Chapter 61
Impact of Digital Communication on Consumer Behaviour Processes in Luxury Branding Segment:
A Study of Apparel Industry

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ABSTRACT

With a boom in digital marketing and the luxury sector in India, research in both the segments have become crucial for mining insights that guide consumer buying behaviour. However, both these constructs are comparatively new and have not been researched much. Hence, research in this field will help marketers across the corporate and academic sectors to understand deeper insights about consumer decision making process. This research will help in understanding how different vehicles of digital communication impact consumer behavior processes in the luxury brand apparel segment. The data for this research has been collected using an online questionnaire from respondents across India. Hence, this chapter will enable the readers in identifying which digital vehicles are most suitable for the different stages of the consumer behaviour process when marketing to luxury consumers; identifying the ranking of digital vehicles during consumer buying behaviour process; and analyzing the impact of various digital communications at different stages of the consumer behaviour process.

INTRODUCTION

Digital media is all pervasive today. Social Computing is not a fad. Nor is it something that will pass you on your company by. Gradually, social computing will impact almost every role, at every kind of company, in all parts of the world (Mayfield, 2008). Thus, digital communications cannot be overlooked. It has become a part and parcel of people's life.

Figure 1. Annual real growth of Internet Retailing and Internet Users by region: 2010-2011
(Euromonitor Report, Top 10 consumer trends for 2011)
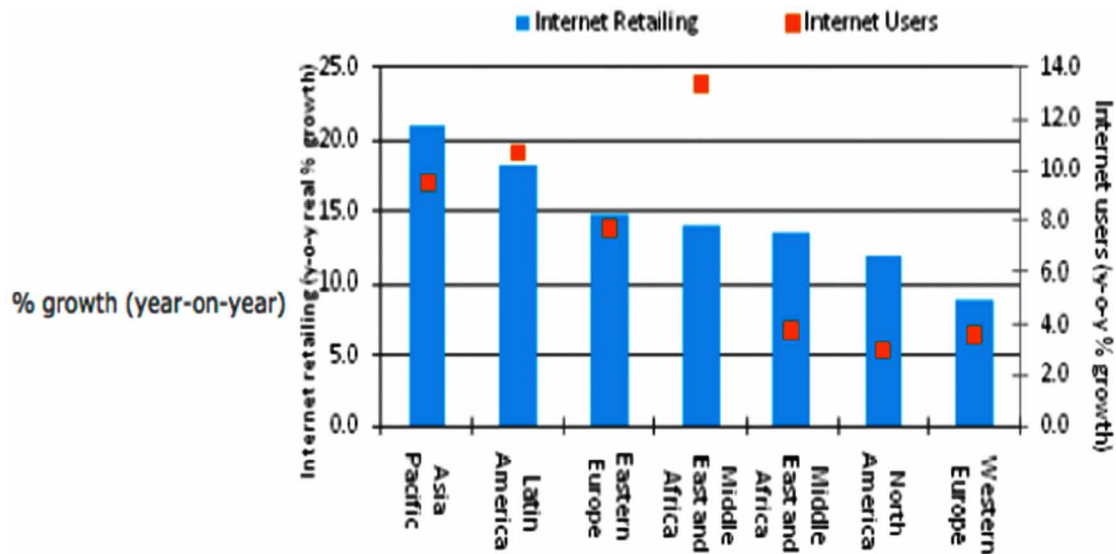
On the other hand, the world is becoming a global village. With the advent of foreign direct investment, more and more luxury brands are entering India. Marketing and promotion of these brands to appropriate target audience via the right channel becomes all the more crucial in the era of cut throat competition. The main focus of this paper will be to establish a link between the different forms of digital communication and consumer behavior processes to market luxury brands efficiently.

Contemporary report on the 'Top 10 Consumer Trends of 2011', by Euromonitor placed the online world on the first rank. Internet usage has been on the rise ever since it has set its foot. This has led to a whole new world of marketing opportunities for retail sector in general and luxury brands in specific.

From the above graph, it is evident that internet retailing is on the rise. Brands present on this sphere gain leverage over their competitors. Not just this, the report also highlights the growth aspects of luxury goods in emerging markets. The data clearly shows that India has topped the list with a real growth percentage of 25.2%. Along with this India is also witnessing digital growth. With the rise in mobile subscribers and data usage a lot of media spends today is happening on mobile marketing. It makes it all the more important for brands to understand the different channels and ways of communications available for consumer engagement.

The following table depicts the growth in the market share of online personal luxury goods (Apparels, accessories, hard luxury, beauty and others). It has witnessed a growth of about 22% over the last 12 years.

Under the personal goods category, it can be seen that accessories and apparels hold a large part of the market. With the expanding horizons of marketing, these segments are likely to undergo more growth and transformation. In a report by consultancy up, the top 20 luxury companies have been identified basis their market capitalization. LVMH tops the list with a value of almost €84 billion followed by Richmond with a value of about €44 billion and Hérmes at €32 billion.

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