A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

# HOW ARE MULTI-BRAND E-RETAILERS ADDRESSING THE LUXURY BRANDS' DREAM?

INÊS NEVES E CASTRO DE CASTRO E QUADROS

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**Abstract**

The dream equation, the positive and negative effect of brand awareness and penetration, respectively, on the luxury dream, has been challenged by e-commerce. This work project focuses on how five multi-brand e-retailers are addressing this equation. After conducting observations and in-depth semi-structured interviews, it is possible to infer that the dream is no longer related to what the theory predicts, but with the luxury experience. Interviewees do not feel that a true luxury experience is provided online as they do not feel exclusive. Therefore, multi-brand e-retailers, which increase brand accessibility and penetration, do not highly damage the dream equation anymore.

**Keywords**: luxury, dream equation, multi-brand e-retailers, brand awareness, brand penetration and accessibility.

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## 1. Introduction

Luxury e-commerce is a controversial topic when it comes to selling the dream online. Some believe that e-commerce and the internet, in general, represent a major challenge to sustaining the dream and that brands should not sell online (Kapferer and Bastien 2012), while others believe that the internet is the perfect channel for it. Brands can remain desirable and exclusive by communicating to current and potential customers while maintaining selective online channels and content (Hennigs, Wiedmann and Klarmann 2012).

The internet, a space for mass actions and where contents are available with no restrictions, represents what luxury brands traditionally do not stand for. "Digital is about impermanence, immediacy, availability, accessibility, easiness; luxury is about timelessness, culture, heritage, rarity, effort" (Kapferer and Bastien 2012, 247). E-retail is characterized by a lack of physical contact, which translates into not providing the full multisensory experience that a customer can find in-store (Okonkwo 2009). Everything from the scent of the store to the touch of the product is impossible when purchasing online. Other e-retailer and internet characteristics include low switching costs, speed, convenience, and more product offerings, all opposite to traditional definitions of luxury (Okonkwo 2009).

While luxury brands can easily differentiate themselves from non-luxury brands in stores, "on the internet, luxury ceases to be obvious" (Kapferer 2014, 725) as luxury attributes might get unnoticed. The dream might be affected by an increase in brand penetration, a consequence of an e-commerce strategy: increase in accessibility, decrease in brand exclusivity, and decrease in the personalization of the luxury experience (Kapferer and Bastien 2012).

This work project aims to investigate how multi-brand e-retailers, namely Net-a-Porter, Mytheresa, Farfetch, Mr Porter, and MatchesFashion, are addressing luxury brand's dream equation (Dubois and Paternault 1995), as this topic has not yet been thoroughly developed and researched. Previous studies focused on the dream equation in general, while this work project focuses specifically on the online influence of multi-brand e-retailers on luxury brands' dream equation.

## 2. Contextual Background

### 2.1. Luxury Definition: The Dream Equation

In the last two decades, the market for personal luxury goods has more than doubled from €116 billion, in 2000, to €281 billion, in 2019 (D'Arpizio, Prete and Levato 2020) (Appendix 1). The business of luxury has witnessed continued growth moving from family-owned brands to multi-billion-dollar fashion houses, leading to risks regarding brand desirability (Sherman 2020). If the offer develops drastically, how to ensure the brand exclusivity and rarity? Within this context of growth, several concerns have arisen on luxury brand's ability to maintain the dream alive (Kapferer and Valette-Florence 2017).

Luxury is a complex concept to define. Due to its individual and cultural component, luxury can be subjective and arguable leading to "as many definitions as there are authors" (Kapferer and Bastien 2012, 45). This thesis focuses on one of the key definitions of "Luxury", *Luxury as a distance*, according to Kapferer (2012), and building on Dubois and Paternault (1995), which expresses the gap between the number of people who desire the brand and the number of people who can access the brand (Kapferer and Bastien 2012). It is from this gap that the luxury dream emerges. According to this approach, the management of luxury brands involves the management of desirability combined with "artificial and informational rarity". The greater the inaccessibility the greater the desire (Kapferer, 2012).

This approach to luxury has been conceptualized by Dubois and Paternault (1995) as "the dream equation", resulting from the following simple question: "Imagine that you are given the possibility of choosing a beautiful present because you won a contest. Which are the five brands you would like the best?" (Dubois and Paternault 1995). This specific question, where the price is not a concern, was used so that interviewees' dreams could not be influenced by monetary reasons (Kapferer and Valette-Florence 2016). There are two main factors influencing the answer to this question, brand awareness and brand penetration, which were translated into the dream equation below (Dubois and Paternault 1995). A detailed analysis of the regression can be found on Appendix 2.

$$\text{Dream} = 0.58*\text{Awareness} - 0.59*\text{Purchase} - 8.6$$

According to this equation, one immediate condition to dream about and purchase a particular brand is, unquestionably, being aware of it (Dubois and Paternault 1995). Otherwise, how could one dream about something they do not know? When the dream is activated, the purchase intention increases, but when it comes to luxury brands a detrimental effect occurs. By purchasing, customers' sense of exclusivity is diluted, and accessibility is made easier (Dubois and Paternault 1995). Growing means higher brand penetration and accessibility, and with it comes the risk of shrinking the dream. This leads to the major paradox of luxury brands: "the dream triggers purchase, but purchase destroys the dream" (Kapferer and Bastien 2012, 154). Despite the subjective and cultural component that luxury carries, this dream paradox applies to both Eastern and Western countries (Kapferer and Valette-Florence 2017).

### 2.1.1. Brand Awareness

Brand awareness, "consumers' ability to identify a brand under different conditions, as reflected by their brand recognition and recall performance" (Kotler, et al. 2009, 861), is connected with the strength of a brand in consumers' memory (Keller 1993). Brand recognition corresponds to consumers' ability to identify a brand due to previous exposures, either by its name, logo, colors, and packaging for instance. Brand recall, however, requires consumers to remember a particular brand from memory, when faced with a product category or the needs it fulfills (Keller 1993).

The dream equation infers that, to dream, one must know the brand and only then the desire can develop. For this reason, luxury brands must build awareness through communication and other tools (Kapferer and Bastien 2012).

Luxury has two main sides: for oneself and for others (Kapferer and Bastien 2012). The first relates to self-indulgence and individual rewards, the second, to social statement and status. If the brand is not known, it cannot be recognized by others and, therefore, only the individual reward can be fulfilled, reducing the dream to half of its potential (Kapferer and Bastien 2012). However, if the brand has a high level of awareness, it is known beyond its target. Consequently, consumers, by wearing the brand, believe their social status is reinforced as others know and recognize the brand. Therefore, it is only when brand awareness is high and beyond the target, that the duality of luxury is achieved: "The luxury dream is boosted by the distance between those who know and those who can" access the brand (Kapferer and Bastien 2012, 154).

### 2.1.2. Brand Penetration and Accessibility

Purchase, on the other hand, has a negative effect on the dream equation in the sense that if the purchase is facilitated (i.e. when the brand is easily available for purchase) the dream can be diluted (Kapferer and Valette-Florence 2016). The greater the brand penetration, the greater the loss of desirability for a specific luxury brand. This indicates that the accessibility and, consequently, the diffusion of luxury brands, negatively affects the dream. According to the *luxury as a distance* perspective, luxury items should be perceived as rare, meaning that if they become highly accessible, their dream is harmed and fades away – "rarity principle" (Dubois and Paternault 1995). Thus, in customers' minds, they will no longer stand out with these brands, as "followers" soon replicate their choices. Consumers might then stop using and buying these brands in an attempt to differentiate themselves from "followers" (Kapferer and Valette-Florence 2017).

To maintain the dream equation, luxury brands' managers often engage in artificial rarity tactics as a way to "reduce diffusion, and increase the obstacles to accessing the brand" (Kapferer and Bastien 2012, 155). Some tactics include limited collections; several small collections where the production is limited; limited and selective distribution; social events to exhibit high-status customers, celebrities, influencers and brand ambassadors across all media channels; and pricing discrimination tactics (Kapferer 2017). For a luxury brand, the secret is understanding how to market itself without jeopardizing its exclusivity and desirability, two main facets highly influenced by the brand's accessibility level (Dubois and Paternault 1995). The brand must draw "its fascination for one group from the legitimacy given it by the other" (Dubois and Paternault 1995, 75).

### 2.2. Luxury E-Commerce

Over the years, the online channel has been disrupting the luxury market, as consumers increasingly rely on digital channels and are influenced by them, even when purchasing in physical stores (D'Arpizio, Prete and Levato 2020). In 2019, the online channel in luxury, reached 12% of the global personal luxury goods market, being the fastest-growing channel, leading to a total of €33.3 billion (Appendix 3) and influencing 75% of all luxury transactions (D'Arpizio, Prete and Levato 2020). COVID-19 has brought an acceleration to luxury e-commerce. Online purchases, during these uncertain times, have increased, and are expected to represent up to 30% of the luxury market by 2025 (Bain & Company 2020). This boost in e-commerce is explained not only by the fact that stores worldwide were closed for a period of time, but also because consumers may still feel reluctant to visit physical stores (Sherman 2020). Even though some digital behaviors acquired during the pandemic may remain after the

COVID-19 crisis (D'Arpizio, Levato, et al. 2020), consumers will still want to visit stores. An example of this is the $2.7 million sale on the reopening of China's second-largest Hermès flagship store in Guangzhou (Zhang 2020).

### 2.2.1. Online Luxury Channels

When designing an online distribution strategy, brands must be extremely careful when choosing which online channel(s) to pursue, as each channel offers different types of control. Included in online luxury channels are own-brand e-commerce websites, which offer the highest level of control, and e-retailers. The latter comprises full-priced multi-brand e-retailers, marketplaces and, finally, department stores e-commerce websites, and multi-brand flash sales/off-price e-retailers, that provide the lowest levels of control (Da Silveira 2020).

**Own-brand e-commerce websites** have full control on how their products are displayed, being able to portray their online stores as flagships, preserving their identity (Da Silveira 2020). These websites not only allow brands to have direct-to-consumer sales but also relationships, leading to more customer data and, consequently, a competitive advantage (Sherman 2020). In 2019, own-brand e-commerce websites gained market share over e-retailers (D'Arpizio, Prete and Levato 2020), which can be justified by their desire to increase their control over how their products are displayed and sold online (Sherman 2020) (Appendix 4).

**Full-priced multi-brand e-retailers**, like Mytheresa, Net-a-Porter, MatchesFashion, and, Mr Porter, are aggregators who buy selected products from brands and market them to consumers, offering brands lesser control on how their products are presented. Their major advantages include its multi-brand offering, and its ability to create engagement and highly diffuse brands (Sherman 2020). Taking consumer's perspectives, **marketplaces**, such as Farfetch, which offer even fewer control to brands, can also be included in this channel even though they follow a different online business model: inventory-less platform that takes commission on sales rather than buying merchandise (Sherman 2020). Some of the main challenges that multi-brand e-retailers currently face include growing online competition from luxury brands, high customer acquisition costs, increasing price comparison from customers due to similar offerings online, and an increase in consumers' demands for personalized experiences (Sherman 2020). Furthermore, the discounting dilemma also presents a major challenge for multi-brand e-retailers as they must be very discrete in order not to damage themselves and the displayed brands (Okonkwo 2010).

Finally, **department stores e-commerce websites** include, for instance, Selfridges&Co; and **multi-brand flash sales/off-price e-retailers** include The Outnet, which offer the lowest level of control.

### 2.2.2. Main Luxury Multi-Brand E-retailers

Multi-brand e-retailers offer clients a variety of brands in one place, on the contrary to own-brand e-commerce websites, which only offer their own brand. The main luxury multi-brand e-retailers are presented in Table 1.

**Table 1** – Main luxury multi-brand e-retailers

| | |
|---|---|
| Net-a-Porter (NAP) & Mr Porter (MP) | **Net-a-Porter**, the pioneer in multi-brand online luxury, revolutionized the whole luxury retail landscape in 2000 when it was launched (Net-a-Porter 2020). In 2011, Net-a-Porter launched **Mr Porter**, its menswear version. Four years later in 2015, NAP merged with YOOX becoming the supergroup YNAP (Sherman 2020). In 2018, Richemont, fully acquired the group, which back then was valued at €5.3 billion (Fernandez 2020). In 2019, however, Net-a-Porter reported profitability losses (Kent 2020). |
| Mytheresa (MY) | **Mytheresa**, founded over 30 years ago in Munich as a Mytheresa store, launched in 2006 its e-commerce extension becoming one of the most exclusive multi-brand e-retailers (Mytheresa 2020). Contrary to most of its competitors, Mytheresa, owned by Neiman Marcus, has been profitable since it was launched (Kansara 2020). Even during the pandemic, its profitability rose significantly. Mytheresa's consolidated net revenues for the fiscal year ending in June 2020 increased 19.4% to €450 million (Conti 2020). In December 2020, Mytheresa filled for an IPO in the US (Reuters 2020). |

| | |
|---|---|
| Farfetch (FF) | Launched in 2008, **Farfetch**, a luxury marketplace, currently owns Farfetch platform solutions, Browns, Stadium Goods, New Guards and the innovative Store of the Future (Farfetch 2020). During the lockdown, and compared to last year, the total number of products sold on the marketplace rose 48% to $721 million, reaching $365 worth of revenue for the whole group (Fernandez 2020) and $238 million for the digital platform (O'Conner 2020). |
| MatchesFashion (MF) | Founded first as a brick and mortar store, **MatchesFashion** in 2012, launched its e-commerce platform (MatchesFashion 2020). In 2017, MatchesFashion was acquired by Apax Partners for $1 billion (Cook and Abraham 2017). For the 2018 fiscal year, MatchesFashion revenue increased by 27% to £372 million, however, at a slower pace when compared to 2017 (44%) (Berezhna 2019). |

Source: Work Project Author

## 3. Addressing the Work Project Challenge

### 3.1. Methodology

For the purpose of this Work Project, the five main luxury multi-brand e-retailers presented in Table 1, were selected as case studies based on their success and media coverage in the past few years. To address the work project challenge, and to understand how these five luxury multi-brand e-retailers are supporting and impacting the dream equation, we developed primary research. We combined two exploratory research methods: observations and in-depth semi-structured interviews. Table 2 explains each research method in greater detail.

Regarding observations, an analysis of the five luxury multi-brand e-retailers' websites, social media and newsletters was conducted to understand how they are addressing the dream equation. An observation grid was built to compare them across brand awareness, brand penetration and accessibility tactics, including those artificially created. The strategy of each multi-brand e-retailer was analysed from the perspective of luxury brands (Appendix 5 and 6).

Concerning interviews, 18 one-to-one in-depth semi-structured interviews with the five luxury multi-brand e-retailers' consumers, and visitors, who have purchased at least one luxury item in the past 12 months, were conducted to understand underlying motivations, attitudes, and perceptions regarding luxury multi-brand e-retailers' impact on luxury brand's dream

(Malhotra 2010). The interview guide can be found in Appendix 7. Additionally, a projective technique was conducted to understand interviewees' luxury multi-brand e-retailers associations (Malhotra 2010). The following question was used: "If multi-brand e-retailer X was a restaurant how would you describe it?". Interviewees were selected based on a pre-recruiting questionnaire (Appendix 8). The sample's sociodemographic characteristics can be found in Table 3.

**Table 2** – Work project methodology

| **Qualitative Research** | n | Target | Question | Period |
|---|---|---|---|---|
| In-depth Semi-structured Interviews | n=18 | Bought a luxury item in the last 12 months and either:<br>• Bought a luxury item in at least one of the five multi-brand e-retailers studied in the last 12 months. (n=12)<br>or<br>• Visited at least one of the five multi-brand e-retailers studied in the last 12 months. (n=6) | "**Can you please tell me about the last time you have** purchased a luxury item in / visited **Farfetch, Net-a-Porter, Mr Porter Mytheresa, or MatchesFashion?**" | October 2020 |
| Observation | How multi-brand e-retailers are addressing the dream equation: brand awareness, penetration, and accessibility analysis.<br>Luxury multi-brand e-retailers observed: Mytheresa, Net-a-Porter, Mr Porter, Farfetch, and MatchesFashion. | | | October to December 2020 |

Source: Work Project Author

**Table 3** – In-depth semi-structured interviews sample

n=18 | Multi-brand e-retailer purchased/visited

| Age | Gender | Occupation | Education | Origin | Residency | Purchased | NAP | M Y | FF | M F | M P |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 20-35 | Female | Student | MSc | IT | IT | **Yes** | x | | | | |
| 20-35 | Male | Employee of tertiary sector | BSc | PT | PT | **Yes** | | | x | | x |
| 20-35 | Female | Student | MSc | PT | PT | **Yes** | x | x | x | | |
| 20-35 | Female | Student | MSc | PT | UK | **Yes** | x | x | x | x | |
| 20-35 | Female | Student | MSc | PT | PT | **Yes** | x | | | | |
| 20-35 | Female | Middle, Top Management | MSc | IT | DE | **Yes** | | x | | x | |
| 20-35 | Female | Skilled Worker | PhD | PT | UK | **Yes** | x | | | | |
| 20-35 | Female | Student | BSc | PT | PT | **Yes** | x | | x | | |
| 20-35 | Female | Skilled Worker | MSc | IT | DE | **Yes** | | x | | | |
| 20-35 | Female | Skilled Worker | BSc | FI | DE | **Yes** | | x | | | |
| 20-35 | Female | Skilled Worker | BSc | BR | BR | **Yes** | | | x | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 20-35 | Female | Student | MSc | IT | IT | **Yes** | | | **x** | | |
| >50 | Female | Middle, Top Management | BSc | BR | BR | No | x | x | x | | |
| 20-35 | Female | Skilled Worker | MSc | BR | BR | No | | | x | | |
| >50 | Female | Middle, Top Management | MSc | PT | PT | No | x | | | | |
| >50 | Female | Middle, Top Management | MSc | PE | PT | No | | | x | | |
| 36-50 | Male | Middle, Top Management | MSc | PT | PT | No | | | x | | x |
| 36-50 | Female | Middle, Top Management | MSc | PT | PT | No | x | x | x | | |

NAP: Net-a-Porter; MT: Mytheresa; FF: Farfetch; MF: MatchesFashion; MP: Mr Porter

Source: Work Project Author based on in-depth semi-structured interviewees

### 3.2. Research Insights and Discussion

#### 3.2.1. Brand Awareness

One of the most relevant insights extracted from multi-brand e-retailers strategy is related with online ads. From the five case studies, Farfetch is the one investing the most in online ads, and specifically on Instagram and Facebook, opposite to its competitors. Even though all the others also invest in ads, Farfetch stands out for its intensive frequency and long-lasting ads for several weeks. This observation is supported by the main insights retrieved from the in-depth semi-structured interviews, as all interviewees have seen an ad from at least one multi-brand e-retailer, and with all, except one, mentioning Farfetch. These interviewees regularly see ads from Farfetch and some even mention its annoying frequency, which could damage the displayed luxury brands, instead of benefiting them. Half of them also mentioned Net-a-Porter. Most ads were observed on Instagram, followed by Facebook, affiliate websites and Google.

Concerning offline communication, Net-a-Porter and Farfetch have the strongest presence particularly through billboards in big cities. Net-a-Porter also invests in its PORTER printed magazine. Regarding interviewees, more than half have seen some sort of offline communication from Net-a-Porter and Mytheresa, specifically in magazines, billboards, posters and brand activations in London, Paris, and Milan.

Regarding social media, all multi-brand e-retailers are present in the main social media platforms globally, with the exception of Mr Porter which is not present in any Asian social media. Regarding Instagram and Facebook followers, Net-a-Porter and Farfetch have much more followers compared to the remaining e-retailers, and in some cases even more than the double. Net-a-Porter is the strongest on Instagram, and Farfetch on Facebook. Concerning social media content, Net-a-Porter, Mr Porter and MatchesFashion are very strong with multiple engaging and relevant videos. These e-retailers often feature luxury brands in their videos contributing also to their brand awareness. Even though Mytheresa does not generate content as frequently, it always posts videos of their exclusive events with brands to celebrate their exclusive capsule collections – small, limited collections that represent the brand's vision (BoF 2020). From the perspective of the distributed brands, this is particularly relevant as Mytheresa is contributing to their artificial rarity through exclusive invitation-only events. Farfetch on the other side, offers less relevant content for brands. Additional to the content offered on social media, Net-a-Porter, Mr Porter and MatchesFashion also share content on their website. Mytheresa and Farfetch are clearly behind as they do not offer any content on their website.

Finally, regarding influencers, Mytheresa is very active through its #TheShoeClub initiative and influencer strategy behind the numerous and systematic exclusive capsule collections. Mytheresa takes advantage of these collections to build a higher awareness on Instagram, which, consequently, also contributes to the awareness of the brands it partners with. Additionally, Mytheresa is the only one with an official ambassador, though, only for China. Other strong influencer strategies include Net-a-Porter's and Mr Porter's. Concerning influencers, almost all interviewees recall having seen at least once an influencer tagging a multi-brand e-retailer, being the most mentioned Mytheresa, followed by Net-a-Porter.

### How did interviewees become aware of luxury multi-brand e-retailers?

Even though most interviewees first became aware of multi-brand e-retailers through friends and family, all of these multi-brand e-retailers awareness tactics, to some greater or lesser degree, seem particularly relevant, as many interviewees mentioned at least one. For instance, influencers' posts or stories in partnership with multi-brand e-retailers, Google shopping ads when typing a specific brand on Google (Appendix 9), and billboards in London. The following quote exemplifies this:

"*I know these multi-brand e-retailers because of my older sisters, we love luxury brands. I also lived in London where there are many boards advertising Farfetch and Net-a-Porter, so I got to know them quite well*." (female, purchased, Portuguese).

### What triggers interviewees to visit luxury multi-brand e-retailers?

Visitors who have never purchased anything from these e-retailers (n=6), regularly check these platforms for new arrivals and content to be updated and inspired. Additional reasons for visiting multi-brand e-retailers include price comparison, especially during promotions or sales, and gift inspiration. Although they all visit these multi-brand e-retailers on a regular basis, all interviewees mentioned that the in-store luxury experience was something essential when buying luxury goods, therefore, not convincing them to place an order on these e-retailers. The following quote illustrates this: "*I never bought luxury items online, as I enjoy having the brand store experience. Some brands offer a complete experience and the customer service is above and beyond. They make me feel so special*." Additional reasons include higher prices and the e-retailers' unfavorable design. Concerning those who have purchased (n=12), almost all also mentioned checking new arrivals and content on a regular basis to be updated on the latest trends, get some inspiration, and discover new brands. Other triggers include discounts, newsletters, gift inspiration, and product needs. A quote that demonstrates this is: "*I really needed a new pair of boots so when I received NAP's newsletter and saw that they were having* *sales I took the opportunity to buy. I subscribed to their newsletter as I always like to check what's new*." (female, purchased, Portuguese).

**Luxury Brands**

From both observations and interviews it is possible to infer that multi-brand e-retailers can indeed increase luxury brands' global awareness, which is aligned with the brand awareness opportunities of luxury e-commerce defended by Okonkwo (2010) and Kapferer and Bastien (2012). Since interviewees regularly check one or more of these e-retailers for their content or new items, most interviewees have discovered at least one new brand from these visits. This can be beneficial if not over developed. In Farfetch's case, brands' over exposition causes more damage than good. Interviewees constantly targeted by Farfetch ads, argue that their desire for some of the brands displayed decreased:

"*To be honest it is a bit annoying and I quickly lose interest on the items they show me because I have seen it so many times now. It makes me question if I should buy it or not*." (female, purchased, Italian).

### 3.2.2. Brand Penetration and Accessibility

#### 3.2.2.1. Observations

- Assortment, events, and physical stores

When observing multi-brand e-retailers' actions towards brand penetration and accessibility, it is important to first analyse their assortment. From the perspective of luxury brands, Mytheresa, followed by Mr Porter and MatchesFashion, are best positioned to ensure the exclusiveness of the offer. In comparison with Farfetch, the worst evaluated and with an offer of over 1300 brands, these multi-brand e-retailers offer a selective and careful choice of brands. Even though Net-a-Porter also offers a high number of brands, its selection is also perceived as very relevant by luxury clients, ranging from the most recognizable to the most niche luxury brands. Regarding exclusive capsule collections, one of the most used artificial rarity tactics according to Kapferer (2017), Mytheresa is perceived as the strongest with systematic launches throughout the years, being, therefore, from the perspective of the displayed brands, the best positioned to reflect their own exclusivity. This challenges Kapferer (2017) on the theory that the online reduces exclusivity. MatchesFashion, Net-a-Porter and Mr Porter also offer capsule collections, however, less frequently. Farfetch, on the other hand, rarely includes exclusive capsule collections in its strategy. Furthermore, and related with this topic, Mytheresa seems to be one of the best positioned regarding exclusive events, as it takes advantage of its exclusive capsule collections launches to create exclusive events with influencers, press, VICs – Very Important Clients, and VIPs – Very Important People, contributing to both luxury brand's awareness and exclusivity. MatchesFashion, is also very strong regarding exclusive events, often hosting events at its Mayfair store. Net-a-Porter and Mr Porter, invest a lot in influencer trips that showcase many brands, sharing them across social media. Farfetch occasionally hosts private events with important clients. Concerning physical stores, only Mytheresa, MatchesFashion and Farfetch have brick and mortar stores.

- Loyalty Programmes and Rewards

Regarding loyalty programmes and rewards, Net-a-Porter and MatchesFashion, offer extensive and exclusive rewards to their best clients. These two programs are widely communicated online, contributing to an increase in desirability from potential and current clients: to be a part of the lucky few that can access. This is aligned with Kapferer (2017) on artificial rarity tactics. Mytheresa and Mr Porter also offer special rewards, however, they do not communicate them publicly, not enhancing their desirability. Farfetch, offers few benefits and does not communicate them online.

- Newsletters and Black Friday Sale

Additionally, clients can also achieve other benefits when subscribing to multi-brand e-retailers' newsletters. This initiative can be both beneficial and detrimental to luxury brands' sense of accessibility, as, on one side, it is exclusive to subscribers only, restricting access to most current and potential clients worldwide, but on the other, makes the brands more accessible due to several discounts and promotions. Mytheresa, for the time observed, was the one offering the most benefits to subscribers: pre-shopping, promotions, and special sales. MatchesFashion offered far fewer benefits and was able to offer an excellent alternative to Black Friday sale: 30% off during Black Friday weekend to subscribers only. This is very much aligned with Okonkwo (2010), as multi-brand e-retailers are also trying to adapt to the discounting dilemma. Related with Black Friday, Mytheresa decide upon a more discrete approach with "Flash Sale" instead of "Black Friday sale", and it was only observed when scrolling down the initial page. This also follows Okonkwo's (2010) perspective on discrete promotions and sales since promotions might damage luxury brands. All the other analysed e-retailers took a flashy approach with multiple newsletter alerts, big pictures, and red "Sale" on the category row (Appendix 10)

- Promotions

Finally, and regarding promotions, the multi-brand e-retailers that were able to restrict more their access, during the period observed, were Net-a-Porter and MatchesFashion, who only offered 10% off for the first order. Additionally, Net-a-Porter also offered 30 lucky customers a voucher in their packages, increasing their desirability. Mytheresa, on the other hand, offered many promotions ranging from free shipping to daily promotions for a limited period and 10% off 600€ minimum order value. Farfetch also offered numerous promotions mainly targeted at first time buyers. Farfetch is aligned with Sherman's (2020) beliefs that e-retailers are investing a lot in customer acquisition.

#### 3.2.2.2. In-depth semi-structured interviews

**Why purchase at a luxury multi-brand e-retailer?**

The main reason for interviewees (n=12) to purchase at luxury multi-brand e-retailers is the lack of physical availability of the item or brand desired in-store and the wider assortment compared to physical and other online stores. However, one interesting insight is the fact that even though they all often shop at multi-brand e-retailers, almost all interviewees from this group mentioned they preferred buying in-store mainly due to the luxury experience provided. Other reasons include the willingness to try and confirm the quality and materials:

"*I really like to research about luxury products online mainly at Net-a-Porter, and if I want to buy them I usually go to the store because I like to feel the leather and see how it fits. If I can´t find it in-store then I buy from them as they have a wider offering.*" (female, purchased, Portuguese).

**Why a specific luxury multi-brand e-retailer?**

For interviewees (n=12), the decision on which luxury multi-brand e-retailer to place an order is based on assortment, sales and discounts, shipping and returns policies, packaging, previous experiences, payment options and engaging content. Furthermore, the price seems to be particularly relevant, with almost all the 18 interviewees mentioning that it is common for them to compare prices with other e-retailers and with own-brand e-commerce websites before purchasing. A perfect example is the following quote: "*I usually compare prices in Farfetch, NAP and the brand itself. And I always buy where it´s cheaper*." (female, purchased, Portuguese). This is very much aligned with a challenge identified earlier in this work project: increasing price comparison from customers due to similar offerings online (Sherman 2020). Concerning loyalty, even though most claim to be loyal to a particular multi-brand e-retailer only very few are truly loyal. All the others easily switch to an e-retailer competitor if what they want is not available or if it is more expensive.

## Multi-brand e-retailers perception

From the in-depth semi-structured interviews, it is possible to infer that interviewees perceive Net-a-Porter, Mytheresa and Mr Porter as exclusive, however, each in their own way. MatchesFashion is perceived as semi-exclusive and Farfetch as the opposite of exclusive, accessible. The detailed projective technique insights can be found in Table 4. Overall, this research led to the identification of three different opinions on the exclusiveness provided by e-retailers. of interviewees (Table 5).

**Table 4** – Projective Technique of Net-a-Porter, Mytheresa, Farfetch, MatchesFashion and Mr Porter (n=18)

| If multi-brand e-retailer X was a restaurant, how would you describe it? | |
|---|---|
| **Net-a-Porter** | **Description:** exclusive, hard to get a table, fancy but modern, small-medium size, outstanding service, small menu.<br>"*Small and fancy boutique restaurant in Paris where it would be harder to get a table. They would choose if you can get a table or not.*" (female, purchased, Portuguese)<br>"*Super modern restaurant with black, white, and beige colors. DJ every Friday and Saturday, only for dinner. Dress code: men - blazer and more casual pants, women - dress and high heels. Waitress: black clothes with their name and logo of NAP on their vest. Bar with cocktails in a nice terrace while you wait to be seated. Would be in a rooftop as it's more exclusive*." (female, purchased, Portuguese) |
| **Mytheresa** | **Description: e**xclusive, hard to get a table (medium), elegant but more traditional, small-medium size, and small menu.<br>"*High-end, elegant restaurant in Vienna with Gourmet cuisine and with a dark atmosphere*." (female, purchased, Italian)<br>"*As they sell luxury brands probably the restaurant would be more luxurious in terms of design and exclusive. A small menu and in Germany.*" (female, purchased, Portuguese) |
| **Farfetch** | **Description:** accessible, easy to get a table, cool and trendy restaurant in NYC, big, wide menu, and casual.<br>"*In NY as it's a cool brand in a cool city. It would be a gigantic restaurant with an international menu. A casual environment where guests would wear jeans, a white t-shirt, a blazer, and Golden Goose sneakers*." (female, purchased, Portuguese)<br>"*trendy and cosmopolitan but with a more casual vibe. A place where you can also go with your friends as it's more affordable. More visible from the street as it's not so exclusive, in NYC.*" (female, purchased, Portuguese) |
| **Matches Fashion** | **Description: s**emi-exclusive, hard to get a table (medium), elegant but modern and original, medium size, and small menu.<br>"*I think Matches has younger ideas or a little bit more original. Maybe I would place it in London or Berlin. A high-end restaurant, with vegetarian food but that would also serve a big steak. Not really hard to get a table as everyone can access the website*." (female, purchased, Portuguese) |

| | |
|---|---|
| **Mr Porter** | **Description:** Paris / French restaurant, exclusive, hard to get a table (medium), modern and elegant, small-medium size, and small menu.<br>"*Fine French restaurant with a chic dress code*." (male, purchased, Portuguese)<br>"*Modern but very elegant restaurant in Paris*" (male, purchased, Portuguese) |

Source: Work Project Author based on in-depth semi-structured interviews

**Table 5** – Luxury multi-brand e-retailers' perception of exclusiveness (n=18)

| | |
|---|---|
| **Only some e-retailers perceived as exclusive** | Some interviewees believe only some e-retailers are exclusive. Net-a-Porter and Mytheresa are perceived as exclusive while Farfetch is not.<br>"*Farfetch for me is the worst, not exclusive at all, they have so many products that do not match, the layout is horrible. Net-a-Porter and Mytheresa are more exclusive because of the selection they offer online*." (female, visited, Brazilian)<br>"*NAP has a better offering and presentation than Farfetch I would say. NAP has more niche brands and is more exclusive. NAP is more intuitive, and I like the font better, I also prefer the color contrasts. I like the fact that when you open it, you immediately see the new arrivals or some exciting content*." (female, purchased, Portuguese) |
| **Dual perception** | Some interviewees have dual opinions: 1) e-retailers perceived as exclusive in terms of their offering - luxury brands, but 2) the shopping experience is not perceived as exclusive.<br>"*They are exclusive in the sense that they sell luxury brands but if they make me feel exclusive? No, not really*." (female, purchased, Portuguese) |
| **All e-retailers perceived as not exclusive** | Some interviewees believe multi-brand e-retailers are not exclusive at all because there are widely accessible, less exclusive than brand own websites, and due to how they present the different items available.<br>"*Everyone can access them. For me exclusive is something that only a few people can access*." (female, purchased, Italian)<br>"*Brands shouldn't be shown as a list of groceries. I feel a bit lost when I have to decide from a "menu" of brands*." (female, purchased, Italian) |

Source: Work Project Author based on in-depth semi-structured interviews

### 3.2.2.3. Luxury Dream

In order to explore whether brand penetration and accessibility are diluting the dream, the following question, based on the pioneering study of Dubois and Paternault (1995), was asked: "Imagine that you win a contest and that you are given the possibility of choosing an amazing gift. Which are the top 5 brands from which you would choose?". The list of brands dreamed, by order, can be found in Table 6.

The first key insight subsequent from this analysis is related with brand penetration and its effect on the luxury dream. Almost all interviewees own at least one item from their top 5 brands, meaning that for them the dream is not lost when purchasing an item from that brand, which challenges Dubois and Paternault's (1995) and Kapferer and Valette-Florence's (2016) theories on the negative effect of brand penetration on the luxury dream. However, their theory on the positive effect of brand awareness is aligned with the results, as no interviewee mentioned a brand they did not know.

**Table 6** – Top 5 of most dreamed brands by order

| n | Top 1 | Top 2 | Top 3 | Top 4 | Top 5 |
|---|---|---|---|---|---|
| 1 | Chanel | Louis Vuitton | Fendi | Borsalino | Isabel Marant |
| 2 | Hermès | Fendi | Chanel | Bottega Veneta | Cartier |
| 3 | Hermès | Chanel | Gucci | Chloé | Celine |
| 4 | Cartier | Chanel | Hermès | Did not recall more | Did not recall more |
| 5 | Rolex | Ralph Lauren | Hublot | Saint Laurent | Common Projects |
| 6 | Cartier | Isabel Marant | Chanel | Gucci | Golden Goose |
| 7 | Etro | Chanel | Dior | Alexander McQueen | Jacquemus |
| 8 | Hermès | Chanel | Fendi | Bottega Veneta | Saint Laurent |
| 9 | Cartier | Hermès | Chanel | Rolex | Saint Laurent |
| 10 | Saint Laurent | Chanel | Louis Vuitton | Gucci | Fendi |
| 11 | Hermès | Goyard | Chanel | Bottega Veneta | Manolo Blahnik |
| 12 | Loewe | The Row | Coperni | Celine | Hermès |
| 13 | Hermès | Chanel | Loro Piana | Bottega Veneta | Gucci |
| 14 | Chanel | Dior | Valentino | Zimmermann | Ellie Saab |
| 15 | Hermès | Louis Vuitton | Chanel | Missoni | Dior |
| 16 | Patek Phillippe | Rolex | IWC | Edward Green | John Lobb |
| 17 | Hermès | Rolex | Celine | Cartier | MaxMara |
| 18 | Hermès | Celine | Loro Piana | Manolo Blahnik | Bottega Veneta |

Source: Work Project Author based on in-depth semi-structured interviews

The second and most relevant insight is related to brand accessibility and its influence on the dream, which both aligns and contradicts Dubois and Paternault's (1995) theory. On one hand, the brands most frequently dreamed, Chanel and Hermès, with 13 and 11 mentions, respectively, are without a doubt the most exclusive luxury brands due to their restrictive and selective strategies (Appendix 11) This is very much aligned with the "rarity principle" defended by Dubois and Paternault (1995) which connects low brand accessibility with a higher dream. On the other hand, from all the other brands mentioned (33 brands), 27 are accessible in at least one of the luxury multi-brand e-retailers studied (Appendix 11). Interviewees intuitively understand that the internet challenges the accessibility of luxury brands, which is aligned with Kapferer (2017), however, that does not seem to be so relevant for them, thus not diluting their dream for those brands. In this case, this insight challenges Dubois and Paternault's (1995) theory.

For most interviewees, the dream is not related to brand penetration and easier accessibility online, but to the whole luxury experience and personalized services that are expected when buying a luxury item. Some believe that the dream is lost online, not because brands are widely accessible, but because online platforms do not offer the same luxury experience that luxury stores do. On the other hand, others believe that the dream is not lost online because the real dream is wearing the product, or because they already had the luxury in-store experience before purchasing online, or simply because the luxury dream for them is sold through communication and social media. Nevertheless, the luxury in-store experience is still highly valued due to the feelings of exclusivity and personalized experiences it brings. This insight challenges both luxury brands and luxury multi-brand e-retailers as most interviewees believe that the online still does not resemble the personalized experience available in-store. This is aligned with Kapferer and Bastien (2012) and Sherman (2020) and on the main challenges of the internet.

"*The online in that sense can damage the concept of luxury. For me, luxury also includes that feeling of exclusivity when you are in store. Sometimes they even offer champagne! I think all of that is part of the dream so if you buy online then you can't have the full experience that you have imagined*." (female, purchased, Portuguese)

## 4. Implications

Considering the analysis and discussion of the main findings, it is important to draw two main implications: the first regarding the luxury dream and the second regarding multi-brand e-retailers.

### 4.1. Luxury Dream

For interviewees, it is possible to infer that, the dream is lost online, not because there is an increase in brand penetration and accessibility but because the luxury experience expected when purchasing luxury brands is not provided. Interviewees do not feel that a true luxury experience is provided online as they do not feel exclusive nor unique. Interviewees seek personalized, special experiences that truly cater to their senses, and at this moment, only stores seem to fulfill these desires. The difference being that, online, interviewees are treated as mere clients, while in-stores they are special guests. In stores they are pampered with special attention through food and beverages, a dedicated sales assistant, private rooms and so on, and are able to touch and feel the products, truly living the luxury experience and dream.

Therefore, according to the key insights obtained in this work project, multi-brand e-retailers do not damage the dream equation of luxury brands that much anymore, as for interviewees the dream is about something else. Multi-brand e-retailers do, indeed, allow luxury brands to increase their awareness, as interviews regularly check e-retailers just for inspiration, but, contrary to the theory (Kapferer and Bastien 2012), only reduce exclusivity slightly, except for Farfetch. Exclusivity for interviewees is reduced by the lack of an online luxury experience similar to those in-stores.

### 4.2. Multi-brand E-retailers

From this work project, it is possible to infer that the perception of exclusiveness of each multi-brand e-retailer studied is different in its own way.

From the perspective of the dream, **Farfetch** is not addressing it well according to interviewees. Even though Farfetch is very strong and invests a lot in brand awareness tactics, particularly extensive social media ads and billboards in key cities, it is not perceived as being approaching it in the best way. Currently, Farfetch is not helping the displayed brands on either side of the equation as, in some cases, even their brand awareness strategy overexposes them. It is not creating the desire that it should be and might even be more adequate for less exclusive brands.

When it comes to the dream equation, Mytheresa, Net-a-Porter, and Mr Porter, are supporting better luxury brands due to the right combination of awareness and accessibility tactics. MatchesFashion is also addressing the accessibility side quite well, however, it lacks a bit of brand awareness despite the very strong content offered onsite and on social media.

**Mytheresa** stands out for its systematic exclusive capsule collections. These collections are at the core of its accessibility tactics. Influencers, assortment, events, and loyalty (partially) strategies are based on these capsule collections. From the perspective of the brands, Mytheresa would be the best positioned to reflect their own exclusivity. Furthermore, Mytheresa takes advantage of these collections to build a higher awareness on Instagram, contributing also to the awareness of the brands it partners with.

**MatchesFashion** and **Net-a-Porter** stand out for their impressive loyalty programs which are widely communicated online, increasing the sense of desirability for clients. These two and **Mr Porter**, also offer excellent selections with regular exclusive capsule collections. All three also widely share their exclusive events with VICs, VIPs and press, across social media and in some cases also on their websites. Furthermore, their extensive content strategy also benefits luxury brands as in most cases they are at the center of the content shared.

Considering our insights, luxury brands, if planning on expanding to a multi-brand e-retailer, must carefully consider all aspects that might influence customers' luxury dream. For more exclusive, selective, and low awareness brands it would be recommend expanding to Mytheresa or Net-a-Porter, for womenswear, and to Mytheresa or Mr Porter, for menswear, as they are able to increase luxury brand's awareness. For higher brand awareness but still exclusive and selective luxury brands, MatchesFashion would also be recommended for both womenswear and menswear, as luxury brands do not need to rely on MatchesFashion' awareness to increase their own. For less exclusive brands, Farfetch would be more appropriate due to its accessibility perception and tactics, despite its high awareness.

## 5. Work Project Main Limitations and Further Research

### 5.1. Limitations

The first and foremost limitation of this work project was the fact that most interviews were conducted via Zoom. Body language was not visible, and some interviewees predisposition might have been reduced to the online component. Moreover, and still, regarding in-depth semi-structured interviews, different insights and perceptions of multi-brand e-retailers could have been achieved if more loyal customers were interviewed. Their exclusivity and dream perception might be different due to loyalty rewards. The second set of limitations was related to the observation method. The observation of ads could be biased or not, not only due to one's location, as some ads are only visible in certain countries, but also due to my search history on luxury multi-brand e-retailers. Furthermore, the display of multi-brand e-retailers might also change according to each country of shopping, which could have resulted in different observations. Finally, the newsletter observation could have also turned different results as the communication was directed to a potential customer. Customers who have placed orders in the past might have received different newsletters.

### 5.2. Further research

Extending this research to a deeper analysis on the brands Chanel and Hermès, the most dreamed ones, would be interesting to understand if the dream for those brands would change in potential and current clients' minds, if they were to be sold in one of the multi-brand e-retailers studied in this work project. Furthermore, the research could be extended to interviews with both luxury brands and multi-brand e-retailers executives to understand their perspective on the luxury dream and on how to address it online.

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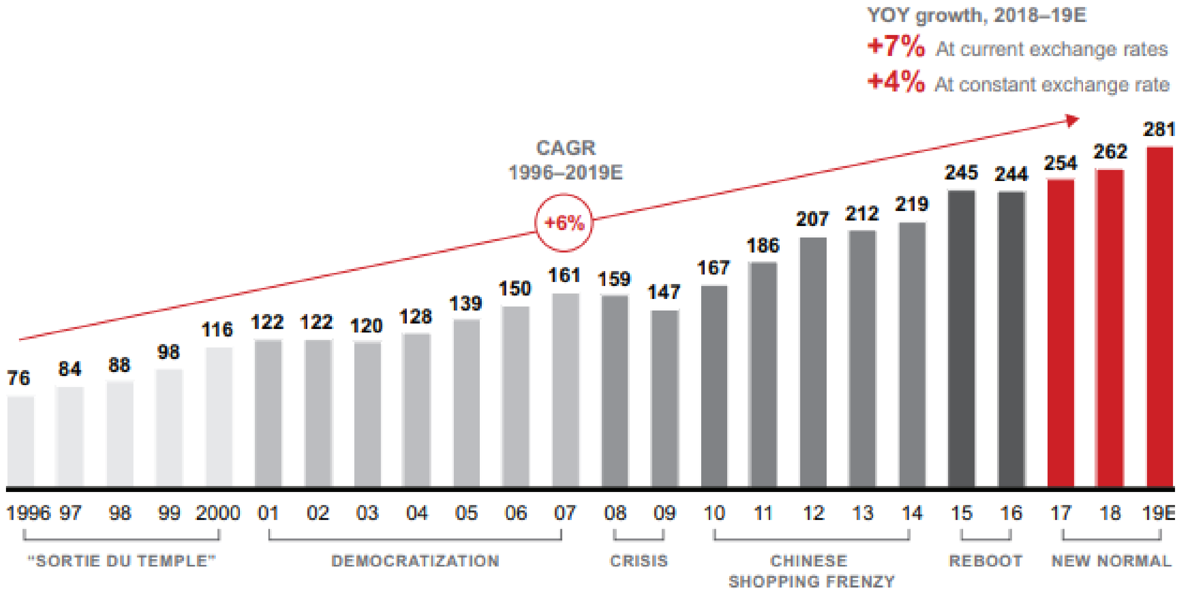
## 7. Appendices

**Appendix 1 – Global personal luxury goods market (€ billions)**




Source: Bain & Company – Luxury Goods Worldwide Market Study, Fall-Winter 2019

**Appendix 2 – Dream equation: Analysis of Variance for the Regression**

| Source of variation | Degrees of freedom | Sum of squares | Mean square | *F* |
|---|---|---|---|---|
| Due to regression | 2 | 3973 | 1986.88 | 56.88 |
| Deviations about reg. | 31 | 1082 | 34.93 | |
| Total | 33 | 5055 | | |

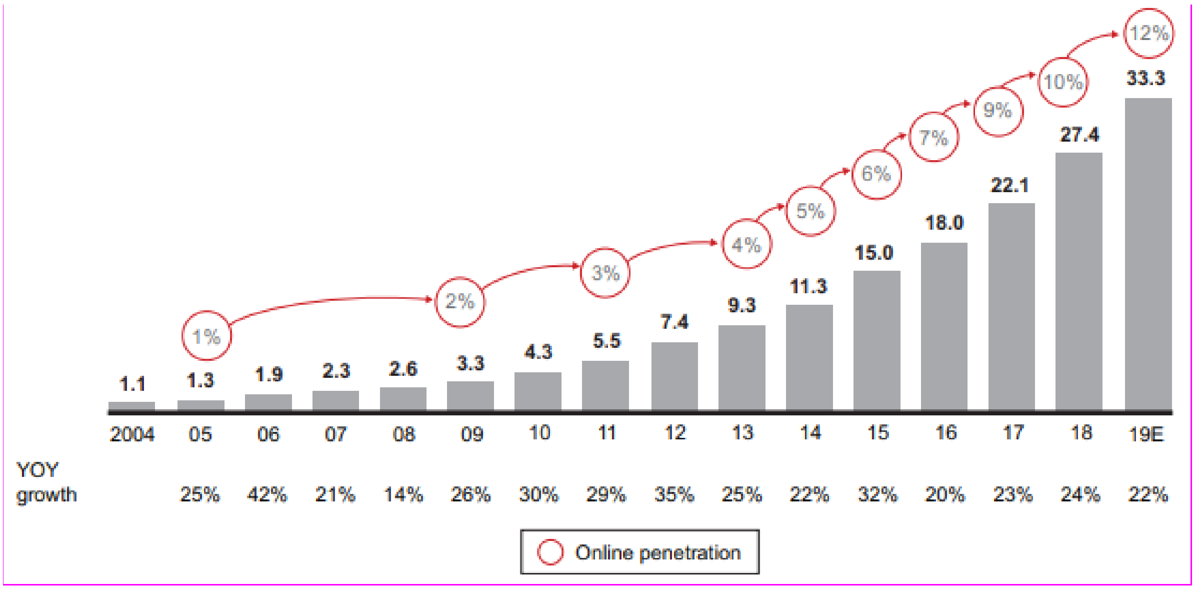
| | |
|---|---|
| Sample *R2* | .79 |
| Adjusted *R2* | .77 |
| Std error | 5.91 |
| Intercept | −8.6 |

| Variables | Mean | Standard deviation | Regression coefficient | Standard error |
|---|---|---|---|---|
| Awareness | 44.6 | 25.5 | 0.58 | 0.066 |
| Purchase | 8.25 | 9.2 | −0.59 | 0.182 |

Note: To the extent that awareness and purchase are related to each other, some multicollinearity is necessarily present in our data. What constitutes "serious multicollinearity" is open to debate among specialists. In their authoritative book on marketing research, Green and Tull suggest various rules of thumb for assessing the amount of serious multicollinearity: The predictors should not correlate more than 0.9 (they correlate here 0.79) and the determinant of the correlation matrix (0.4 here) should not be "too close" to zero. Furthermore, multicollinearity only reduces the precision of estimating the coefficient of the regression equation but in no way affects the predictive power of the relationship. Here both regression coefficients are statistically significant as their *t*-value (8.77 and −3.22, respectively) indicate.

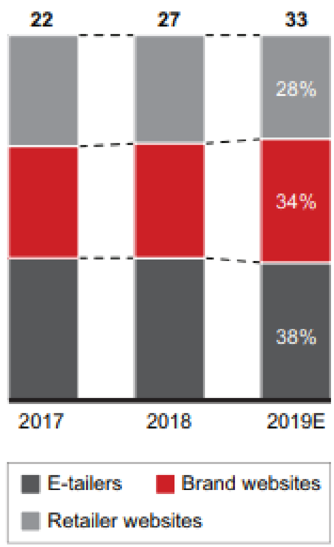
Source: Dubois and Paternault – Observations: Understanding The World Of International Luxury Brands: The "Dream Formula", 1995

**Appendix 3 – Global online personal luxury goods market (€ billions)**




Source: Bain & Company – Luxury Goods Worldwide Market Study, Fall-Winter 2019

**Appendix 4 – Share of global online personal luxury goods market by business model**




Source: Bain & Company – Luxury Goods Worldwide Market Study, Fall-Winter 2019

## Appendix 5 – Multi-brand e-retailers Brand Awareness Observation and Analysis

| Brand Awareness | Online Ads | Influencers and Ambassadors | Offline Communication | Brand Partnerships: 2-Way Media Coverage | Website Content | Social Media Presence & Content |
|---|---|---|---|---|---|---|
| **Mytheresa** | **Moderate**<br>Google ads and shopping, affiliate marketing, App store ads, YouTube ads. | **Very Strong**<br>Influencers strategy on Instagram as part of the #TheShoeClub and the multiple exclusive capsule collections (e.g. Leonie Hanne and Emili Sindlev). Brand ambassador: Cecilia Song in China. | **Moderate**<br>- Posters, vespas and Citroen HY around the city during Milan and Paris Fashion Week - Menswear launch;<br>- "The Album" Magazine where several brands are featured. | **Very Strong**<br>**Increasing the awareness of the multi-brand:** e.g. By Far communicates the partnership on their Instagram).<br><br>**Increasing the awareness of both:** e.g. Khaite x Mytheresa exclusive capsule collection featured on Vogue France. | **Very Weak**<br>No content available. | **Strong – Presence**<br>Instagram (1.3M followers), Facebook (473k followers), YouTube, Twitter, Pinterest, Weibo, WeChat, Xiaohongshu.<br><br>**Moderate but Strong in the brands perspective – Content**<br>The Shoe Club; IGTV with designers (e.g. Olivier Rousteing); Mytheresa Women: with important women; Exclusive events with brands; Instagram filters, Soundcloud playlist. IGTV: 1,8 in the last 6 months. |
| **Net-a-Porter** | **Moderate**<br>Google ads and shopping, affiliate marketing, Instagram, Facebook, and YouTube ads. | **Strong**<br>Influencers strategy on Instagram as part of the #FeelGoodFashionFriday and the influencers trip with several brands (e.g. Leonie Hanne, and Caro Daur). No brand ambassador. | **Strong**<br>- Billboards (e.g. Piccadilly Circus);<br>- Porter Magazine where several brands are featured;<br>- The Window Shop - pop-up store in NYC and LDN during 2011 VFNO. | **Very Strong**<br><br>**Increasing the awareness of the multi-brand:** e.g. Kim Kardashian shares on her Instagram via stories the SKIMS partnership with NAP.<br><br>**Increasing the awareness of both:**<br>SKIMS launch on Net-a-Porter article on VOGUE DE (Buhrle 2020). | **Very Strong**<br>Editorial Section - Porter - fashion, beauty, lifestyle, incredible women, and cultural articles; interviews with celebrities, influencers. | **Very Strong – Presence**<br>Instagram (4.2M followers), Facebook (1.6M followers), YouTube, Twitter, Pinterest, Weibo, Xiaohongshu<br><br>**Very Strong - Content**<br>The fashion challenge; Call the expert; Incredible women; First time with; The joy of dressing up; Meet the maker; The new dress code live; My style, my city At home with and many more Instagram filters, podcasts, Milan, Paris, NYC, London fashion shows in stories. IGTV: 6.33 in the last 6 months. |
| **Farfetch** | **Very Strong**<br>Google ads and shopping, affiliate marketing, Instagram, Facebook, and YouTube ads. | **Moderate**<br>Mostly Instagram ads (e.g. Flavia Pavanelli and Nati Vozza). Contrary to the rest of the world, it has strong influencer presence in Brazil – Farfetch Brazil Instagram account. No brand ambassador. | **Strong**<br>Farfetch 2020 international campaign - "Open Doors to a World of Fashion" launched across several cities. | **Weak due to few partnerships**<br><br>**Increasing the awareness of both:**<br>Balenciaga exclusive capsule collection article on WWD (Ma 2019) | **Very Weak**<br>No content available. | **Very Strong – Presence**<br>Instagram (2.5M followers), Facebook (2.3M followers), YouTube, Twitter, Pinterest, Snapchat, Weibo, WeChat<br><br>**Moderate - Content**<br>How to dye your sneakers; Packing for Paris and Milan Fashion Week; Gucci open house with; The Farfetch guide to gifting; What the kids are wearing back on and so on; Instagram filter. IGTV: 1,8 in the last 6 months. |
| **Matches Fashion** | **Weak**<br>Google ads and shopping, affiliate marketing, YouTube ads. | **Very Weak**<br>No influencer was found posting an ad for MatchesFashion. No brand ambassador. | **Moderate**<br>MatchesFashion mupi in London. | **Moderate**<br><br>**Increasing the awareness of both:**<br>Exclusive capsule collection with Jill Sander article on Robb Report (Lerma 2020). | **Very Strong**<br>Stories Section (e.g. fashion & travel articles, interviewees with designers, and celebrities), and podcasts. | **Strong – Presence**<br>Instagram (1M followers), Facebook (184k followers), YouTube, Twitter, Pinterest, WeChat<br><br>**Very Strong - Content**<br>At home with; The MatchesFashion gift guide; Videos with brands; Introducing the innovators; Yoga lessons; Stories of imagination, podcasts and so on. IGTV: 4,5 in the last 6 months. |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Mr Porter** | **Moderate**<br>Google ads and shopping, affiliate marketing, Facebook ads, app store ads. | **Strong**<br>Influencer ads but also trips and events with brands (e.g. James Yates and Andrew Georgiades). No brand ambassador. | **Weak**<br>The MR PORTER Post newspaper 6 times a year where several brands are featured. | **Very Strong**<br>**Increasing the awareness of the multi-brand:** Global Omnichannel & Client director at CELINE shared the partnership on LinkedIn.<br>**Increasing the awareness of both:** e.g. Article about Kingsman collection on Forbes (Shirley 2020). | **Very Strong**<br>The Journal section: editorial content, the Style Council, MR PORTER Health in Mind and The MR PORTER Post. | **Strong – Presence**<br>Instagram (1.2M followers), Facebook (576k followers), YouTube, Twitter, Pinterest<br><br>**Very Strong - Content**<br>Questions of style; Meet the modern artisan; At Home with; Split seconds; How to travel in style; Cooking videos and many more. IGTV: 3.3 in the last 6 months. |

Source: Work Project Author

## Appendix 6 – Multi-brand e-retailers Brand Penetration and Brand Accessibility Observation and Analysis

| | Assortment and Brick-mortar stores | Exclusive capsule collections | Exclusive Events | Loyalty and VICs benefits | Newsletter Subscribers Benefits | Black Friday | Promotions |
|---|---|---|---|---|---|---|---|
| **Mytheresa** | **Very Strong - Offer**<br>Offering over 250 of the most exclusive luxury brands worldwide, today its assortment ranges from womenswear to kids and menswear.<br>**Moderate - Stores**<br>Store in Munich not in the main street but close to all luxury shops. | **Very Strong**<br>Systematic exclusive capsule collections (e.g. Khaite, Isabel Marant, The Row, Zimmermann, and Amina Muaddi exclusive capsule collections) | **Very Strong**<br>Several events to celebrate exclusive capsule collections for both Womenswear and menswear. Guests include influencers, VICs, VIPs and press. These are shared across several social media platforms by Mytheresa, influencers and occasionally by the brands (e.g. Amina Muaddi x Mytheresa in Paris to celebrate the exclusive capsule collection). | **Very Strong but not widely communicated**<br>No defined program and VICs rewards not visible on the website. Rewards only visible once a client achieves the VIC status based on spending.<br>**Rewards:** personal shopping, private sale, exclusive events invitation, personalized edits, home-visits for wardrobe detox, pre-shopping, placement of orders directly from showrooms (Pina 2019). | **Very Strong**<br>Invitations to special sales, Exclusive pre-shopping events (e.g. Canada Goose X-ray available 6 days before anyone else). Additionally, one can subscribe to the Shoe Club Newsletter and gain exclusive pre-shopping and promotions access. | **Strong**<br>More discrete black Friday – not called Black Friday but Flash Sale. Very discrete black "Sale" on the category row but red sale message on the banner. Flash sale image only when scrolling down. **Duration:** 27th – 30th November<br>**Total emails received**: 2 emails, however, in which none it was the subject line. | **Weak**<br>Daily Fashion Candy promotion for clients who subscribe on the website (23rd - 8th November), often free shipping promotion, and 10% off minimum order value 600€ for a short period of time only. |
| **Net-a-Porter** | **Strong - Offer**<br>Offers more than 800 designers and 200 specialist beauty brands being the ultimate luxury fashion destination.<br>**No Brick And Mortar Store** but pop store - The Window Shop - in New York (Mercer Street in Soho) and London (Mount Street in Mayfair) during 2011 VFNO. Both | **Strong**<br>Regular exclusive capsule collections (e.g. Chloé exclusive ski capsule collection, Versace exclusive capsule collection). | **Strong**<br>#JetaPorter Influencers trip to Jackson, US with Moncler, to Greece, Australia and Palm Springs. These are shared across several social media platforms by NAP and the influencers.<br><br>Exclusive industry events with EIPs - Extremely Important People. For | **Very Strong and widely communicated**<br>No defined program but EIP – Extremely Important People – rewards visible on the website. EIP status is achieved according to spending, which on average is $18,000 per year, and by invitation only.<br>**Rewards:** invitations to exclusive events and fashion shows, personal shopping, pre-shopping, private sale, at home personal appointments, EIP lookbook, PORTER magazine and MR PORTER post subscription, special surprises, free shipping and priority and same-day delivery in London, New York, and Hong Kong.<br>Additionally, "You try, we wait" delivery service by | **Weak**<br>Early sale announcements but no early access to it. | **Weak**<br>Very obvious Black Friday: red "Black Friday" on the left next to all categories, sale message on the banner Black Friday Sale and red image when loading the website. **Duration**: 26th - 30th November.<br>**Total emails received:** 9 | **Strong**<br>10% off first order<br><br>The Golden Ticket Prize Draw: 30 golden 250pounds gift cards hidden inside 30 packages |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | locations are close to other luxury stores. | | example, private dinner in Paris with Balmain. | Net-a-Porter itself, only in selected cities, in which clients try the ordered items at home and only pay what they wish to keep. | | | |
| **Farfetch** | **Weak - Offer** Offers access to over 1,300 brands, boutiques and department stores for womenswear, menswear and kids wear. **Moderate - Stores** Farfetch Store of the future inside Browns East in Shoreditch, far from luxury stores. | **Very Weak** Exclusive items but rarely exclusive capsule collections (e.g. exclusive items from Balmain, exclusive capsule collection with Balenciaga in 2019). | **Weak** Exclusive events with Private Clients. These are not shared online. | **Moderate and not widely communicated** Farfetch Private Client Service program but rewards not visible onsite. Some services include fashion concierge (sourcing exclusive items that are not available at Farfetch), personal shopping, styling appointments and events. | **Moderate** Early sale announcements and early access to sale (e.g. early Black Friday access) | **Weak** Very obvious Black Friday – Black Weekend Red “Sale” on the left next to all categories, red sale message on the banner, Black Weekend image when loading the website. **Duration**: 26th November – 1st December **Total emails received:** 6 emails | **Weak** 10% off first order, refer a friend - 10% off, and student discount - 10% off. |
| **Matches Fashion** | **Very Strong - Offer** Over 450 brands across womenswear, menswear, fine jewellery, and home. **Moderate - Stores** Three stores in London - Mayfair, Marylebone, Wimbledon. Mayfair store is the only close to luxury stores. | **Strong** Regular exclusive capsule collections (e.g. JW Anderson and Dolce & Gabbana exclusive capsule collections). | **Very Strong** The Mayfair store regularly hosts masterclasses, dinners, and concerts to clients, and brands depending on the occasion (e.g. M Missoni's lunch to celebrate the new capsule). These events are shared across several social media platforms and onsite. | **Very Strong and widely communicated** The Curator Loyalty programme – earn points on every purchase (10€ = 1 point) – directly visible on the website and in My Account. The more points a client earns the higher the level of rewards. Four levels with the first starting at 0 and the last at 1000. **Rewards:** birthday and seasonal gifts, exclusive offer days, curated rewards, free shipping and returns, private sale, priority Mystylist access. | **Strong** Invitations to Private Sales (e.g. 30% promo code during Black Friday weekend) | **Very Strong** No Black Friday – but Private Sale promo code sent to newsletter subscribers. **Duration of private sale**: 26th – 30th November. **Total emails received**: 3 emails. | **Strong** 10% off first order (limited time only, brand and product exclusions apply) - however, received 3 times since joining on the 8th October. |
| **Mr Porter** | **Very Strong** Offers over 450 menswear international brands. **No Brick and Mortar Store** but several Pop-Up stores in the past (e.g. 2017 Pop-Up Store in St James Street in London as part of the exclusive Kingsman collection). | **Strong** Regular exclusive capsule collections (e.g. Exclusive CELINE HOMME Pop-Up including an exclusive capsule, Loro Piana exclusive capsule collection, and 3 Kingsman clothing collections). | **Moderate** #HolidayswithMRPORTER event with influencers, VIPS and EIP clients. Health In Mind event to raise awareness to mental health. #MRPORTERLongWeekend #MRPORTEROnTheRoad trips with influencers. These events are shared across several social media by both Mr Porter and influencers. | **Very Strong but not widely communicated** No defined program and EIP loyalty rewards not visible on the website. EIP status is achieved based on spending and by invitation only. **Benefits:** personal shopping, free shipping on all Mr Porter and NAP orders, pre-shopping, exclusive events, EIP lookbook, PORTER magazine and MR PORTER post subscription, at home personal appointments, same day delivery in LDN and NYC. “You try, we wait” delivery service by Mr Porter itself, only in selected cities, in which clients try the ordered items at home and only pay what they wish to keep. | **Weak** Early sale announcements but no early access to it. | **Weak** Very obvious Black Friday: red “Up To 50% Off” on the left next to all categories, Black Friday Sale and Cyber Monday image when loading the page. **Duration:** 26th - 30th November. | Free delivery for a limited time only. |

Note: Very weak (meaning inexistent), weak, moderate, strong, and very strong strategies from the perspective of luxury brands.

Source: Work Project Author

## Appendix 7 – Interview Guide

Good morning/afternoon. My name is Inês and I am a master's student at NOVA SBE. As a part of my thesis, I am conducting a research on luxury multi-brand e-retailer such as Farfetch, Net-a-Porter, Mr Porter, Mytheresa, or MatchesFashion. For this purpose, I would like to interview you using a technique: the non-directive method; meaning that I will not ask you specific questions about the topic. This will not take more than 60 minutes of your time. After the first question, you will be free to tell me whatever comes to your mind on the subject. There are no right or wrong answers. In the end, I will ask a few questions about your profile. And, if you don't mind, I will record the interview for analysis purposes. All answers will remain anonymous. Thank you so much for your time!

**Q1:** Can you please tell me about the last time you have **purchased** a luxury item in / visited Farfetch, Net-a-Porter, Mr Porter, Mytheresa, or MatchesFashion?"

**Q1:** Can you please tell me about the last time you have **visited** Farfetch, Net-a-Porter, Mr Porter, Mytheresa, or MatchesFashion?"

### Topics to be developed

- How have interviewees become aware of Farfetch, Net-a-Porter, Mr Porter, Mytheresa, or MatchesFashion
- Multi-brand e-retailers online communication
    - Online ads
    - Influencers
    - Social Media
    - Own website
- Multi-brand e-retailers offline communication

- Testing Brand Penetration (from what other multi-brand e-retailers have interviewees bought in the past)
- Luxury Fashion buyer's motivations, purchase drivers and loyalty
- Attitudes toward multi-brand websites (purchase drivers and loyalty)
- Multi-brand e-retailers website perceptions
- Attitudes toward online and offline luxury shopping
- Price comparison
- Testing the luxury brands dream: "Imagine that you win a contest, and that you are given the possibility of choosing an amazing gift. Which are the top 5 brands from which you would choose?":
    - Most dreamed brands
    - The dream online
    - Brand image online

**Projective Technique**

If (the brands mentioned in Q1) was a restaurant how would you describe it? Please describe the environment, location, size, menu, and dress code.

**Interviewee Profile**

- Age
    - < 20
    - 20 – 35
    - 36 – 50
    - > 50
- Nationality
- Country of residence

- Occupation
    - Student
    - Skilled Worker
    - Employee of tertiary sector
    - Middle, Top Management
- Highest level of education
    - 9th grade
    - 12th grade
    - Bachelor
    - Master
    - PhD

Source: Work Project Author

**Appendix 8 – Pre-recruiting questionnaire**

Q1 - Which of the following items have you purchased in the last year?

- Handbags over 300€
- Sneakers over 150€
- Shoes (excluding sneakers) over 300€
- Fragrances and Cosmetics over 100€
- Watches over 2000€
- Jewelry over 1000€

Q2 - Which of the following e-retailers do you know at least by name?

MYTHERESA

FARFETCH

NET-A-PORTER

MATCHESFASHION

LUISAVIAROMA

MR PORTER

24S.com

SSENSE

MODA OPERANDI

Q3 - From which of the following e-retailers have you visited the webpage or social media profile in the past 12 months?

MYTHERESA

FARFETCH

NET-A-PORTER

MATCHESFASHION

LUISAVIAROMA

MR PORTER

24S.com

SSENSE

MODA OPERANDI

Q4 - From which of the following e-retailers have you purchased at least one item in the last 12 months?

MYTHERESA

FARFETCH

NET-A-PORTER

MATCHESFASHION

LUISAVIAROMA

MR PORTER

24S.com

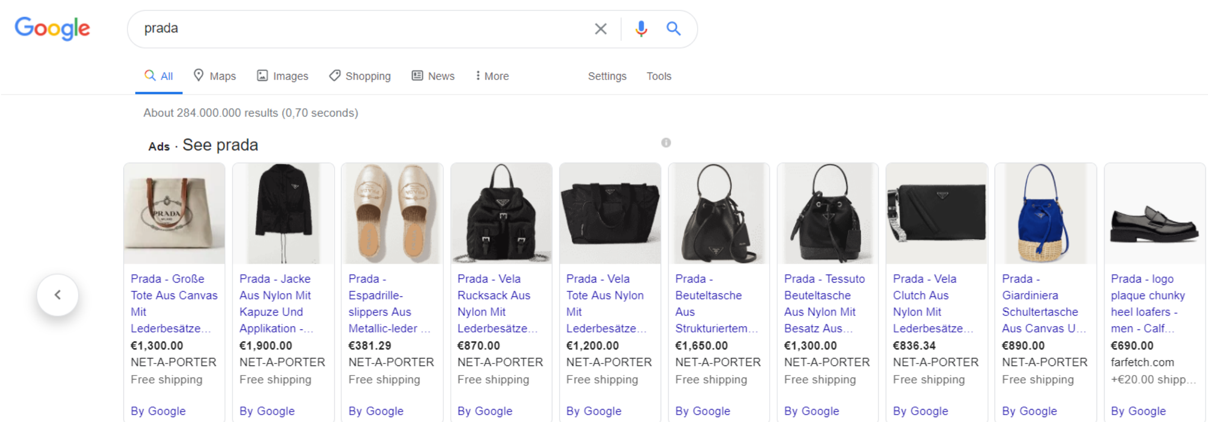
SSENSE

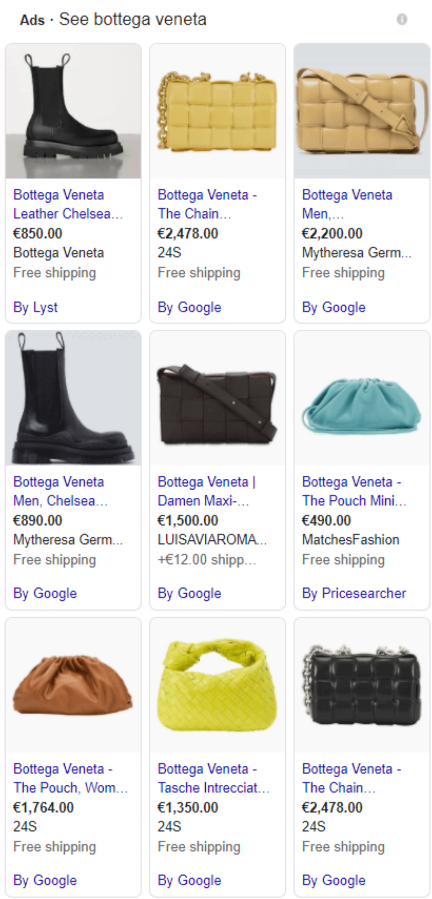
MODA OPERANDI

Q7 - Please provide your contact details if willing to be contacted for further research: ____________

Source: Work Project Author

## Appendix 9 – Google Shopping ads

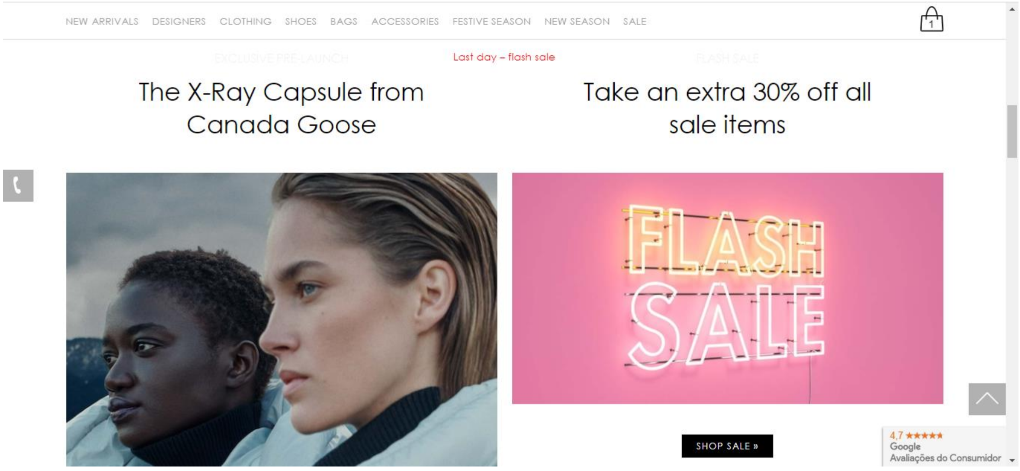




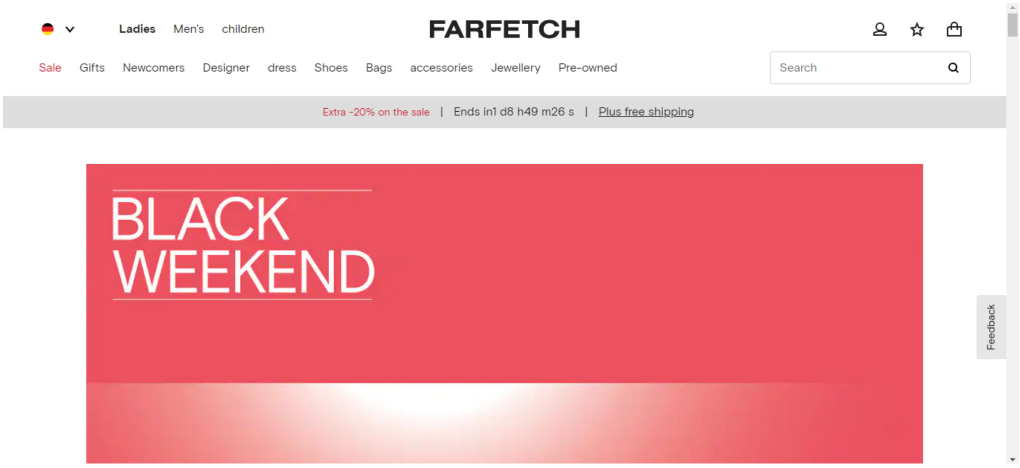

Source: Google search: Prada and Bottega Veneta accessed on October 24th

**Appendix 10 – Multi-brand e-retailers Black Friday sale approach on their website**

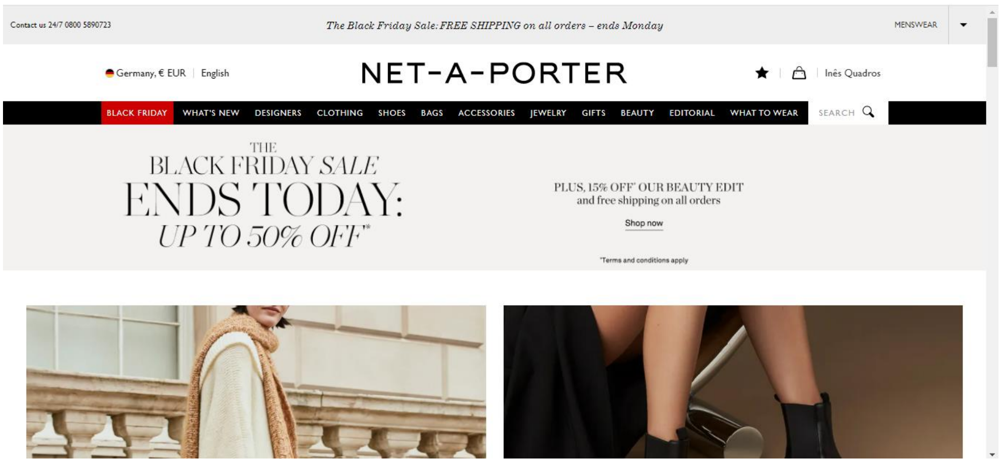
Mytheresa




Farfetch

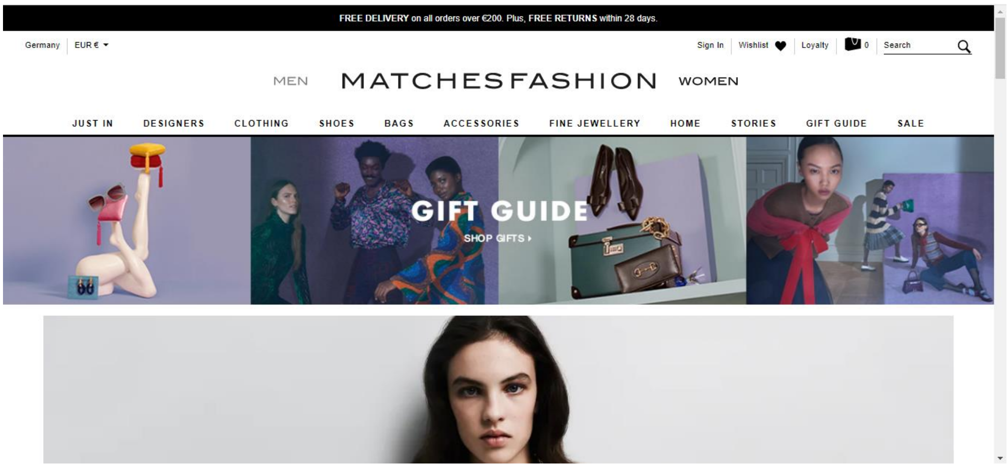



Net-a-Porter



Mr Porter


MatchesFashion




Source: Mytheresa, Farfetch, Net-a-Porter, Mr Porter and MatchesFashion websites accessed on November 30th

**Appendix 11 – Frequency of the top 5 dreamed brands and respective presence at the five multi-brand e-retailers studied**

| Dreamed brands | Total Frequency | Sold in Luxury Multi-brand e-retailers |
|---|---|---|
| Chanel | 13 | |
| Hermès | 11 | |
| Cartier | 6 | x |
| Bottega Veneta | 5 | x |
| Saint Laurent | 4 | x |
| Gucci | 4 | x |
| Celine | 4 | x |
| Rolex | 4 | |
| Fendi | 4 | x |
| Louis Vuitton | 3 | x |
| Dior | 3 | only eyewear |
| Isabel Marant | 2 | x |
| Loro Piana | 2 | x |
| Manolo Blahnik | 2 | x |
| Loewe | 1 | x |
| Jacquemus | 1 | x |
| Goyard | 1 | |
| The Row | 1 | x |
| Hublot | 1 | |
| Coperni | 1 | x |
| IWC | 1 | x |
| Borsalino | 1 | |
| Chloé | 1 | x |
| Alexander McQueen | 1 | x |
| Missoni | 1 | x |
| Edward Green | 1 | x |
| Zimmermann | 1 | x |
| MaxMara | 1 | x |
| Elie Saab | 1 | x |
| Common Projects | 1 | x |
| Golden Goose | 1 | x |
| Ralph Lauren | 1 | x |
| Etro | 1 | x |
| Patek Phillippe | 1 | |
| Valentino | 1 | x |

Source: Work Project Author