Julia and Christopher are used to work in a very close way, they have very few interactions with the French department. It was thus interesting to see the differences between the International Digital Department and how their directives were actually apply in a given country.

Finally, a luxury marketer and a PR manager were interviewed. Anne-Sophie is working for skincare development at Yves Saint Laurent as a product manager. Interviewing a marketer was interesting at it allows to better understand how the digital and the marketing departments of a given company are articulated, and how they collaborate. Finally, given the results of the digital interviews, that actually provided too few insights about their luxury brand strategies towards blogger, a PR manager was interviewed. Emmanuelle is working as

a PR manager at Lancôme for two years now, and interviewing her was really insightful regarding the brand's strategy towards bloggers.

## **IV. Analysis**

### *IV.1 Developing the marketed-created content for a better brand-customer relationship*

The first idea highlighted by the research is that in order to properly manage consumer-generated content, luxury cosmetic brands need first to provide qualitative marketed content.

#### *IV.1.1. Protecting the brand identity through institutional content*

Through the interviews, a first challenge appears really clearly: protecting the brand's identity on the Internet. The diversity of formats available on the Internet, all the possibilities of editing, posting and commenting are still considered, to some extent, as a threat for luxury managers. Anne-Sophie, product manager at Yves Saint Laurent Beauté explains it quite well when she says that “we work really hard on developing our advertising images and strategies. We want to provide qualitative content to our customers. Yves Saint Laurent's identity is really strong and we don't want people to be communicated with bad interpretation of our brand image on the Internet”. The less visible a brand is on the Internet, the more alternative interpretations of its images and initiatives will be developed by customers. This is thus the first point of the studied brands' strategies in order to protect their brand identity on the Internet: developing very attractive and rich official website in order to satisfy customers' demand for qualitative content. Pame, as a cosmetic luxury customer and blogger says: “I am more demanding with luxury cosmetic brands on the Internet than with classic cosmetic brands. I expect their websites' content to be exclusive and amazingly rich. I want to be communicated with beautiful pictures, beautiful images. This is also important for me as a blogger: if the brand offers great online content, I will be really happy to share it with my readers”. This point clearly highlights the fact that providing quality content is a really good way for a brand to satisfy their customers' need for information, but also for “dream” and, to some extent, limit the alternative posts that can potentially mistreat the brand image that has been so difficult to build for marketers and advertisers. Joed explained that the strategy of the brands he manages on social media is to limit as much as possible the creation of alternative Facebook fan pages for these brands. He justifies this strategy by saying that these alternative pages are not providing content of equal quality as the official fan page and that it is not completely clear for a customer that just arrived on one of this pages whether it is the official one or not. He insisted a lot on the following point: the

official fan page is more enriching for customers than the actual customers' fan pages as it provides all the information about the last launches, the brand big news and projects, but also official games for customers. However, in his analysis he never talked about the lack of communication on these official fan pages, where customers are actually not allowed to directly post on the wall of the Facebook fan page, and where most of the interactions are happening between a single customer and the brand rather than between customers themselves. This is really different from the brand community model of the consumer-brand triad developed by Muñiz and O'Guinn (2001). Interactions tend to be reduced to their minimum and by this institutional content brands are, to some extent, reproducing the classic one-way communication, even though they tend to get more customers' feedback through this official fan pages where costumers are actually authorized to comment the brand's posts. In the end, Margaux summarized quite well why Internet is so challenging for luxury brands: "we need to make our customers dreaming about our products. Proximity is still difficult to manage as most of the marketers will consider it as a brand depreciation: if we are too close to our customers, they may stop dreaming about our brand." She also said about the social media and most specifically the Facebook official Fan pages: "I used to work for an everyday brand before, also as a community manager. The way we treated customers on our Fan page was completely different. The more luxurious the brand, the more you suppress and control the customers' posts on your page". The official website of the brand and its Facebook Fan page are thus still reproducing in a certain way the classic communication model in order to preserve the identity of the brand on the Internet. Pame, as a blogger states "we know these elements are being excessively controlled, but at the same time, they serve as a point of reference for the brand history and image. I think customers are glad they exist, they just do not want to rely only on these official source of information about a brand and its products".

#### *IV.1.2. Enhancing the brand strategy through digital marketing*

The official websites and the Facebook fan pages are not the only way luxury cosmetic companies set up their presence on the Internet in order to satisfy customers' demand. They also need to develop innovative tools and applications. According to Julia: "we need to differentiate on the Internet, and they are two steps in our differentiation process: we differentiate from other luxury cosmetic brands, but we also intend to differentiate from the non-official content. The objective for us is to remain the reference for customers on the

Internet and then to encourage our customers to generate content based on what we intended to broadcast in the very first time”. This is very interesting as it tends to counter-balance all the theories reviewed in this dissertation’s literature review in which customer-generated content is opposed to marketed-generated content. This research actually shows that some important bridges exist between both types of contents and that qualitative marketed-generated content can encourage the creation of more interesting and relevant user-generated content. Lancôme, in that regard develops a lot of e-services encouraging customers to really experience the brand and its products. The developed applications are one of their main competitive advantages as it provides customers incentives on how to use the products, how to integrate the skincare product in their daily skincare routine or how to do their make-up with the new eye palette that was just commercialized. Actually, developing great applications that can in turn generate e-word-of mouth is really one of the new objectives of the interviewees’ brands. Christopher explains that “the last make-up palettes are not that innovative from a make-up point of view. However all the developed digital tools surrounded them are really innovative and they are a strong factor of differentiation on the market”. Julia explains that the way the digital strategy is thought of depends on the general brand strategy of the company “Lancôme is specific on the luxury market because it is one of the only French luxury cosmetic brands that is not coming from a designer brand such a Christian Dior or Chanel. Our competitive advantage is that we are specialized on beauty: our expertise is in beauty and nothing else. Our brand image is really linked to this expertise and our digital strategy is thus also based on our expert qualifications”. This is really important as it underlines the fact that the digital strategy of a luxury company cannot only be thought of just considering the last trends on the Internet. On the contrary, it should really take into consideration all the history of the brand, and adapt the developed digital tools and communication content to the brandessence of the company. As consumer-generated content tends to be inspired by the marketed-content already available on the Internet, trying to develop a digital strategy that is coherent and relevant in relation to the products, the image of the cosmetic company is really important. It acts like an incentive for customers to interact in a positive way with the company on the Internet as they feel that some efforts are being made in order to provide them exclusive content that reflects the brandessence of their favorite brand. Mai, as a blogger, says: “I really love when a brand proposes innovative tools on their website or iPhone applications. I think that it is an excellent way for them to interact in a more personal way with their customers than the classic official website. It gives us the



feeling that we are being treated like special guests. And since these tools are official tools, I tend to look at them as very reliable source of information even though I know they are not objective. They are great “objects”, it changes from all the amateur videos we see on the Internet and it is quite interesting”. Here we can perfectly see in Mai’s remarks that the classic opposition between marketed and non-marketed content is not completely appropriate for luxury cosmetic brands as those two types of content tend to be complementary in a way.

The luxury cosmetic companies of the interviewed people apprehend their official websites, Facebook fan page and applications as the very first steps towards of a successful digital strategy. Without a qualitative strategy regarding these elements, it seems that they consider that they would not be in a good position to deal in an appropriate way with their customers on the Internet. Emmanuelle, as a PR manager explains that “our official website and application are the first key for customers who want to learn about our brand on the Internet. We need to provide them qualitative insights on our brand before trying to reach them in another way”.

#### *IV.1.3. Adapting the marketed content to the user-generated content*

Anne-Sophie explains the Yves Saint Laurent strategy: “we know we cannot only count on our official website. Our brand image depends on many different elements on the Internet, and I’d say that at least 70% of the online published content about our brand is coming from customers rather than us directly. This is huge, and we really had to rethink our strategy in order to adapt to this big change.” The objective for the studied brands is to develop their interactions with customers where they all already are: that is to say on social media, mobile phones and blogs. While luxury brands usually tried to stay really distant from their customers, they now seem to get closer to them. Anne-Sophie says “we go where our customers are, we need to interact with them, it is really value-creating as this proximity we manage to create tends to increase their involvement with our brand”. A greater consumer involvement with the brands means that he will more easily advocate for the brands on forums for instance. Actually, the objective of the cosmetic luxury brands analyzed here is clearly to encourage user-generated content by offering them content that was specifically designed for this objective. Julia for instance, says that the Lancôme Make-up “How to”

videos were conceived on the Youtube model of consumers' "How to" make-up tutorials. Lancôme got inspired by consumer-generated content: the customers explaining on Youtube how they use a given product. They thus released videos that were made on the same model, even though much more professional and qualitative. These new formats, inspired by what already works for user-generated content are completely adapted to customers' expectations on the Internet: Mai says "we want videos or pictures that are astonishing, easy to understand and thus easy to share. I love watching beautiful brand videos or photos, they are really inspiring and encourage me to develop even more beautiful videos or posts on my own for my blog". Luxury cosmetic brands are thus developing new formats that are more user-generated friendly, Joed for instance says: "we will progressively stop developing very long movies to advertise our new perfumes. On the contrary, more and more really shorts and thematic videos are being developed as they are easier to share with customers and tend to generate content really fast".

Emmanuelle explains what she considers as being an important challenge for luxury cosmetic brands on the Internet: "All the user-generated content can in the end depreciate our brand because it is too voluminous. As a luxury brand, we are use to communicate parsimoniously, our communication needs to be special and exceptional. Now that everybody can produce content relative to the brand, it is difficult for us to maintain this exceptional character." Once again, differentiating in a very strong way the brand-generated content from the user-generated content seems to be a very intelligent way to avoid this problem. The marketed-content needs to be more qualitative, even if it adopts the main features of user-generated content in order to be more user-friendly. According to Margaux, this is also a good way to valorize the customers "when I publish a beautiful picture or video on my Facebook fan page the comments I get are always really positive. I think that this is a good way to show to our customers that we look up at our interactions and that we always want to provide them qualitative content, even on more informal supports such as Facebook". The question of the volume of posts and contents also appeared in Margaux's interview. She explained that as a luxury brand community manager, she always tries to make her post exceptional "we always avoid doing things ritually, for instance, we are not publishing a video on make-up every Tuesday, and a post wishing a good week-end to our customers every Friday. Everything needs to stay special, and as long as it is special, it will

generate user-content because it will be perceived as something exceptional that people need to comment”.

All this analysis of the process of content generation for brands depending on the user-generated content is quite surprising. It shows that actually brand managers are always keeping in mind the impact of their produced content on the user-generated content. This is interesting because it demonstrates that the user-generated content is one of the most important parameter when they design their digital content. However, this user-generated content is more considered as something that needs to appear, rather than something pre-existing. In the perception of the digital managers and the marketers interviewed, it sometimes appeared that they were thinking of user-generated content mainly as the consequence of the marketed-generated content, rather than something independent. More precise questions needed to be asked in order for them to talk about how they actually deal with the pre-existing content such as customers’ reviews, comments etc.

## ***IV.2. Managing the online interactions with the customers***

On the Internet, customers are being excessively exposed to luxury brands’ images and they have a strong power of decision. Before Web 2.0 customers could not really choose to what kind of content they were being exposed to, as it was broadcasted through one-way media such as television or magazines. It is really different today, as on the Internet customers really decide what kind of information they will rely on and they became themselves a source of information. The interviewees insisted on the fact that they could not control anymore everything that was being said about their brand and that they needed to develop some tools in order to make these interactions with their customers enriching and positive for the brand image.

### ***IV.2.1. Defining specific customer profiles***

In order to properly deal with their customers on the Internet several of the digital managers interviewed underlined the fact that they have to take into consideration the users’ profiles. Margaux developed the following idea: most of Lancôme’s followers on Twitter and Facebook are quite young women, which are rather looking for ludic content than really

luxurious content. She says that this is really flagrant because of the success of certain types of posts rather than another. “Make-up is really the thing that better works on our Facebook Fan Page. I think this is because it is our less expensive products, so it is interesting for most of our fans and because it is the product category that is the most popular among our young customers”. Julia confirms this information “we are not facing the same types of users depending on the online supports we use, we thus need to design our strategies depending on the types of customers we are facing on these different supports”. The interactions generated by Web 2.0 between these brands and their customers and the influence the customers can potentially have on the brand seems to encourage the design of specific strategies and branding practices depending on the category of customers. Joed confirms “The more specific and targeted the content we offer to customers, the more they will talk about it and engage with our brand. They become what we call e-advocate of our brand, and this is really important”. The personalization of the provided content acts thus as an incentive for customers to interact with the brand, to engage with and to produce in turn positive content about it. Joed develops his point by saying that: “if customers feel that the content we produced perfectly fits with who he is and what he expects, he will be really happy to exchange about it with other customers that are feeling the same”. This capacity to interact with other customers also suggests the idea that the specialization of content depending on customers’ profiles also leads to higher involvement in brand community as it brings together people that are already sharing the same interests and that already presents the same customers’ features – being gender, age or geographic origins. Personalization is really important for this luxury brands because they all convey a lot of imagination, and they are linked with the personal life story of the customers. Margaux noticed that all the customers have an opinion about Lancôme: “customers have really special relationships with luxury brands, they are more demanding, but they are also really happy to share with other customers their own perception of the brand, and to communicate it to the brand. I think that if they feel closer to the brand because the content it offers is more adapted to their own identity and profile, they are more disposed to share with the brand and with the other customers”. Adapting to the user-generated content phenomenon also means developing different types of relationships and being present on different types of online supports depending on the profile of the customers the luxury brand want to get closer to and interact with. This creation of specific communities around different customers profiles by the studied luxury brands can be linked with the Escapist zone of the experiential zones

conceptualized by Atwal and Williams (2009). These communities adapted to the customers' main features create a feeling of exclusiveness that increases their involvement in the community and thus their commitment to the brand. It also allows these customers to experience great levels of intensity due to the special content and feelings it provides.

#### *IV.2.2. Dealing with customers' reactions*

When more specific question about the pre-existing user-generated content were asked, more details about the way the customers' comments, blog posts or forums are managed were found. Pame, as a beauty blogger, already had to face the power of influence of great luxury cosmetic brands. She explains: "once per month, I publish a post about the products I loved and the products I hated this month. Once I explained in details why I really hated a famous luxury cosmetic brand's product. I received in the following two days an email from the brand's PR telling me that she was really sorry I had a bad experience with one of their product. She also proposes to send me off other products of the brand that I would probably better appreciate as they would be more adapted to my expectations." This demonstrates that luxury cosmetic brands are actually paying a lot of attention to what customers says about their brand on the Internet and that they also try to influence it afterwards. Joed insists on the importance of avoiding as much as possible censorship, even when the user-generated content is really bad for the brand. He says "I have too many examples of brands that tried to censor a customer that was giving bad reviews of a luxury product, or publishing contents that were altering the brand image of the company. All these examples ended badly. I think this is smarter to try to engage in a discussion with the customer, try to really establish a relationship with him, and if the problem gets to big, publish something publicly on the official brand Facebook Fan page for instance". Discussion is a word that came back many times in the interviews. However, it was quite striking to observe that the brand managers mainly thought of discussion examples when the brand image was mistreated. Margaux says "in our Lancôme digital guidelines, we are not encouraged to engage in real discussions with customers. For instance, asking direct questions to them on our Facebook fan page is forbidden. Neither it is possible to directly answer customers' questions on our post comments. The only way we are able to engage in real discussion with them is by Inbox; even though this is also quite supervised". To a certain extent, this confirms the classic theory reviewed in the section II. stating that luxury brands cannot directly be inspired by their customers just like everyday brands can. They cannot engage in too direct dialogue at

risk of depreciating their image. Margaux seemed to regret it “Sometimes we receive inbox that are really moving from women explaining us why they love a perfume, why it fits so perfectly their personality and how glad they are to have it. I think that maybe we should find a way to better take advantage of such feedback in our strategy”. On the contrary, Joed explained that the practices at Viktor & Rolf are quite different. They are for instance encouraged to foster beautiful user-generated content and, to some extent, seize it as an opportunity for new brand story-telling: “when a person shoots beautiful photos of our products on Instagram I encourage my team to re-post it on Facebook and Twitter. This is really interesting for both of us: the customer feels enhanced by the brand he loves and the brand benefits from something original that enriches its classic brand image and story-telling”. Such processes introduce more spontaneity in luxury cosmetic brands’ communication and this is thus really appreciated by the customers, as the content remains qualitative but still different and more customer-friendly.

#### *IV.2.3. Integrating user-generated content in the marketing processes*

Through the research, two main interesting ways of taking advantage of the user-generated content for the marketing appeared: the co-creation process of luxury cosmetic products and the analysis of customers’ feedbacks.

Co-creation process can be really rewarding and a great source of brand story-telling. Joed says “our customers are huge fan of story-telling, they love perfumes, they are passionate with the stories that go with the product they buy. They want their perfume to make them feel special, we thus tried to develop initiatives that reinforce this feeling”. Joed was the initiator of a Facebook application that allowed the customers to publish their most beautiful declaration of love for the 2012 Valentine’s Day. This operation, organized for the Cacharel perfume *Amor Amor*, had for objective to reward the customers by offering them the possibility to develop a specific case for the perfume. Joed detailed the program and its effects: “customers could propose any type of digital material: simple text, their writing scanned, photos, drawings etc. The 100 most beautiful declaration of love were selected to win the perfume case, and 20 of them appeared on limited edition perfume case. This was a really great experience, customers were all really excited, it encouraged them to publish content linked with the brand and in the end the commercialized product was the fruit of our intense collaboration”. Mai, as a blogger but also as a beauty professional working in the

luxury cosmetic industry said that “I think that more collaboration initiatives between customers and brands should be taken. I think that this can almost be considered as a new version of co-branding. I would say that this is really valorizing for both the customers and the brand. The customers may have really innovative ideas and at the same time the brand can offer them the appropriate expertise in order to better lead the projects. Everyone benefits from each other quality and differentiating products are being developed”. Such initiatives are really innovative and at the same time they would really allow the luxury cosmetic brand to solve one of the challenge posed by the Web 2.0 as it allows at the same time to completely involve the customers in the creation process, their ideas and suggestions are taken into account in order to develop a new branding practice and at the same time this is not at all depreciating for the brand image as it still presents all the attributes of a classic luxury initiative: know-how, great finish and exclusivity. This is even the more so true as these initiatives tend to be limited edition, something completely compatible with the rarity feature that characterize all the luxury brands.

The interview of the Product-Manager, Anne-Sophie, highlights another important use of user-generated content. She says: “I am really interested in reading all the comments on our brand products on the Internet. There is this really famous website called *beauté-test* in which customers are encouraged to review beauty products. This is actually a really reliable source of information for us when we want to know why a product is successful and what are his main features”. This actually shows that as a Product-Manager, Anne-Sophie tends to read the customers’ feedback just for the same reasons other customers read them and trust them: “I know these are comments from real customers, and for me it goes faster to read these comments rather than waiting for some Beauty Advisors’ feedback on my last launches”. Margaux explains that the critics regarding Lancôme’s last foundation were really rapidly communicated to the marketing development team and that the reformulation of the product was really fast in comparison to what would have been done five years ago. “Looking at our customers’ feedback on the Internet is a perpetual source of improvement. We know what they like about our products really fast, and when it needs to be improved too. The information gets back to the development team much more rapidly so that their reaction to the critics is more efficient”. One of Julia’s task at her position at Lancôme International Digital Marketing division is to report to the marketing development teams the last trends she can identify on beauty blogs or forums: “everything goes really fast on these

blogs, and trends become rapidly huge phenomenon. We saw this for instance with the BB cream last winter. It was not even a subject at that time in the feminine press while everybody was already talking about it on the Internet.” And when she was asked what could explain such a phenomenon, she answered “the information spreads more easily on the Internet, especially from a country to another. In the BB Cream case this is particularly true as it was a typical Asian product and suddenly Western girls discovered it through the Internet which encouraged brands to commercialize it in Europe too”. The user-generated content is thus also a great source of information about the last trends, and about the competition. It allows the studied companies to get feedback about their own products at a very low cost, but more importantly on the competition products, and on customers’ expectations. They can identify new needs quite rapidly while this was much more difficult a few years ago, when these kind of information were really scarce on the Internet. Web 2.0 makes it easier for customers to share their experiences, and thus easier for luxury cosmetic companies to analyze their feedback and adapt their products and strategies to it.

### *IV.3. Online communities as new media for the luxury cosmetic industry*

The interviews revealed that in the studied luxury cosmetic brands, dealing with the bloggers was not anymore the job of the digital department but rather a PR Task. While bloggers were at first considered like classic customers generating content, they are now rather considered as quasi-journalist since their power of influence considerably grew in the past five years.

#### *IV.3.1. Identifying influencers and building up a community*

The interview of Emmanuel was really interesting as it gives lots of insights regarding Lancôme strategy for bloggers. “Our interest for bloggers really started two years ago for the launch of Visionnaire, our new serum which introduced a huge breakthrough in cosmetics. We really wanted to do something special for this launch, and we decided that most of the countries’ budget will be spent on the Internet.” They actually designed a complete digital strategy for this project, which core was the development of a community website called “Vision of Beauties”. “This was completely new for us, our objective through this website was to build a captive audience, to engage customers in a new way, and to have some bloggers with us that would become our new recruiters for the serum”. Through this website, Lancôme really created a community from nothing, without having something too much



marketed contrary to the classic Facebook Fan page example. This worldwide community website allowed people from all over the world to share their vision of beauty: they could post text, videos, twitter, pictures or even songs. Editorial content was also available on the website and all the published content was obviously sharable through social medias such as Facebook or Twitter. In order to develop the community, the different countries involved in the launch of Visionnaire had to identify influencers and encourage them to produce some contents linked with the community. Christopher, who was in charge of the development of the website says “This was really an innovative initiative, we were all really excited about it. People from all around the world were releasing videos about their vision of beauty, publishing pictures, videos or songs that traduced their vision of beauty... it created really an emulation of creativity and it pushes a lot the product even before any type of classic media advertising was done”. Through these types of practices it becomes easy to understand how important the user-generated content is today for luxury cosmetic brands. What is really interesting is that just like they used to really control their image on classic media communication, they still have a quite tight control on it, even when they involve customers in their brand content creation. But the Lancôme example here highlights the fact that instead of simply controlling their publications without interacting with it, it is possible to completely engage in the interaction in order to provide exciting content to the other customers. Margaux says that this type of initiative by also being related to Facebook and Twitter encourages the development of e-word-of-mouth and that all the generated buzz increases potential customers’ interest for the product. She says “Once the interest for the product is created, the web community hand on to the official website with more complete information about the products’ features and availability”. Some limitations to such initiatives need nevertheless to be highlighted: it is quite expensive to build up a brand community from nothing and maintain it active, especially since it became difficult for bloggers to participate in such communities. According to Mai “it is really exciting to post one article on a such communities, however, it remains something created to sell a product, and as blogger, this can rapidly become painful. Your creativity is really controlled and you always have to keep in mind the product that the company wants to sell through the website.” Pame agrees with Mai’s vision “My blog is not professionalized enough to participate in a brand community, my posts and photographs are not professional enough to be used directly on a luxury brand’s website, but anyways I am not completely sure I would be glad to be part of it. At first it can seem really entertaining for the blogger, and also

interesting as it may bring you new readers really easily, but at the same time I would be afraid of disappointing my current readers by working directly for a brand.” She even insisted on the fact that most of the time, on this alternative community website, the brand that is behind the initiative is not easily identifiable: “I don’t really know if it is because they want to let more space for the invited bloggers or influencers’ ideas and creations or just because they consider that they will more easily convince potential buyers if the website looks less corporate”. This is really representative of the suspicion that still exists towards these marketed initiatives.

#### *IV.3.2. Benefiting from already existing communities*

The other strategy that can be developed according to what was found during the interview is integrating already existing communities. About the beauty blogosphere Julia says: “it is becoming more and more important, and the interaction between the different bloggers are huge. I think that beauty is a really special field for blogs as many women still lack expertise in the field and they are really interested in tips and tutorials. This is why this works so well!”. Real communities are built around beauty blogs, with readers exchanging tips in the comments of the posted articles, linking other blogs etc. Anne-Sophie explains Yves Saint Laurent Beauté strategy: “last year we finished the development of our “Blogger Relationship Management” project. This was a huge project developed in close collaboration between our digital, marketing and PR services. This project offers clear guidelines for dealing with bloggers and it already allowed us to get a huge volume of positive articles from international influencers.” Lancôme developed quite the same strategy in parallel to the development of their proper web community. Emmanuelle says: “we develop our guidelines for blogging practices and identified 4 types of influencers. These influencers increase our visibility and dealing with them encourage favorable product reviews on their website. Given the audience of these influencers, positive product feedback has huge impact on our sales”. By entering pre-existing communities, luxury cosmetic brands can easily activate an incredibly powerful network in which the power of word-of-mouth is considerable. From customers to customers, the information tend to be more trusted, as confirmed by Pame’s feeling: “my readers know me, they know what are my skin’s problems, what kind of texture I love, what type of make-up I wear etc. We have a really friendly relationship. They know I only talk about products I love, or products I hate, but in this case, I clearly mention it! I know that my readers really trust my judgment, especially those who read my blogs for

many years. I think that many bloggers know that, and they may take advantage of it in a wrong way by being paid by cosmetic brands to talk about products they don't really appreciate just to advertise the product". Once again, the problem of suspicion of interest appears here, however according to Julia, this is less and less the case as these practices are much more regulated now: "now bloggers always precise in the end of the article if the post is sponsored or not. This avoids any doubt, and at Lancôme we didn't notice huge changes regarding the power of influence of these posts". Anne-Sophie explains that the success of the product launches that rely on the pre-existing communities is that it helps customers to better apprehend the use of the new product "especially these past two years when huge breakthrough were introduced in our customers' skincare routine and in make-up textures and application. Having someone they already know experiencing the product convinced the customers that they were also able to properly use the product". The friendly relationships that are develop in the customers community is thus a really interesting tool for generating word-of-mouth and educate customers' to a product's potential uses. Margaux says that all the strategies targeting the bloggers and the beauty forums helps creating a proximity between the product, especially since it is a luxury product, and the potential customers: "our customers can be afraid of product innovation. Luxury cosmetic products are expensive, and most people that buy are products are buying classic, rather than ludic products. They don't want to take the risk of being disappointed by the product and not being able to use it in the end. As they feel close the bloggers or the other customers on beauty forums, they tend to trust they appreciation". The objective then is to manage in a intelligent way the relationships with this influencers in order to educate the potential customers, even before any TV or press advertising is released.

## **V. Conclusion**

### ***V.1 Main findings and concluding remarks***

The different interviews confirmed Mc William's theory (2000) stating that online communities have the potential to make the brand stronger. It is possible, even for luxury cosmetic brands that usually need to put a lot of distance with their customers, to properly manage and leverage user-generated content. Contrary to what could be anticipated based on the specificities of luxury management (Kapferer and Bastien, 2009), the interviews revealed that it was also possible for luxury cosmetic brands to deal with their customers in a way that is value creating, provided that they develop differentiating and innovative digital strategies to foster positive user-generated content and leverage intelligently the already available user-generated content.

The very first insight gained through the interview is that even before thinking of interacting with the user-generated content, the priority for all the digital managers of the luxury cosmetic brands studied is to provide qualitative referential for their customers through their official Website and Facebook fan page. Both marketers and bloggers seemed to agree on that point, the priority for a brand that wants to manage the user-generated content about a their brand on the Internet is to offer these users a clear and interesting reference point through their institutional Website providing them exclusive and qualitative brand content but also product information. This is really important as it gives an insight to marketers on how the priorities are managed for these luxury cosmetic brands. User-generated content can also be used as a source of inspiration for the content luxury cosmetic brands develop. The formatting and the editing of the marketed content can be inspired by what is done by the users, even though luxury cosmetic brands always try to make it more qualitative. This allows luxury cosmetic companies to leverage user-generated content as they get influenced by the attributes of their customers' publications in order to provide them contents that are more adapted to their expectations. All the created content based on this approach is designed in order to foster qualitative user-generated content and create positive e-word-of-mouth on the Internet about the brand image.

The research also demonstrates that marketing strategies of luxury cosmetic brands can directly benefit from the interactions with their customers on the Internet. An important risk that was identified through the research is the risk of brand image depreciation because of too voluminous published posts, comments or videos on blogs and social medias. The solution that appears through the interviews consists in differentiating the marketed content published on these media by making it more sensational and exceptional than the user-generated content available on these same platforms. The main point of improvement detected through this research is the luxury cosmetic brands ability to engage in discussion with their customers through the Internet. This difficulty confirms the challenge identified by Weber (2007) noticing that it is particularly complicated for luxury brands to engage in discussion with their customers. Companies need to find innovative solutions that allow them to completely exchange with their customers instead of simply trying to limit to almost nothing the discussion. This discussion clearly needs to be value creating and not a simple discussion: it needs to foster customers' creativity and imagination about the brand image just like Viktor & Rolf does, as seen with the Instagram example provided by Joed during the interview. Finally, user-generated content can directly be integrated in a luxury cosmetic companies creative marketing processes through co-creation or product adaptation. Luxury cosmetic brands can either directly encourage their customers to participate in a creation process for one of their products, or they can studied the pre-existing user-generated content available on the Internet in order to identify new needs or expectations for already existing products. This is really interesting because it highlights the fact that consumer-generated content has the ability to place the customers at the center of the marketing process in the studied companies, influencing the development of a product really easily and at a low cost. This concords with the theory developed by Liang et al. (2009) stating that brands can benefit from taking the user-generated content into consideration at the moment of conceiving new products or services.

The last insight provided by this research concerns the use of user-generated content as a new media. Luxury cosmetic companies can manage user-generated content in order to make advertise their products and encourage the purchase of their products. This is here that online communities appear as a really important success factor in communicating about luxury cosmetic products on the Internet. All the interviewees insisted on the prescription power of influencers in a community. The main challenge for luxury cosmetic brands is to decide

whether they want to make the investment in building up their own community or just benefiting from pre-existing ones. Actually, the interviews tend to demonstrate that it is more efficient to benefit from pre-existing communities rather than trying to build a new community from nothing. It is easier to gain customers' confidence through a perceived independent blogger, which generates e-word-of-mouth really fast. When they enter pre-existing communities, the studied luxury cosmetic brands generated content that was completely perceived by readers as user-generated content, with all its positive attributes, but they obtained the guarantee that this content will be positive for their brand image and products. This is consistent with Wright's (1986) and Li and Zhan's (2011) findings on the power of word-of-mouth. The interviews confirmed the importance of emotions in the word-of-mouth and reveal that the already existing communities are more favorable to the development of emotions between community members leading in the end to a greater power of influence of the other members' recommendations. The interviews also suggested that the power of influence of customers on the Internet can be a great asset to launch new products that are difficult to apprehend for the customers, this shows that the findings of Adjei et al. (2010) can also be applied to luxury cosmetic brands as they also can benefit from the positive effect of influencers explaining a product use when this use is perceived as complicated by the other customers.

As a conclusion, Ang's 4Cs framework (2011) can be applied to the results to summarize them. The strategies studied through this qualitative research showed that the 4Cs were compatible with luxury brands:

- Connectivity: the interviews revealed that the very first step in order for luxury cosmetic brands to manage consumer-generated content is to establish a connection with their customers through great institutional website and Facebook fan page. The connection with the customers is at first made through very qualitative content, exclusive to the Internet channel in order to make the customers feeling that they enter an exclusive club.
- Conversations: this C is the more difficult to develop for the interviewees' brands. However, the Viktor & Rolf example showed that it is possible for luxury cosmetic brands to engage in conversation in a very qualitative way with their customers. The conversation needs to encourage creativity from both the brand and the customers. Simple day-to-day conversation is not enough, and could depreciate the brand.

Conversation is more easily fostered between customers, by encouraging initiatives that generate e-word-of-mouth among community members. These conversations are used as a new media for advertising the brands' products.

- Content: the formats of content are adapted to customers' practices in the online beauty community: videos are really important in order to foster new product uses and encourage people to develop their skincare routines. Marketers really get inspired by the user-generated content formats and enriched them in order to proposearty content that in the end generates e-word-of-mouth about their brand.
- Collaboration: user-generated content allows the studied companies to be more reactive to customers' feedbacks and imply the customers' opinions and expectations about products in their conceptualization of new products. Another form of collaboration was identified through the co-creation initiatives encouraging customers to actively participate in the development of products. The interviews showed that this allow a great level of identification with the brand and thus increases the level of customers' engagement towards the brand.

## ***V.2. Limitations and further research suggestions***

The very first limitation of this research is that it is an exploratory research. The objective of this research was not to be conclusive on the topic of adapting marketing strategies to the new power of user-generated content. On the contrary, the aim here was to bring some relevant insights on what can be done by luxury brands in order to properly manage and leverage the content customers generate about their brand on the Internet. The proposed solutions are specific to the studied companies and their external validity has not been actually tested. Interviewees were chosen in order to cover as much as possible the treated subject. However, it would have been interesting to have as much bloggers in the panel as digital managers in order to better combine both vision in the analysis. As already explained in the methodology part, convincing two bloggers to answer the interview has been really complicated, and the question they were asked were more linked to their actual perception of luxury cosmetic brands' strategy. This may have introduced a bias in their answers, they may have developed some ideas on a topic even if they did not have a really precise opinion on that subject. Nevertheless, the interviews with the professionals counterbalance this risk and bring more concrete insights on the research question.

Further research suggestions should thus be provided in order to complete this research. A quantitative analysis of the customers' perception of luxury cosmetic brands' digital strategy should be led in order to better understand why some digital initiatives are more successful than other ones, and what are the factors that influence customers' perception of a brand image on the Internet. Specific case studies on luxury cosmetic brands' strategies for product launch could also be really insightful: the way the digital strategy is chosen and the way results of this strategy are actually measured by the marketers could be studied.



## **VI. Appendices**

### ***VI.1. Bloggers interview guidelines***

- Blogging experience (for how long, initial motivation...)
- Professional activity
- Expectations towards a luxury cosmetic brand on the Internet vs a classic cosmetic brand
- Inspiration for blog posts
- Concrete interactions with luxury cosmetic brands (if products are sent, interaction with luxury cosmetic brands' PR ...)
- Perception of the influence on the blog's readers and quality of the relationship

### ***VI.2. Professionals interview guidelines (digital managers, marketer and PR)***

- Control of brand image
- Vision of content for luxury cosmetic brands
- Interactions with customers (integration of customers in the develop content, conversation with customers ...)
- Given importance to user-generated content available on the Internet
- Influence of this content on everyday marketing practices

### VI.3. Mai's tutorial video, providing links to some products

clair, légèrement éthéré. mais quand même pas cul cul! l'ère classique, à la sauce Timai... Enjoy!



Dans la superette



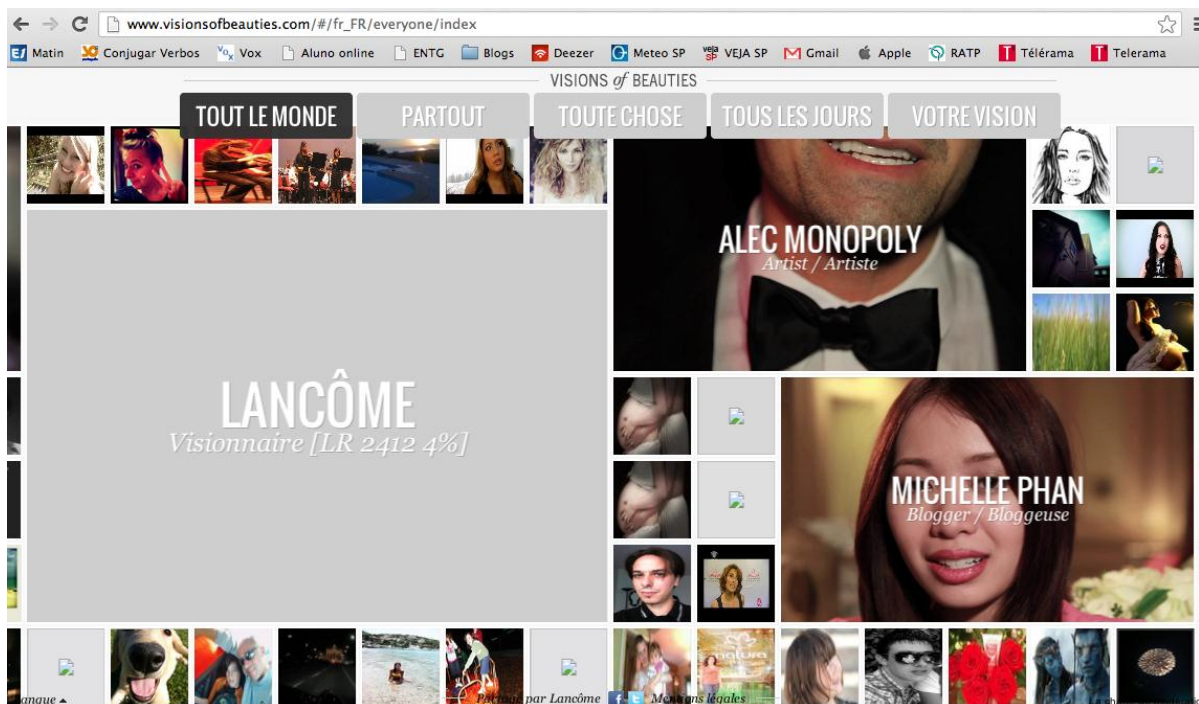
Source: Mai's blog **SuperByTimai** <http://www.superbytimai.com/page/9/>

### VI.4. Co-Creation process on Cacharel Facebook Fan Page



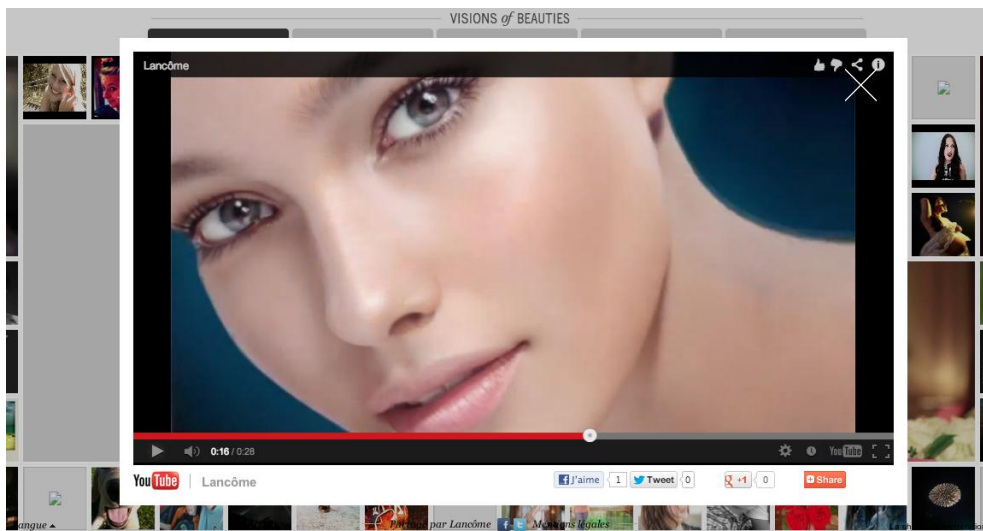
Source: Amor Amor Facebook Fan Page <https://www.facebook.com/AmorAmor>

## VI.5. Lancôme's community Website Vision of Beauties



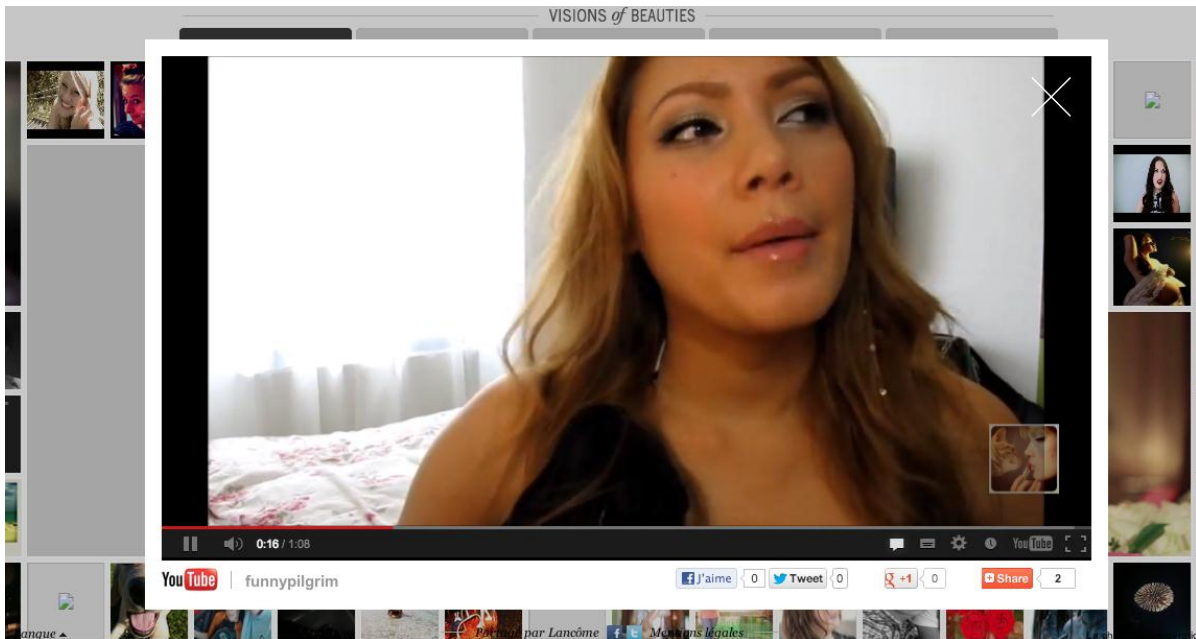
Source: Vision of beauties [http://www.visionsofbeaties.com/#/fr\\_FR/everyone/index](http://www.visionsofbeaties.com/#/fr_FR/everyone/index)

## VI.6. Youtube Visionnaire video on Lancôme Community Vision of Beauties



Source: Vision of Beauties/ Visionnaire Video  
[http://www.visionsofbeaties.com/#/fr\\_FR/everyone/index](http://www.visionsofbeaties.com/#/fr_FR/everyone/index)

**VI.7. Blogger FunnyPilGrim Video on Vision of Beauties**



Source: Vision of Beauties/Vision de Schönheit

**VI.8. Blog post about the month favorite products**

13-03-2013 - Mes beaut'hits du moment #3



Source: Punky-b, Mes beaut'hits du moment #3

<http://www.punky-b.com/archive/2013/03/13/mes-beauthits-du-moment-3>



## VI.9. Brand-consumer interaction on Lancôme Fan Page



Source: Lancôme France Facebook Fan Page

<https://www.facebook.com/lancomefrance?fref=ts>

## VI.10 Make-up videos by bloggers on Lancôme France Facebook Fan page



Source: Lancôme France Facebook Fan Page/ Michelle Phan's video application

[https://www.facebook.com/lancomefrance/app\\_329156423807196](https://www.facebook.com/lancomefrance/app_329156423807196)

## VI.11. Blog post about Yves Saint Laurent last nail polish

### Première neige de Yves Saint Laurent

Bonjour tout le monde, voici le billet vernis de la semaine.

Aujourd'hui c'est une vernis très discret que j'ai testé : le Première neige de Yves Saint Laurent .  
Ce vernis est issu de la collection hiver de YSL, ça fait un bon moment que je l'ai et je l'ai déjà porté quelques fois .



Le première neige est un top coat pailleté, il est sorti il y a plusieurs mois en parfumerie, à l'époque j'avais eu du mal à le trouver , j'avais fait plusieurs magasins sans succès puis il est arrivé dans ma parfumerie habituelle dans le courant du mois de décembre et il est toujours en vente actuellement.



Ce vernis est peu visible, il est composé de toutes petites paillettes, il est plus ou moins semblable au Dangerous Affaire que j'ai eu dans le calendrier ciaté. J'aime beaucoup le fait qu'il soit discret et après l'avoir essayé sur plusieurs couleurs de vernis foncées et clairs , je le préfère sur du clair bien que ça soit sur ce type de teinte qu'il est le moins visible. Les paillettes se voient surtout quand on bouge les doigts à la lumière. Bien sûr plus on en met plus ça se voit mais sur les photos je n'en ai mis que deux couches, pour moi mettre plus ça devient trop épais, too much.

Source: Letilor's blog

<http://letilor.blogspot.fr/2013/02/premiere-neige-de-yves-saint-laurent.html>

## VI.12. Lancôme Visionnaire reviews on the community website Beauté-test

★ ★ ★ ★ ★ 246 avis **Visionnaire LR 2412 4% de Lancôme**

Descriptif | Tous les avis | Graphiques | Donnez votre avis

**Filtrez les avis des consommateurs**

Vous pouvez filtrer les avis des consommateurs selon les critères disponibles dans ces listes

**Filtres sur le type de peau :**  
Tous les types de peau  
Tout niveau de déshydratation  
Tous les cheveux

**Filtre sur l'âge :**  
Pas d'âge minimum  
Pas d'âge maximum

**Trier les avis par :**  
- Date

**Trouver l'avis d'un membre :**  
Choisir un pseudo

Filter les avis

246 avis triés par date - Page : <<< Page précédente | 12/31 | Page suivante >>>

**Commentaire du 16/05/12 par lounafior | Entre 25 et 30 ans**

Présentation ★★★★★	<b>Points forts</b>
Texture ★★★★★	illumine à la rigueur le teint
Pénétration ★★★★★	fait la peau douce juste 5 min
Efficacité à court terme ★★★★★	ne graisse pas la peau des peaux mixtes
Efficacité à long terme ★★★★★	<b>Points faibles</b>
Odeur ★★★★★	aucun effet sur le fait d'affiner la peau
Rapport qualité/prix ★★★★★	au niveau des pores aucun effet
<b>Note globale</b> ★★★★★	les ridules sont toujours présentes
	<b>Commentaire</b>
	je l'utilise depuis plus de 3 mois tous les matins et vraiment aucun résultat. vraiment déçue par rapport au prix

Source: Beauté-Test

[http://www.beaute-test.com/visionnaire\\_lr\\_2412\\_4\\_lancome.php?listeavis=12](http://www.beaute-test.com/visionnaire_lr_2412_4_lancome.php?listeavis=12)

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